THE HONGKONG AND SHANGHAI HOTELS, LIMITED
香港上海大酒店有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 45) website: www.hshgroup.com

# 2025 Interim Results

## FINANCIAL SUMMARY

| HK$m | **For the six months ended 30 June 2025** | For the six months ended 30 June 2024 | 2025 vs 2024 |
|---|---|---|---|
| Revenue from operations^ | **3,281** | 2,908 | 13% |
| Operating EBITDA^ | **643** | 395 | 63% |
| EBITDA | **643** | 542 | 19% |
| Loss attributable to shareholders | **(289)** | (448) | 35% |
| Underlying loss attributable to shareholders | **(216)** | (257) | 16% |
| | **As at 30 June 2025** | As at 31 December 2024 | |
| Net assets attributable to shareholders | **35,507** | 35,401 | – |
| Net assets per share (HK$) | **21.30** | 21.24 | – |
| Adjusted net assets per share (HK$) | **24.24** | 24.01 | 1% |
| Net external debt to total assets | **25%** | 23% | 2pp |

^ *Excluding the result from the sale of Peninsula London Residences.*

- We reported strong operational results with an improvement in consolidated operating revenue of 13% to HK$3,281 million compared to last year, excluding the non-recurring revenue of HK$1,707 million from the sale of four Peninsula London Residences in the same period of 2024.
- Of the 24 Peninsula London Residences, the sales of 17 have been completed as of 30 June 2025 and another one sale was completed in July 2025. The final six residences are now being released for sale.
- The group's consolidated operating EBITDA for six months ended 30 June 2025 increased by 63% to HK$643 million compared to HK$395 million for the same period last year.
- Including the result from the sale of Peninsula London Residences in 2024, the consolidated EBITDA increased by 19%.
- After accounting for depreciation, net financing charges, share of results of joint ventures and associates, and the unrealised loss on revaluation of investment properties of HK$61 million (2024: HK$139 million), the group incurred a loss attributable to shareholders of HK$289 million for the six months ended 30 June 2025 (2024: HK$448 million).
- Excluding the unrealised loss on revaluation of investment properties and other non-recurring expenses, the group's underlying loss attributable to shareholders amounted to HK$216 million (2024: HK$257 million).
- As at 30 June 2025, the group's net assets attributable to shareholders amounted to HK$35.5 billion and the group's net debt to total assets remained acceptable at 25%.

## FINANCIAL HIGHLIGHTS

| | **For the six months ended 30 June 2025** | For the six months ended 30 June 2024 | 2025 vs 2024 |
|---|---|---|---|
| **PROFIT OR LOSS HIGHLIGHTS (HK$m)** | | | |
| Revenue from operations^ | **3,281** | 2,908 | 13% |
| Revenue | **3,281** | 4,615 | (29%) |
| Operating EBITDA^ | **643** | 395 | 63% |
| EBITDA | **643** | 542 | 19% |
| Loss attributable to shareholders | **(289)** | (448) | 35% |
| Loss per share (HK$) | **(0.17)** | (0.27) | 37% |
| Underlying loss attributable to shareholders* | **(216)** | (257) | 16% |
| Cash interest cover (times)** | **1.9x** | 1.3x | 45% |
| Weighted average interest rate | **4.3%** | 4.7% | (0.4pp) |
| | **As at 30 June 2025** | As at 31 December 2024 | 2025 vs 2024 |
| **CONSOLIDATED STATEMENT OF FINANCIAL POSITION (HK$m)** | | | |
| Total assets | **55,946** | 54,176 | 3% |
| Net assets attributable to shareholders | **35,507** | 35,401 | – |
| Adjusted net assets attributable to shareholders# | **40,402** | 40,033 | 1% |
| Net assets per share (HK$) | **21.30** | 21.24 | – |
| Adjusted net assets per share (HK$)# | **24.24** | 24.01 | 1% |
| Net external borrowings | **13,734** | 12,494 | 10% |
| Funds from operations to net external debt## | **9%** | 12% | (3pp) |
| Net external debt to equity attributable to shareholders | **39%** | 35% | 4pp |
| Net external debt to total assets | **25%** | 23% | 2pp |
| | **For the six months ended 30 June 2025** | For the six months ended 30 June 2024 | 2025 vs 2024 |
| **CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (HK$m)** | | | |
| Net cash generated from operating activities | **610** | 1,853 | (67%) |
| Normal capital expenditure on operating assets | **(244)** | (142) | (72%) |
| Capital expenditure on major renovations and upgrades | **(27)** | (151) | 82% |
| Capital expenditure on The Peninsula London Complex | **(225)** | (269) | 16% |
| Capital injection into The Peninsula Istanbul joint venture | **(79)** | (175) | 55% |
| **SHARE INFORMATION (HK$)** | | | |
| Highest share price | **6.20** | 6.40 | |
| Lowest share price | **5.18** | 5.19 | |
| Period end closing share price | **5.50** | 5.78 | |

^ *Excluding the result from the sale of Peninsula London Residences.*

* *Underlying loss is calculated by excluding the post-tax effects of unrealised property revaluation movements and impairment provisions, if any, and other non-recurring expenses.*

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

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

## *Being annualised EBITDA as a percentage of net external debt.*

pp *Denotes percentage points.*

# CEO'S REVIEW

Having now spent five months with the company as CEO, I am pleased to deliver this report on the company's results in the first half of 2025. Over the past five months, I have visited our various properties and hotels in Hong Kong, Mainland China, Asia and Europe, and will be travelling to the US in August to complete my visits to all operations. Throughout this orientation, I have been very impressed with the passion of the team members and their genuine commitment to delivering an exceptional experience for our guests. I am honoured to be leading this team and remain committed to keeping the company's values and philosophy intact, while building on our strengths as a group, adapting to evolving market conditions, and delivering financial stability and value for our shareholders.

I am excited about the opportunities for growth that we are exploring, leveraging our strong brand reputation as one of the finest hotel companies in the world. Together with the executive team and the Board, we have commenced a strategic review which we expect to complete by the end of 2025 to sharpen our medium and long-term strategy. We will share more about these plans in due course.

In the period under review, I am pleased to share that our company delivered operational results that exceeded our expectations, despite facing weaker demand in the Greater China hotels. In our hotel division, The Peninsula Tokyo was a success story, reporting historically high rates, and we are pleased to see the renovation at The Peninsula New York yielding results and positive reviews from guests. The recently opened The Peninsula London and The Peninsula Istanbul are showing great progress and revenue growth year on year despite the turbulent geopolitical events impacting travel. In our commercial properties division, The Repulse Bay and The Peak Complex in Hong Kong experienced a robust first half, confirming the expected recovery of the Hong Kong market.

We reported strong operational results with an improvement in consolidated operating revenue of 13% compared to last year, excluding the non-recurring revenue of HK$1,707 million from the sale of four Peninsula London Residences in the same period of 2024. I am pleased to announce that we have now released the last six of the total 24 Residences for sale.

The strong results in the first half were achieved despite various challenges, many of which were outside of our control. These included global geopolitical factors such as conflict in the Middle East and trade wars between Europe, US and China. We were also affected by local factors, for example political unrest in some regions and natural disasters such as earthquakes and wildfires, which tend to negatively impact appetite for travel to these destinations in the short term. In addition, property revaluations in Hong Kong and depreciation, particularly in London, have offset our operational performance. As a result, we reported a decrease in consolidated revenue of 29% to HK$3,281 million in the first half of 2025 compared to HK$4,615 million in the same period last year, which included non-recurring revenue generated from the sale of four Peninsula London Residences.

Due to the increase in operating revenue, the group reported an increase in operating EBITDA of 63% to HK$643 million excluding the sale of The Peninsula London Residences. Overall, the group experienced a loss attributable to shareholders for the period of HK$289 million (including a property revaluation loss of HK$61 million) compared to a loss of HK$448 million (including a property revaluation loss of HK$139 million) in the same period last year. The group reported an underlying loss of HK$216 million as compared to an underlying loss of HK$257 million last year.

Despite the unfavourable earnings for the period, the group's financial position remains strong, with net assets attributable to shareholders of HK$35.5 billion (HK$21.3 per share), and total assets of HK$55.9 billion as compared to net external borrowings of HK$13.7 billion, representing a net external debt to total assets ratio of 25%. We maintained a credit rating of A from the Japan Credit Rating Agency and also received an A rating from Rating and Investment Information, Inc. We successfully issued our debut Private Samurai Bond offering in June for JPY16 billion (HK$869 million). The transaction marks the first time in several years that a Hong Kong-based company has successfully issued a JPY-denominated domestic private placement bond in Japan, reflecting investor confidence in our credit standing and long-term strategy.

More details on our financial results can be read in the Financial Review.

## BUSINESS PERFORMANCE

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

### Hotels Division

| **Hotels** | **Revenue** | **Variance Year-on-Year** | |
|---|---|---|---|
| | **HK$m** | **HK$** | **Local Currency** |
| The Peninsula Hong Kong | 518 | – | – |
| The Peninsula Shanghai* | 212 | -3% | -2% |
| The Peninsula Beijing | 149 | -6% | -6% |
| The Peninsula London | 373 | +12% | +8% |
| The Peninsula Paris* | 426 | +23% | +20% |
| The Peninsula Istanbul* | 206 | +36% | +31% |
| The Peninsula New York | 348 | +54% | +54% |
| The Peninsula Chicago | 286 | +6% | +6% |
| The Peninsula Beverly Hills* | 341 | +9% | +9% |
| The Peninsula Tokyo | 499 | +24% | +19% |
| The Peninsula Bangkok | 121 | +18% | +10% |
| The Peninsula Manila | 118 | +6% | +5% |

* *Non-consolidated hotels*

#### The Peninsula Hong Kong

| **The Peninsula Hong Kong** | | |
|---|---|---|
| Revenue | HK$518m | – |
| Occupancy | | +15pp |
| Average Room Rate | | -27% |
| RevPAR | | -1% |

In the first half of 2025, **The Peninsula Hong Kong** experienced stable results in terms of revenue and RevPAR compared to the same period in 2024, while occupancy increased by double digits. Average rates declined compared to the previous year due to a large non-recurring piece of corporate business in 2024.

Hong Kong is experiencing increasing tourist arrivals from long-haul markets including the US and Europe, but this recovery is not yet being seen in the luxury market. Shenzhen as a convenient and affordable air hub and experiential city destination continues to attract affluent Chinese mainland domestic travellers as well as Hong Kong residents, and this affected our food and beverage revenue. We implemented various unique experiences and promotional events to entice visitors and residents alike to visit the hotel.

In March 2025, we celebrated our global art programme "Art in Resonance" with a spectacular event held during Hong Kong Art Week in collaboration with Art Basel, featuring specially commissioned works from three visionary artists. In May, we were pleased to partner with the organisers of *Le French May* to host exclusive concerts and dinners.

Our collaborative venture with Hong Kong's iconic Star Ferry was extended in 2025 and provides a unique experience as well as a good source of revenue. As a special occasion in June 2025, we hosted an interpretation of George Bizet's beloved opera Carmen, *Les Amours des Carmen Wong*, at Felix, which was well received by guests.

The Peninsula Office Tower was 86% occupied in the first half of 2025, and the immediate outlook is stable. The Peninsula Arcade occupancy was 88% and despite a softer retail market across the city, our anchor luxury retail outlets have been performing well.

**The Peninsula Shanghai**

| **The Peninsula Shanghai** | | |
|---|---|---|
| Revenue | RMB197m | -2% |
| Occupancy | | +1pp |
| Average Room Rate | | -1% |
| RevPAR | | -1% |

**The Peninsula Shanghai** experienced a challenging first two months of 2025 before and during Chinese New Year and promptly recovered during the rest of the first half. While Chinese domestic consumers have become more price sensitive and reluctant to spend on travel or luxuries, we benefited from the positive impact of visa-free travel to China for many international markets, with the Middle East and Russia being particularly strong. As a result, the overall performance for the first half was relatively stable.

Food and beverage revenue was challenging due to a softer market across the city and the general downturn in consumer spending. Despite this weak sentiment, luxury brands continued to host large-scale events in Shanghai. The 2025 Shanghai Auto Show was very well attended and brought significant group business to our hotel.

We were delighted to receive a prestigious accolade from "La Liste World's Best Hotels 2025" as the only hotel company with two hotels in the Top 10, with The Peninsula Shanghai being listed together with The Peninsula Chicago.

The Peninsula Arcade was 82% occupied during the first half. The retail market is challenging in Shanghai and we are currently in negotiation with a number of potential tenants in the basement level.

The group owns a 50% interest in The Peninsula Shanghai Complex which comprises a hotel, a shopping arcade and a residential tower of 39 apartments. As of 30 June 2025, a total of 32 apartment units have been sold.

**The Peninsula Beijing**

| **The Peninsula Beijing** | | |
|---|---|---|
| Revenue | RMB138m | -6% |
| Occupancy | | -2pp |
| Average Room Rate | | -7% |
| RevPAR | | -9% |

**The Peninsula Beijing** reported a challenging first half of 2025 compared to the same period in 2024 which had seen historically high RevPAR. Flight capacity in Beijing has not yet recovered and this has affected long-haul leisure travel to Beijing, and the US-China trade war coupled with geopolitical tensions led to a softening of travel. In June, the situation improved with several high-level delegations and diplomatic business returning to the hotel and this was reflected in our financial performance compared to the same period last year.

Food and beverage revenue was stable and our rooftop bar *Yun* had a very strong performance, although *Huang Ting* and *The Lobby* experienced softer demand. *Jing*, which has one Michelin star, performed well.

We continued our commitment to promoting contemporary art with an innovative Canadian father-and-son exhibition named “Take Your Seat” which promotes Beijing as a destination and a beautiful coffee table book of the photography was produced.

The Peninsula Arcade was 93% occupied although luxury retail business has softened across the city. We are pleased to have secured a new sports and wellness brand tenant which we believe will attract a younger clientele.

**The Peninsula London**

| **The Peninsula London** | | |
|---|---|---|
| Revenue | GBP36m | +8% |
| Occupancy | | +7pp |
| Average Room Rate | | -7% |
| RevPAR | | +4% |

Now in its second full year of operation, **The Peninsula London** is gaining market share, although it reported a slow start in the first three months of the year, with Ramadan affecting business from the Middle East market. The hotel was quick to positively catch up towards the second quarter and captured the higher demand season, with the city featuring exciting events such as the Chelsea Flower Show, Royal Ascot and Wimbledon.

The supply of new hotel rooms has caused downward pressure on rates across the city, and many efforts have been deployed to fully demonstrate the superior positioning of this new property in London.

Banquets and the Spa performed well while food and beverage revenue was softer. To help drive revenue and attract a local clientele we are continuously refreshing what we offer, and have introduced a new, affordable, noodle bar concept at *Little Blue*, the bar of our Cantonese restaurant *Canton Blue*, which has been very popular. We were delighted that our fine dining restaurant of *Brooklands* maintained its two Michelin stars in January 2025. We have introduced a summer pop-up, *Soleil by Claude*, in *Brooklands* featuring a new and refreshing Mediterranean menu.

The Peninsula London attracts a large number of "car aficionado" guests and we are preparing to collaborate with a variety of prestigious car events in London and beyond. Media and guest reviews continue to be positive.

The Peninsula London Complex comprises a 190-room hotel and 24 luxury Peninsula-branded Residences, which are considered to be among the highest quality properties available in the London market. Of the 24 Residences, the sales of 17 have been completed as of 30 June 2025 and another one sale was completed in July 2025. The final six residences are now being released for sale.

We are continuing with the process of agreeing final accounts with our trade contractors and consultants, which will include finalisation of programme delay costs. The process is expected to be substantially completed by the end of the year.

**The Peninsula Paris**

| **The Peninsula Paris** | | |
|---|---|---|
| Revenue | EUR49m | +20% |
| Occupancy | | +12p |
| Average Room Rate | | -5% |
| RevPAR | | +25% |

**The Peninsula Paris** reported a pleasing first half of 2025 with improved revenue and RevPAR, although room rates were under pressure across the city. The year started well with good business coming from Paris Fashion Week, the AI Global Summit and some government delegations as well as large sports groups. The city is recovering from the lower-than-expected 2024 pre-Olympic trading environment.

The Peninsula Paris maintained its focus in delivering exciting experiences with an array of collaborations with prestigious brands including Chaumet, Macallan, Studio Harcourt and Tartine & Chocolat. Food and beverage performed well, boosted by new live DJ evenings at our Chinese restaurant, *LiLi*, which were popular with a younger local Parisian crowd.

Our glamorous annual summer party, *Le Rooftop*, has become a signature event which has become renowned as one of the main social events in summer in Paris.

The Spa performed well. We are positioning the hotel as a city wellness destination, and we have implemented new community runs and morning yoga sessions combined with nutritional menus and holistic therapies.

The outlook for the rest of the year is positive.

**The Peninsula Istanbul**

| The Peninsula Istanbul | | |
|---|---|---|
| Revenue | EUR23m | +31% |
| Occupancy | | +5pp |
| Average Room Rate | | +13% |
| RevPAR | | +25% |

**The Peninsula Istanbul** in its second full year of operation delivered a positive performance in the first half of 2025, continuing to gain market share despite challenging environment. Geopolitical tensions in the region and the news of an earthquake in April 2025 affected overall visitor arrivals to the country; however, the hotel maintained solid business momentum.

Demand from key source markets including USA, Russia, Saudi-Arabia, Qatar and Europe remained buoyant. Food and beverage performance was a key contributor, particularly in *The Lobby*. The hotel's expansive *al fresco* ballroom, one of the largest in the city, continued to see a year-on-year increase in high-end weddings business.

Our rooftop restaurant *Gallada* has established itself as a sought-after destination for both local residents and international guests, reinforcing the hotel's reputation within Istanbul's dining scene.

In July, we launched a new eight-seater motor yacht, PEN 1, which will offer an elevated arrival experience via the Golden Horn and curated Bosphorus excursions for guests.

**The Peninsula New York**

| The Peninsula New York | | |
|---|---|---|
| Revenue | US$45m | +54% |
| Occupancy | | +3pp |
| Average Room Rate | | +4% |
| RevPAR | | +9% |

**The Peninsula New York** reported a positive first half of 2025, enjoying strong results following our significant renovation from January to September 2024 of guestrooms, the Lobby, rooftop bar and public areas. The new renovation has received positive reviews from guests and media and had the effect of attracting many first-time guests as well as loyal patrons of the hotel, and we have continued to work on driving rates.

Food and beverage revenue was strong, with good results from catering. *Clement* remains a popular "power breakfast" destination on weekdays and brunch spot at weekends. Our new rooftop bar, *PenTop*, proved very popular for corporate events as well as regular leisure business.

Our geographic mix at this property has become increasingly domestic with fewer numbers of international guests as compared to the previous year, due to the current US administration's policies which affected inbound travel.

Our outlook for the rest of the year is positive.

**The Peninsula Chicago**

| The Peninsula Chicago | | |
|---|---|---|
| Revenue | US$37m | +6% |
| Occupancy | | 0pp |
| Average Room Rate | | +4% |
| RevPAR | | +5% |

**The Peninsula Chicago** recorded a satisfactory first half of 2025 compared to the previous year, with growth in revenue and RevPAR. Groups business was robust and this positively impacted banqueting and catering revenue. The Spa was under renovation for the first two months but reopened in March and is performing well.

The Peninsula Chicago has collaborated with art partners to curate contemporary art exhibits that are showcased throughout the hotel's public space and on display for several months, commencing during the city's annual EXPO CHICAGO art event. In April 2025, we presented *Seeing the World*, a compelling contemporary art exhibition featuring a curated selection from the Bill and Christy Gautreaux Collection, curated by Erin Dziedzic, which proved very popular with guests.

We were delighted to achieve a prestigious accolade from "La Liste World's Best Hotels 2025" as the only hotel company with two hotels in the Top 10, with The Peninsula Shanghai being listed together with The Peninsula Chicago. We were also pleased to be ranked No.1 Hotel in Chicago and No.1 Hotel in Illinois by *US News & World Report.*

**The Peninsula Beverly Hills**

| The Peninsula Beverly Hills | | |
|---|---|---|
| Revenue | US$44m | +9% |
| Occupancy | | +4pp |
| Average Room Rate | | +6% |
| RevPAR | | +14% |

**The Peninsula Beverly Hills** performed well in the first half of 2025 with double-digit growth in RevPAR year-on-year.

We were concerned to see the devastating impact of wildfires in Los Angeles in January 2025. In response, we implemented a "Hope for Los Angeles" campaign for charitable causes helping those who had been affected by the disaster, and we are pleased to report this initiative raised US$128,083 (HK$1 million).

In the second quarter, the city was affected by riots and social unrest related to domestic politics, and this negatively impacted international arrivals. Despite the challenging environment in the city, in May, the hotel broke all-time records for average rates, rooms revenue, and overall hotel revenue. A key contributor was the high demand for suites due to the Milken Conference, a prestigious event which has been held in Los Angeles for more than 20 years.

Food and beverage performed well in the first half, with a successful Hawaiian-themed pop-up. In June 2025, for the second consecutive year we welcomed an auction exhibition of "Princess Diana's Elegance & A Royal Collection" which was immensely popular and garnered significant press coverage for the hotel.

### The Peninsula Tokyo

| The Peninsula Tokyo | | |
|---|---|---|
| Revenue | JPY9.39b | +19% |
| Occupancy | | +8pp |
| Average Room Rate | | +13% |
| RevPAR | | +28% |

**The Peninsula Tokyo** reported a strong momentum in 2025 with rates, occupancy and RevPAR achieving significant growth compared to the same period last year. This was driven by robust international group business in March and April as well as the traditionally strong *Sakura* season at the end of March, producing record-breaking average rates for this period.

Banquets and weddings performed well in the first half, although food and beverage revenue in our outlets remains challenging. There is an overwhelming choice of restaurants available in Tokyo and local residents are curtaining discretionary spending, and in general, local consumer trends in Tokyo have changed and people do not dine out as late or as frequently as in previous years.

A highlight in the first half of the year was our inaugural "Japan Driving Experience" which was well received by participants. The event showcased The Peninsula brand in luxury experiences beyond the hotel and exemplified a unique and enjoyable way to view the Japanese countryside.

There was a noticeable slowdown in bookings from the Hong Kong and the Chinese mainland market towards the end of June, likely due to rumours of an impending earthquake in early July, but this was temporary and the outlook for the rest of the year remains optimistic.

### The Peninsula Bangkok

| The Peninsula Bangkok | | |
|---|---|---|
| Revenue | THB520m | +10% |
| Occupancy | | +2pp |
| Average Room Rate | | +6% |
| RevPAR | | +11% |

**The Peninsula Bangkok** started the year with a strong January performance compared to the same period last year and reported an increase in average rates, RevPAR and revenue. However, this tapered off with a decline in bookings from the Greater China market following negative news reports about incidents at the Thailand-Myanmar border in February.

In addition, the major earthquake which affected Bangkok in March led to cancellations and negatively impacted international travel to the country. While we were relieved that there were no casualties or significant damage to our property and guests, the earthquake affected our financial results as we had to spend a significant sum on repairing non-structural damage.

Despite these unforeseen circumstances, the results for the first half were positive. Banqueting performed well during the first half and weddings business was strong.

The Peninsula Bangkok, as an "urban resort" hotel, places a significant focus on health and wellness. In June 2025, we announced the return of our "Wellness Festival", reflecting the hotel's ongoing commitment to inspiring healthier lifestyles and supporting the well-being of our guests and community. This has been well received by our guests.

**The Peninsula Manila**

| **The Peninsula Manila** | | |
|---|---|---|
| Revenue | Php863m | +5% |
| Occupancy | | +16pp |
| Average Room Rate | | -15% |
| RevPAR | | +9% |

**The Peninsula Manila** experienced a satisfactory performance in the first half compared to the previous year. Revenue, occupancy and RevPAR increased although average rates declined due to our strategy of driving occupancy through high-volume groups business.

International travel to the Philippines remained strong in the first half of 2025 despite geopolitical tensions dampening long-haul travel sentiment from our traditional markets of the US and UAE. We were pleased to welcome increasing numbers of corporate guests from Asia as well as markets such as India and Australia, particularly for incentive travel. Additionally, we saw a notable boost in domestic business.

Banqueting continued to be a key driver of food and beverage revenue. *The Lobby*, *Spices* and *Escolta* all performed well and weddings business was strong, especially following our Wedding Fair in April which was attended by the First Lady and a number of celebrities.

As the only hotel in Makati to offer commercial helipad services, we were pleased to offer "flightseeing" tours with a local helicopter company to offer tours to our guests, which were popular.

## Commercial Properties Division

| **Commercial Properties** | **Revenue** | **Variance Year-on-Year** | |
|---|---|---|---|
| | **HK$m** | **HK$** | **Local Currency** |
| The Repulse Bay Complex | 303 | +6% | +6% |
| The Peak Tower | 88 | +11% | +11% |
| St. John's Building | 19 | -16% | -16% |
| The Landmark | 15 | -20% | -18% |
| 21 avenue Kléber | 17 | +6% | +4% |
| The Peninsula Shanghai Apartments | 3 | -35% | -35% |

Our largest commercial property, **The Repulse Bay Complex**, enjoyed a positive first half compared to the previous year. Residential revenue and occupancy improved at 101 Repulse Bay and de Ricou following a minor refurbishment of 14 apartments, and we are pleased to see demand from local moves and expatriates who are returning or moving to Hong Kong.

We are cautiously optimistic about the second half of 2025, with positive leasing renewals for the summer and our long-term outlook is positive.

The Repulse Bay Arcade, which offers a diverse range of lifestyle amenities and services, reported stable occupancy and revenue. We have undertaken an extensive renovation of the retail arcade and Palm Court, with the aim of offering unique and enhanced facilities to guests and retail tenants.

**The Peak Tower** experienced a strong first half compared to the previous year. Revenue and occupancy at the Peak Tower improved and we have introduced new and refreshed dining options and cafes and retail outlets.

We introduced a variety of new dining and retail options to enhance the Peak Tower's appeal as a destination, including the Swiss Arts Day and the "Hong Kong: Through the Looking Glass" miniature exhibition, followed by the "Mickey Keep it Real" campaign, a first-ever collaboration with Disney in June to attract family visitors.

Visitor numbers to Sky Terrace 428 continued to improve compared to the previous year, due to successful sales of "combo" tickets with the Peak Tram.

**St John's Building** is located above the lower terminus of the Peak Tram in Central. Revenue decreased and occupancy dropped to 78% during the first half of 2025, due to the weaker office market and oversupply of new offices in Hong Kong.

**The Landmark**, a 16-storey residential and office property, is located on a prime riverfront site in the central business district of Ho Chi Minh City, Vietnam. Revenue and occupancy for the offices declined compared to the same period last year, while residential revenue and occupancy improved. The joint venture partnership and land use right of this property will expire in January 2026.

We have had several meetings with our partners to evaluate the future of the property; however, based on the current situation and Vietnamese legislation, there is no possibility of extending the joint venture and the land use right. Accordingly, the joint venture will proceed to dissolution after the end of its term, with the land and the building being handed back in accordance with the joint venture terms and the prevailing legislation. We are incredibly proud of our employees and the whole Landmark team. We extend our profound gratitude to all our colleagues, and it is thanks to their dedication which has been instrumental to the success of our operations over the years. We are committed to ensuring a smooth and supportive transition for our employees.

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

## Peak Tram, Retail and Others Division

| Peak Tram, Retail and Others | Revenue | Variance | |
|---|---|---|---|
| | HK$ | HK$ | Local Currency |
| The Peak Tram | 171 | +17% | +17% |
| The Quail | 74 | +27% | +27% |
| Peninsula Clubs & Consultancy Services | 2 | +12% | +12% |
| Peninsula Merchandising | 64 | +7% | +7% |
| Tai Pan Laundry | 30 | -7% | -7% |

**The Peak Tram** is one of Hong Kong's most popular tourist attractions and has been in operation since 1888. Business has been robust, with record patronage achieved during the Golden Week holidays in May. We implemented several new marketing campaigns to attract guests to the Peak and this boosted ticket sales for the tram. We were honoured to be part of a Hong Kong Government trade delegation to the Middle East to help promote tourism to Hong Kong, and the Peak Tram was prominently featured in the promotional materials for this trip.

**The Quail** reported a strong first half with revenue, average rates and RevPAR increasing by double digits year-on-year with a change in rate strategy, improved strategic partnerships, and the opening and optimisation of online booking channels. While higher hotel occupancies helped Quail's restaurants, food and beverage performance overall remains challenging.

We organised *The Quail, A Motorcycle Gathering* in May, which attracted additional sponsorship revenue and good media coverage. Golf membership remains stable. The outlook for the second half is positive with the property's signature event, *The Quail Motorsports Gathering*, to be held in August 2025. This event is considered one of the world's leading concours events for motoring *aficionados* and brings significant sponsorship revenue.

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

Revenue at **Peninsula Merchandising**, which operates **The Peninsula Boutiques**, increased compared to the previous year. A key highlight was the opening of our transformed retail space at Hong Kong International Airport which included the successful launch of a new "Hong Kong souvenir" collection.

The Peninsula Boutique is renowned for its signature Mooncakes and the forthcoming season is looking satisfactory. We are planning to launch a Mid-Autumn collection in collaboration with luxury Hong Kong brand Lane Crawford.

We have introduced new categories of lifestyle products to leverage The Peninsula brand across luxury gifts and in core categories such as chocolate, tea and delicacies. This included the successful launch of our new premium first edition single cask Scotch whisky which sold out in the first quarter of the year, and we had a second round of sales in the second quarter which performed very well.

In the Chinese mainland, we held a successful collaboration with Miffy across merchandise, gifts, soft serve ice cream and afternoon tea.

**Tai Pan Laundry** revenue decreased compared to the same period last year, due to a softer market for clubs and gyms across the city. This subsidiary is implementing diversified business services.

## Our People

With my appointment and other significant leadership transitions before my arrival, our People & Culture team have been focusing on ensuring authentic and transparent communications with our employees. The leadership transition and familiarisation process has been facilitated through our internal online communications platforms accessible to global employees, as well as in-person visits to operations.

In parallel, we are improving our succession management process, covering the career development of 379 senior leaders across global operations and Head Office. This initiative fostered impactful ACE (Aspiration, Career, and Experience) conversations, enabled comprehensive talent reviews, and will further the career and talent development of our organisation.

Our culture of care and belonging also drives our commitment to employee engagement. Feedback received from our 2024 Employee Experience Survey has prompted the initiation of action plans across all our operations, with a focus on communication, recognition, and resources, to better the work environment and wellbeing of our people.

To support talent acquisition efforts, we launched our new group careers website (hshgroup.com/careers) at the end of March. It is an initiative that has resulted in a 25% increase in job applications, strengthening the company's talent pipeline.

As of 30 June 2025, there were 7,698 full time employees in the group.

## Sustainable Luxury

As owner and operator of our hotels and properties, we are in a unique position to act decisively and with genuine intent in our sustainability approach, while maintaining unparalleled service standards. We continue to rely on our people, the heart and soul of this company, to bring our Sustainable Luxury Vision to life in their daily work. This year, we launched a year-long internal sustainability campaign which seeks to enhance our global colleagues' understanding of the challenges we face, empowering them to contribute to the group's sustainability goals in their own ways.

Our two newest hotels in London and Istanbul, both BREEAM Excellent certified, are a testament of our commitment to building for the future. We have further decarbonised our operations with The Peninsula Manila joining as the fourth asset in our group to source 100% electricity from renewable sources. Our Scope 3 emissions inventory is in progress, so we can begin to incorporate our full value chain emissions into the group's decarbonisation roadmap.

We remain focused on protecting our assets, our business and our people from the impacts posed by climate change. In 2024, we conducted a portfolio-wide climate risk assessment to gain a broad understanding of such risks in the group. We recently enhanced this by implementing the property-level climate risk register to help track mitigation actions and understand climate impacts on an asset-level. This ensures climate risks are always being considered along with the group's broader corporate risk management.

We have decided on a beneficiary for our Hope for Türkiye campaign, which was initiated in 2023, after the devastating earthquake which affected the country just before our soft opening. This campaign raised USD4.8 million from a percentage of room stays in Peninsula Hotels around the world. The majority of the funds will go to 100.Yıl Köyü, a social responsibility project in Türkiye, which aims to create a new living space for families affected by earthquakes. The remaining funds will go to another project, the details of which are being finalised and will be announced in due course.

We continue to be guided by our *Sustainable Luxury Vision 2030* strategy. More details of our achievements in the past year are available in our 2024 CRS Report.

## Outlook

The second half is expected to bring a mix of opportunities and challenges.

In the hotels division, we are cautiously optimistic for the second half, which is our traditional high season in many markets. The new Peninsula London and Peninsula Istanbul hotels are truly spectacular and have significantly enhanced our brand presence in Europe. They have already achieved several industry awards and accolades and are receiving very positive reviews from guests as well as extensive media coverage.

We believe that most of our operations will perform well, considering the traditional high season in autumn and festive winter season. We foresee that our Peninsula Hotels in Paris, Tokyo and Beverly Hills business will remain particularly strong. Our newly renovated hotel in New York will continue to yield positive results.

However, the general instability created by geopolitical concerns and trade tensions which is challenging for tourism-related businesses calls for prudent and careful management. We believe this will continue to negatively impact our hotels in Greater China, although a major anniversary event which will be celebrated in Beijing in October could lead to an uptick in business in that city.

In Hong Kong, the long-haul market for leisure travellers is improving and it is our great hope that the Hong Kong Tourism Board continues this momentum with an objective to attract more high-end visitors. We expect Hong Kong residents will continue to transit across the border to Shenzhen and this may affect food and beverage revenue; we endeavour to continue to devise innovative solutions to entice them to stay in Hong Kong. Business in Bangkok will continue to be challenging.

We will continue to cautiously manage expenses in our businesses which are facing a weaker environment.

We foresee that the conflict in the Middle East may deter guests from Gulf Cooperation Council (GCC) countries to reconsider travel overseas, and despite being located thousands of miles away from the conflict, unfortunately the concern of regional conflict tends to affect our hotel in Istanbul.

We believe that the demand for unique, personalised, and sustainable luxury experiences remains robust around the world. High-end travellers are seeking exclusive urban retreats and culturally immersive experiences. We are determined to defend the unique positioning of The Peninsula brand, in offering unique and personalised experiences, combined with the utmost commitment to service excellence, and we aim to constantly innovate to find new ways to delight and impress our guests.

On the commercial property side, we will continue to invest in our existing assets and uplift our offering to visitors and residents. We are encouraged by the renewals of leases at The Repulse Bay and we expect to see continued demand for the residential apartments at The Repulse Bay from both the local and the expatriate markets, with satisfactory lease renewals occurring in the summer months.

The Peak continues to be a very attractive and unique experience for visitors, especially those from the Chinese mainland and other parts of Asia, and we are working on a variety of unique and exclusive activations at The Peak Tower and the Peak Tram.

I would like to thank each member of my team for the warm welcome that I have received over the past five months, as well as the Board for placing their trust in me to take on this new role. I firmly believe in the team's capacity to embrace the challenges and get ready to deliver a strong performance for the second half, and I am truly optimistic that great opportunities lie ahead.

**Benjamin Vuchot**
6 August 2025

# FINANCIAL REVIEW

The Directors hereby announce the unaudited interim results of the group for the six months ended 30 June 2025. The Interim Financial Report has been reviewed by the company's Audit Committee. The Interim Financial Report is unaudited but has been reviewed by the company's auditor, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), whose unmodified review report is included in the Interim Report to be sent to shareholders.

## Basis of preparation

The group's Interim Financial Report has been prepared in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants.

## Summary

During the first six months ended 30 June 2025, the group's consolidated revenue from operations increased by 13% to HK$3.3 billion compared to HK$2.9 billion in 2024. The increase in revenue was mainly attributed to the strong performance achieved by The Peninsula New York following the hotel's major renovation, and the significant revenue growth achieved by The Peninsula London and The Peninsula Tokyo. Due to the strong flow-through, the group's consolidated EBITDA from operations for the six months ended 30 June 2025 increased by 63% to HK$643 million compared to HK$395 million for the same period last year.

No sale of Peninsula London Residences occurred for the six months ended 30 June 2025 whereas four units of Residences were sold in the same period 2024 for HK$1,707 million with an EBITDA of HK$185 million. Including these results in the comparative figures, the group's consolidated revenue and EBITDA for the six months ended 30 June 2025 represented a decrease of 29% and an increase of 19% respectively compared to the same period last year.

After accounting for depreciation, net financing charges, share of results of joint ventures and associates, and the unrealised loss on revaluation of investment properties of HK$61 million (2024: HK$139 million), the group incurred a loss attributable to shareholders of HK$289 million for the six months ended 30 June 2025 (2024: HK$448 million). Excluding the unrealised loss on revaluation of investment properties and other non-recurring expenses, the group's underlying loss attributable to shareholders amounted to HK$216 million (2024: HK$257 million).

As at 30 June 2025, the group's net assets attributable to shareholders amounted to HK$35.5 billion and the group's net debt to total assets remained acceptable at 25%. At the end of June 2025, the group's undrawn committed facilities amounted to HK$2.7 billion. Together with cash and bank balances of HK$832 million, the group's available funds amounted to HK$3.5 billion. The directors believe that the group has sufficient funds to meet the working capital requirements of its operations and the group's capital commitments.

## The group's adjusted net asset value

In the Financial Statements, the group's hotels (other than shopping arcades and offices within the hotels) and golf course are stated at depreciated cost less accumulated impairment losses, if any, and not at fair value. If these assets were to be stated at fair value, the group's net assets attributable to shareholders would increase by 14% to HK$40,402 million as indicated in the table below.

| HK$m | **As at 30 June 2025** | As at 31 December 2024 |
|---|---|---|
| Net assets attributable to shareholders per statement of financial position | **35,507** | 35,401 |
| Adjusting the value of hotels and golf course to fair value, net of related deferred tax and non-controlling interests | **4,895** | 4,632 |
| Adjusted net assets attributable to shareholders | **40,402** | 40,033 |
| Net assets per share (HK$) | **21.30** | 21.24 |
| Adjusted net assets per share (HK$) | **24.24** | 24.01 |

## The group's underlying profit or loss attributable to shareholders

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

The group's underlying loss attributable to shareholders for the six months ended 30 June 2025 amounted to HK$216 million compared to an underlying loss of HK$257 million in the same period last year.

| | **For the six months ended 30 June** | |
|---|---|---|
| HK$m | **2025** | 2024 |
| **Loss attributable to shareholders** | **(289)** | (448) |
| Net valuation loss of investment properties* | **73** | 153 |
| Non-recurring expenses** | **–** | 38 |
| **Underlying loss attributable to shareholders** | **(216)** | (257) |

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

** *Non-recurring expenses incurred in 2024 represented expenses incurred by the project team for follow up works relating to The Peninsula London, including snagging and certain rectification works.*

## Statement of profit or loss

The following table summarises the key components of the group's loss attributable to shareholders. This table should be read in conjunction with the commentary set out on pages 20 to 24 of this Financial Review.

| HK$m | For the six months ended 30 June<br>**2025** | <br>2024 | 2025 vs<br>2024 |
|---|---|---|---|
| Revenue from operations | **3,281** | 2,908 | 13% |
| Operating costs | **(2,638)** | (2,513) | (5%) |
| Operating EBITDA | **643** | 395 | 63% |
| Revenue from residential sales | **–** | 1,707 | n/a |
| Cost of residences and related expenses | **–** | (1,522) | n/a |
| Residential sales EBITDA | **–** | 185 | n/a |
| EBITDA before non-recurring expenses | **643** | 580 | 11% |
| Non-recurring expenses* | **–** | (38) | n/a |
| EBITDA | **643** | 542 | 19% |
| Depreciation and amortisation | **(358)** | (333) | (8%) |
| Net financing charges | **(362)** | (366) | 1% |
| Share of results of joint ventures | **(61)** | (71) | 14% |
| Share of results of associates | **(3)** | (13) | 77% |
| Decrease in fair value of investment properties | **(61)** | (139) | 56% |
| Taxation | **(87)** | (68) | (28%) |
| Loss for the period | **(289)** | (448) | 35% |
| Non-controlling interests | **–** | – | n/a |
| Loss attributable to shareholders | **(289)** | (448) | 35% |

* *Non-recurring expenses incurred in 2024 represented expenses incurred by the project team for follow up works relating to The Peninsula London, including snagging and certain rectification works.*

The group's consolidated revenue from operations increased by 13% to HK$3,281 million and due to the strong flow-through, the group's consolidated EBITDA from operations increased by 63% to HK$643 million. The favourable results were mainly due to the contributions from the Peninsula hotels in New York, London and Tokyo as explained in the following section.

The increase in depreciation and amortisation during the six months ended 30 June 2025 was mainly attributed to The Peninsula New York following its renovation in 2024.

The increase in taxation was mainly due to the improved profitability achieved by The Peninsula Tokyo, the Repulse Bay Complex, The Peak Tower and Peak Tram. In addition, during the six months ended 30 June 2025, The Peninsula Hong Kong acquired six Rolls Royce limousines, resulting in an increase in deferred tax charge in respect of taxable temporary difference arising from accelerated depreciation of HK$12 million.

## Statement of other comprehensive income

The following table summarises the key components of the group's total comprehensive income attributable to shareholders.

| HK$m | For the six months ended 30 June **2025** | 2024 | 2025 vs 2024 |
|---|---|---|---|
| Loss for the period | **(289)** | (448) | 35% |
| Other comprehensive income for the period, net of tax | | | |
| – Exchange differences on translation of the financial statements of overseas operations | **457** | 84 | 444% |
| – Net movement of cash flow hedges | **(62)** | (2) | (3,000%) |
| | **395** | 82 | 382% |
| Total comprehensive income for the period | **106** | (366) | n/a |

During the six months ended 30 June 2025, most foreign currencies appreciated against the group's reporting currency which is in Hong Kong dollars. Accordingly, the group recognised a net gain on translation of the financial statements of overseas operations of HK$457 million.

The group has entered into interest rate swaps and cross currency interest rate swaps for cash flow hedges. During the six months ended 30 June 2025, a negative movement of cash flow hedges of HK$62 million was recognised as the fair values of these financial instruments declined due to the decrease in market interest rates, particularly the HIBOR rates.

Overall, the group reported a net other comprehensive income of HK$395 million for the six months ended 30 June 2025 compared to HK$82 million, representing an increase of 382% over the same period last year.

After accounting for the loss of HK$289 million reported in the statement of profit or loss, the group's total comprehensive income for the six months ended 30 June 2025 amounted HK$106 million compared to a negative comprehensive income of HK$366 million in the same period last year.

## Revenue

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

The group's consolidated revenue and combined revenue (inclusive of the group's effective share of revenue of associates and joint ventures) for the six months ended 30 June 2025 amounted to HK$3,281 million and HK$3,643 million, representing a decrease of 29% and 26% respectively. The decrease was due to the absence of residential sales in 2025 compared to a sale of four Peninsula London Residences for HK$1,707 million in 2024. Excluding the non-recurring residential sales, the group reported an increase of 13% in both consolidated revenue and combined revenue over the same period last year.

The hotels division is the largest contributor of the group's combined revenue. During the six months ended 30 June 2025, most Peninsula hotels reported revenue growth compared to the same period last year. Following its renovation in 2024, The Peninsula New York recorded encouraging results with RevPAR and revenue increasing by 9% and 54% respectively. Driven by strong demand, The Peninsula Tokyo also reported pleasing results with RevPAR and revenue in local currency increasing by 28% and 19% respectively. Following a full year operation in 2024, The Peninsula London and The Peninsula Istanbul achieved revenue growth in local currency of 8% and 31% respectively. Overall, the hotels division reported an increase in combined revenue of 14% to HK$2,845 million.

Revenue from the commercial properties division decreased by 79% to HK$455 million, mainly due to the non-recurrence of residential sales during the period under review. Excluding the HK$1,707 million revenue arising from the sale of four Peninsula London Residences in 2024, the division's recurring revenue increased by HK$20 million or 5% mainly due to the revenue growth achieved by The Repulse Bay Complex and the increase in admission fees achieved by the Sky Terrace. Overall, The Repulse Bay Complex remains the largest contributor of revenue in respect of leasing operations, accounting for over 60% of the division's recurring revenue.

Revenue of the Peak Tram, retail and other services division increased by 15% to HK$343 million, mainly attributable to the strong performance achieved by the Peak Tram.

A breakdown of revenue by business segment and geographical segment is set out in the following tables.

**Revenue by business segment**

| HK$m | **For the six months ended 30 June 2025** | | | 2024 | | | 2025 vs 2024 |
|---|---|---|---|---|---|---|---|
| | **Group's subsidiaries** | **Associates and joint ventures (effective share)** | **Combined total** | Group's subsidiaries | Associates and joint ventures (effective share) | Combined total | |
| Hotels | **2,483** | **362** | **2,845** | 2,174 | 316 | 2,490 | 14% |
| Commercial Properties | **455** | **–** | **455** | 2,142 | – | 2,142 | (79%) |
| Peak Tram, Retail and Other Services | **343** | **–** | **343** | 299 | – | 299 | 15% |
| | **3,281** | **362** | **3,643** | 4,615 | 316 | 4,931 | (26%) |

**Revenue by geographical segment**

| HK$m | For the six months ended 30 June 2025 Group's subsidiaries | 2025 Associates and joint ventures (effective share) | 2025 Combined total | 2024 Group's subsidiaries | 2024 Associates and joint ventures (effective share) | 2024 Combined total | 2025 vs 2024 |
|---|---|---|---|---|---|---|---|
| Greater China | **1,350** | **106** | **1,456** | 1,311 | 109 | 1,420 | 3% |
| Europe | **437** | **188** | **625** | 2,090 | 145 | 2,235 | (72%) |
| US | **723** | **68** | **791** | 565 | 62 | 627 | 26% |
| Other Asia | **771** | **–** | **771** | 649 | – | 649 | 19% |
| | **3,281** | **362** | **3,643** | 4,615 | 316 | 4,931 | (26%) |

Details of the operating performances of the group's individual operations are set out on pages 4 to 14 of the CEO's Review.

## EBITDA and EBITDA margin

The breakdown of the group's combined EBITDA (earnings before interest, taxation, depreciation and amortisation), before project expenses which were non-recurring, by business segment and by geographical segment are set out in the following tables.

Despite a decrease in combined revenue, the group's combined EBITDA increased by 12% to HK$697 million. In the first half of 2024, an EBITDA of HK$185 million was derived from the sale of four Peninsula London Residences. Excluding this non-recurring EBITDA, the group's combined EBITDA represented an increase of 60% over the same period last year.

Driven by the increase in revenue and the group's measures to contain costs, all divisions reported increase in EBITDA margin for the six months ended 30 June 2025.

In 2024, the Commercial Properties division reported a relatively low EBITDA margin of 17%. Excluding the EBITDA from the sale of four Peninsula London Residences, the division's EBITDA margin for the six months ended 30 June 2024 was 42% compared to 51% in 2025.

**EBITDA by business segment**

| HK$m | For the six months ended 30 June 2025 Group's subsidiaries | 2025 Associates and joint ventures (effective share) | 2025 Combined total | 2024 Group's subsidiaries | 2024 Associates and joint ventures (effective share) | 2024 Combined total | 2025 vs 2024 |
|---|---|---|---|---|---|---|---|
| Hotels | **412** | **54** | **466** | 218 | 40 | 258 | 81% |
| Commercial Properties | **232** | **–** | **232** | 368 | – | 368 | (37%) |
| Peak Tram, Retail and Other Services | **(1)** | **–** | **(1)** | (6) | – | (6) | 83% |
| | **643** | **54** | **697** | 580 | 40 | 620 | 12% |

### EBITDA by geographical segment

| HK$m | For the six months ended 30 June 2025 Group's subsidiaries | 2025 Associates and joint ventures (effective share) | 2025 Combined total | 2024 Group's subsidiaries | 2024 Associates and joint ventures (effective share) | 2024 Combined total | 2025 vs 2024 |
|---|---|---|---|---|---|---|---|
| Greater China | **401** | **27** | **428** | 326 | 28 | 354 | 21% |
| Europe | **46** | **14** | **60** | 197 | 1 | 198 | (70%) |
| US | **21** | **13** | **34** | (47) | 11 | (36) | n/a |
| Other Asia | **175** | **–** | **175** | 104 | – | 104 | 68% |
| | **643** | **54** | **697** | 580 | 40 | 620 | 12% |

### EBITDA margin

| HK$m | For the six months ended 30 June 2025 Group's subsidiaries | 2025 Associates and joint ventures (effective share) | 2025 Combined total | 2024 Group's subsidiaries | 2024 Associates and joint ventures (effective share) | 2024 Combined total |
|---|---|---|---|---|---|---|
| Hotels | **17%** | **15%** | **16%** | 10% | 13% | 10% |
| Commercial Properties | **51%** | **–** | **51%** | 17% | – | 17% |
| Peak Tram, Retail and Other Services | **–** | **–** | **–** | (2%) | – | (2%) |
| Overall EBITDA margin | **20%** | **15%** | **19%** | 13% | 13% | 13% |
| By region | | | | | | |
| Greater China | **30%** | **26%** | **29%** | 25% | 26% | 25% |
| Europe | **11%** | **7%** | **10%** | 9% | 1% | 9% |
| US | **3%** | **19%** | **4%** | (8%) | 18% | (6%) |
| Other Asia | **23%** | **–** | **23%** | 16% | – | 16% |

## Fair value of investment properties

The investment properties of the group were revalued as at 30 June 2025 by independent firms of valuers based on an income capitalisation approach. The net unrealised revaluation loss of HK$61 million was principally attributable to a decrease in the appraised market value of The Repulse Bay Complex, The Peninsula Arcade in Hong Kong and St John's Building which was partly offset by the increase in appraised market value of the Sky Terrace of The Peak Tower.

## Share of results of joint ventures

The group, through its joint venture The Peninsula Shanghai Waitan Hotel Company Limited (PSW), owns a 50% interest in The Peninsula Shanghai Complex, which comprises The Peninsula Shanghai hotel and shopping arcade and the adjoining Peninsula Residences apartment tower. As at 30 June 2025, PSW owned 7 remaining apartments which are held for sale.

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

The group's share of operating EBITDA of The Peninsula Shanghai and The Peninsula Istanbul for the six months ended 30 June 2025 amounted to HK$24 million (2024: HK$20 million). After accounting for depreciation, interest and taxation, the group's net loss of these hotels amounted to HK$61 million (2024: loss of HK$71 million).

## Share of results of associates

The group has a 20% interest in each of The Peninsula Beverly Hills and The Peninsula Paris. The group's share of operating EBITDA of these hotels for the six months ended 30 June 2025 amounted to HK$30 million (2024: HK$20 million). After accounting for depreciation, interest and taxation, the group share of net loss of these hotels amounted to HK$3 million (2024: loss of HK$13 million).

## Statement of financial position

The group's net assets attributable to shareholders amounted to HK$35,507 million, representing a per share value of HK$21.30 compared to HK$21.24 as at 31 December 2024. The key components of the group's assets and liabilities as at 30 June 2025 and 31 December 2024 are set out in the table below.

| HK$m | **As at 30 June 2025** | As at 31 December 2024 | 2025 vs 2024 |
|---|---|---|---|
| Fixed assets | **49,399** | 47,864 | 3% |
| Properties held for sale | **1,615** | 1,472 | 10% |
| Other long-term assets | **3,002** | 2,838 | 6% |
| Derivative financial instruments | **97** | 166 | (42%) |
| Cash at banks and in hand | **832** | 895 | (7%) |
| Other assets | **1,001** | 941 | 6% |
| | **55,946** | 54,176 | 3% |
| Interest-bearing borrowings | **(14,566)** | (13,389) | (9%) |
| Lease liabilities | **(3,005)** | (2,612) | (15%) |
| Derivative financial instruments | **(37)** | – | N/A |
| Other liabilities | **(2,782)** | (2,729) | (2%) |
| | **(20,390)** | (18,730) | (9%) |
| Net assets | **35,556** | 35,446 | – |
| *Represented by:* | | | |
| Shareholders' fund | **35,507** | 35,401 | – |
| Non-controlling interests | **49** | 45 | 9% |
| Total equity | **35,556** | 35,446 | – |

## Summary of hotel, commercial and other properties

The group has interests in twelve operating hotels in Greater China, Europe, US and other Asia. In addition to hotel properties, the group owns residential apartments, office towers and commercial buildings for rental purposes.

A summary of the group's hotel, commercial and other properties, including those held by joint ventures and associates, showing both the book value and the fair value is set out in the table in the next page.

| | | 30 June 2025 | | 31 December 2024 | |
|---|---|---|---|---|---|
| | | Value of 100% of the property (HK$m) | | | |
| | Group's interest | **Fair value valuation**** | **Book value** | Fair value valuation** | Book value |
| **Hotel properties*** | | | | | |
| The Peninsula Hong Kong | 100% | **12,173** | **9,700** | 12,303 | 9,757 |
| The Peninsula Beijing | 76.6%[Δ] | **905** | **903** | 940 | 909 |
| The Peninsula Shanghai[#] | 50% | **2,627** | **1,862** | 2,584 | 1,864 |
| The Peninsula London | 100% | **9,000** | **8,616** | 7,967 | 7,646 |
| The Peninsula Istanbul[#] | 50% | **2,153** | **1,923** | 1,890 | 1,890 |
| The Peninsula Paris[#] | 20% | **4,895** | **4,051** | 4,297 | 3,617 |
| The Peninsula New York | 100% | **2,207** | **1,881** | 2,200 | 1,873 |
| The Peninsula Chicago | 100% | **1,232** | **947** | 1,231 | 961 |
| The Peninsula Beverly Hills[#] | 20% | **2,800** | **292** | 2,796 | 265 |
| The Peninsula Tokyo | 100% | **1,421** | **954** | 1,294 | 879 |
| The Peninsula Bangkok | 100% | **685** | **583** | 648 | 555 |
| The Peninsula Manila | 77.4% | **35** | **18** | 35 | 19 |
| | | **40,133** | **31,730** | 38,185 | 30,235 |
| **Commercial properties** | | | | | |
| The Repulse Bay Complex | 100% | **17,959** | **17,959** | 18,005 | 18,005 |
| The Peak Tower | 100% | **1,708** | **1,708** | 1,487 | 1,487 |
| St. John's Building | 100% | **1,036** | **1,036** | 1,080 | 1,080 |
| Apartments in Shanghai | 100% | **371** | **371** | 355 | 355 |
| 21 avenue Kléber | 100% | **744** | **744** | 651 | 651 |
| The Landmark | 70%[ΔΔ] | **4** | **4** | 9 | 9 |
| | | **21,822** | **21,822** | 21,587 | 21,587 |
| **Other properties** | | | | | |
| The Quail and vacant land | 100% | **284** | **276** | 282 | 271 |
| Vacant land in Thailand | 100% | **99** | **99** | 93 | 93 |
| Other properties for own use | 100% | **361** | **175** | 361 | 177 |
| | | **744** | **550** | 736 | 541 |
| **Total market/book value** | | **62,699** | **54,102** | 60,508 | 52,363 |

* *The hotel properties (other than shopping arcades and offices within the hotels) and golf course are stated at cost less accumulated depreciation and any provision for impairment losses in the financial statements. Revaluation of these assets is conducted on an annual basis. The directors consider that the fair values of these assets as at 30 June 2025 were not materially different from those as at 31 December 2024.*

** *Including the shopping arcades and offices within the hotels.*

Δ *The group owns 100% economic interest of The Peninsula Beijing with a reversionary interest to the PRC partner in 2033 upon expiry of the joint venture period.*

ΔΔ *The group owns 50% economic interest of The Landmark with a reversionary interest to the Vietnamese partner in 2026 upon expiry of the joint venture period.*

\# *These properties are held by associates/joint ventures.*

## Properties held for sale

The group owns a 100% interest in The Peninsula London Complex which comprises a 190-room Peninsula hotel and twenty-four luxury Peninsula-branded Residences. The gross floor area of the Peninsula London Residences is approximately 119,000 square feet. As at 30 June 2025, seven Peninsula London Residences remained unsold. Excluding the reserved residence, the group has now released the final six of the total 24 Residences for sale.

As at 30 June 2025, reservation fees and deposits totalling GBP8 million were paid by the buyer of a reserved Residence. Given the reservation fees and deposits are held in the escrow account pursuant to the local regulations in the UK, these fees and deposits are not reflected in the consolidated statement of financial position.

## Other long-term assets

The other long-term assets as at 30 June 2025 of HK$3,002 million (31 December 2024: HK$2,838 million) mainly comprised the group's 50% interest in The Peninsula Shanghai, the group's 50% interest and its value of trademark for The Peninsula Istanbul (PIT), the group's 20% interest and the value of its operating right in The Peninsula Beverly Hills and the group's 20% interest and the value of its operating right in The Peninsula Paris. The increase was mainly due to the additional equity injected into the joint venture of PIT and the effect of retranslation due to the appreciation of Euros.

## Derivatives financial instruments

Derivative financial instruments represent the fair value of interest rate swaps contracts, cross currency interest rate swaps and forward contracts entered into by the group with financial institutions for hedging purposes. The net decrease in fair values of the financial instruments was mainly due to the decrease in market interest rates, particularly the HIBOR rates.

## Statement of cash flows

The following table summarises the key cash movements for the first six months of 2025.

| HK$m | **For the six months ended 30 June** **2025** | 2024 |
|---|---|---|
| Operating EBITDA (before EBITDA from residential sales and non-recurring expenses) | **643** | 372 |
| Tax payment | **(45)** | (38) |
| Changes in working capital (excluding those relating to The Peninsula London Residences) | **12** | (150) |
| Normal capital expenditure on existing assets | **(244)** | (146) |
| **Net cash generated from recurring operating activities** | **366** | 38 |
| Proceeds from sale of The Peninsula London Residences | **–** | 1,707 |
| **Net cash inflow after normal capital expenditure** | **366** | 1,745 |
| **Project-related cash flows** | | |
| Capital expenditure and project expenses relating to development of The Peninsula London | **(225)** | (307) |
| Capital injection into The Peninsula Istanbul joint venture | **(79)** | (175) |
| Capital expenditure on The Peninsula New York major renovation | **(27)** | (147) |
| **Cash outflow for projects** | **(331)** | (629) |
| **Net cash inflow before financing activities and other receipts** | **35** | 1,116 |
| **Financing activities** | | |
| Proceeds from issuance of bonds | **869** | – |
| Interest received and other receipts | **11** | 18 |
| Net placement of interest-bearing bank deposits with maturity of more than three months | **(88)** | (35) |
| Net decrease in bank borrowings | **(623)** | (768) |
| Interest and other financing charges | **(298)** | (356) |
| Lease payments, including interest element | **(87)** | (90) |
| Dividends paid to shareholders of the company | **–** | (22) |
| Net cash used in financing activities | **(216)** | (1,253) |
| Net decrease in cash and cash equivalent | **(181)** | (137) |
| Cash and cash equivalent at 1 January | **710** | 720 |
| Effect of changes in foreign exchanges rates | **31** | (23) |
| **Cash and cash equivalent at 30 June** | **560** | 560 |

The group's operating EBITDA (before EBITDA from residential sales and non-recurring expenses) for the six months ended 30 June 2025 increased by 73% to HK$643 million. After tax payment, normal capital expenditure on existing assets and changes in working capital, the group's net cash inflow from recurring operating activities amounted to HK$366 million, which was more than nine times over the same period last year.

To diversify the funding channels, the group issued Private Samurai Bonds totalling JPY16 billion (HK$869 million) in June 2025. Further details of these bonds are set out in the following section.

## Treasury management

The group's treasury activities are centrally managed and controlled at the corporate level, where liquidity, currency and interest rate risk exposures are monitored.

The group manages its liquidity risk by constantly monitoring its loan portfolio and ensure there are sufficient borrowing facilities to meet its obligations and commitments. The group is in a robust funding position with HK$2.7 billion of unused committed facilities as at end of June 2025.

During the period, net borrowings, excluding lease liabilities, increased by HK$1.2 billion to HK$13.7 billion with average committed facility maturity at 1.4 years (31 December 2024: 1.7 years). The increase in net borrowings was mainly due to the unfavorable exchange impact on the translation of non-HK$ debt balances, attributable to the appreciation of the foreign currencies against Hong Kong dollars. As at 30 June 2025, the group's net external debt to total assets remained stable at a healthy level of 25%.

The group issued its debut Private Samurai Bond offering on 6 June 2025 for JPY16 billion (HK$869 million) with the longest tenor up to six years. The Private Samurai Bonds are rated A by both the Japan Credit Rating Agency, Ltd and Rating & Investment Information, Inc. The bond issue diversifies the group's funding channels by engaging long-term institutional investors in the Japanese bond market.

At the end of June 2025, the group has also successfully refinanced its GBP Green Club loan in the size of GBP425 million with a group of 9 banks. Drawdown of this facility was executed on 10 July 2025. Following this drawdown, the group's average duration for committed facilities increased to 2 years from 1.4 years.

At the end of June 2025, the group is rated A from both Japan Credit Rating Agency, Ltd and Rating and Investment Information, Inc. for long term foreign currency and local currency denominated debts.

As at 30 June 2025, 62% of the group's total committed facilities was classified as green loans or sustainability linked loans. The group is committed to sustainable luxury and will continuously look for opportunities to establish green financing.

In addition to the group's consolidated borrowings, The Peninsula Beverly Hills (20% owned), The Peninsula Shanghai (50% owned) and The Peninsula Paris (20% owned) have non-recourse bank borrowings, which are not consolidated in the statement of financial position as the entities owning the assets are not subsidiaries of the company. Including the group's share of the gross debt of these non-consolidated entities, total gross borrowings, excluding lease liabilities, would amount to HK$15.6 billion at 30 June 2025 (31 December 2024: HK$14.4 billion).

As at 30 June 2025, the group's fixed-to-floating interest rate ratio was at 56% (31 December 2024: 47%). The weighted average gross interest rate for the period decreased to 4.27% (31 December 2024: 4.69%) after taking hedging activities into account.

## Liquidity and capital commitments

As at 30 June 2025, the group's undrawn committed facilities and cash at banks and in hand amounted to HK$2.7 billion and HK$832 million respectively.

Given the group's liquidity position, the directors believe that the group will be able to meet the working capital requirements of its existing operations as well as the group's capital commitments which are estimated to be HK$480 million as at 30 June 2025.

## Dividends

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

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

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

Given the underlying loss incurred, no interim dividend was declared and paid by the company for the six months ended 30 June 2025 (2024: nil).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS – UNAUDITED (HK$m)

| | Note | For the six months ended 30 June 2025 | 2024 |
|---|---|---|---|
| **Revenue** | 3 | **3,281** | 4,615 |
| Cost of inventories | | **(199)** | (1,690) |
| Staff costs and related expenses | | **(1,427)** | (1,293) |
| Rent and utilities | | **(249)** | (253) |
| Other operating expenses | | **(763)** | (837) |
| **Operating profit before interest, taxation, depreciation and amortisation (EBITDA)** | | **643** | 542 |
| Depreciation and amortisation | | **(358)** | (333) |
| **Operating profit** | | **285** | 209 |
| Interest income | | **7** | 18 |
| Financing charges | 4 | **(369)** | (384) |
| Net financing charges | | **(362)** | (366) |
| **Loss after net financing charges** | 5 | **(77)** | (157) |
| Share of results of joint ventures | | **(61)** | (71) |
| Share of results of associates | | **(3)** | (13) |
| Decrease in fair value of investment properties | 9(b) | **(61)** | (139) |
| **Loss before taxation** | | **(202)** | (380) |
| Taxation | | | |
| Current tax | 6 | **(73)** | (66) |
| Deferred tax | 6 | **(14)** | (2) |
| **Loss for the period** | | **(289)** | (448) |
| **Loss attributable to:** | | | |
| Shareholders of the company | | **(289)** | (448) |
| Non-controlling interests | | **–** | – |
| **Loss for the period** | | **(289)** | (448) |
| **Loss per share, basic and diluted (HK$)** | 7 | **(0.17)** | (0.27) |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED (HK$m)

| | Note | For the six months ended 30 June 2025 | 2024 |
|---|---|---|---|
| **Loss for the period** | | **(289)** | (448) |
| **Other comprehensive income for the period, net of tax** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences on translation of: | | | |
| – financial statements of subsidiaries outside Hong Kong | | **313** | 45 |
| – financial statements of joint ventures | | **43** | 65 |
| – financial statements of and loans to an associate | | **50** | (13) |
| – hotel operating rights and trademarks | | **51** | (13) |
| | | **457** | 84 |
| Cash flow hedges: | | | |
| – effective portion of changes in fair value | | **(26)** | (67) |
| – cost of hedging | | **2** | – |
| – transfer from equity to profit or loss | | **(38)** | 65 |
| | | **(62)** | (2) |
| **Other comprehensive income for the period** | | **395** | 82 |
| **Total comprehensive income for the period** | | **106** | (366) |
| **Attributable to:** | | | |
| Shareholders of the company | | **106** | (366) |
| Non-controlling interests | | **–** | – |
| **Total comprehensive income for the period** | | **106** | (366) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

**(HK$m)**

| | Note | **As at 30 June 2025** | As at 31 December 2024 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment properties | | **32,766** | 32,629 |
| Other properties, plant and equipment | | **16,633** | 15,235 |
| | 9 | **49,399** | 47,864 |
| Interest in joint ventures | 11 | **1,923** | 1,862 |
| Interest in associates | 12 | **451** | 404 |
| Hotel operating rights and trademarks | 13 | **463** | 419 |
| Derivative financial instruments | 14 | **28** | 153 |
| Deferred tax assets | | **165** | 153 |
| | | **52,429** | 50,855 |
| **Current assets** | | | |
| Properties held for sale | 10 | **1,615** | 1,472 |
| Inventories | | **131** | 123 |
| Derivative financial instruments | 14 | **69** | 13 |
| Trade and other receivables | 15 | **870** | 818 |
| Cash at banks and in hand | | **832** | 895 |
| | | **3,517** | 3,321 |
| **Current liabilities** | | | |
| Trade and other payables | 16 | **(1,855)** | (1,823) |
| Interest-bearing borrowings | 17 | **(9,150)** | (7,388) |
| Current taxation | | **(97)** | (72) |
| Derivative financial instruments | 14 | **(12)** | – |
| Lease liabilities | | **(179)** | (160) |
| | | **(11,293)** | (9,443) |
| **Net current liabilities** | | **(7,776)** | (6,122) |
| **Total assets less current liabilities** | | **44,653** | 44,733 |
| **Non-current liabilities** | | | |
| Interest-bearing borrowings | 17 | **(5,416)** | (6,001) |
| Trade and other payables | 16 | **(133)** | (145) |
| Net defined benefit retirement obligations | | **(21)** | (21) |
| Deferred tax liabilities | | **(676)** | (668) |
| Derivative financial instruments | 14 | **(25)** | – |
| Lease liabilities | | **(2,826)** | (2,452) |
| | | **(9,097)** | (9,287) |
| **Net assets** | | **35,556** | 35,446 |
| **Capital and reserves** | | | |
| Share capital | 18 | **5,947** | 5,947 |
| Reserves | | **29,560** | 29,454 |
| **Total equity attributable to shareholders of the company** | | **35,507** | 35,401 |
| Non-controlling interests | | **49** | 45 |
| **Total equity** | | **35,556** | 35,446 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

**(HK$m)**

| | Note | Attributable to shareholders of the company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Reserves | | | | | | |
| | Note | Share capital | Hedging reserve* | Exchange and other reserves | Retained profits | Total reserves | Total | Non - controlling interests | Total equity |
| Balance at 31 December 2023 and 1 January 2024 | | 5,837 | 183 | (219) | 30,478 | 30,442 | 36,279 | 100 | 36,379 |
| Changes in equity for the six months ended 30 June 2024 | | | | | | | | | |
| Loss for the period | | – | – | – | (448) | (448) | (448) | – | (448) |
| Other comprehensive income | | – | (2) | 84 | – | 82 | 82 | – | 82 |
| Total comprehensive income for the period | | – | (2) | 84 | (448) | (366) | (366) | – | (366) |
| Dividends approved in respect of the previous year | 8(a) | 110 | – | – | (132) | (132) | (22) | – | (22) |
| Capital contribution from a non-controlling shareholder of a subsidiary | | – | – | – | – | – | – | 1 | 1 |
| Balance at 30 June 2024 and 1 July 2024 | | 5,947 | 181 | (135) | 29,898 | 29,944 | 35,891 | 101 | 35,992 |
| **Changes in equity for the six months ended 31 December 2024** | | | | | | | | | |
| Loss for the period | | – | – | – | (495) | (495) | (495) | (50) | (545) |
| Other comprehensive income | | – | (58) | 63 | – | 5 | 5 | – | 5 |
| Total comprehensive income for the period | | – | (58) | 63 | (495) | (490) | (490) | (50) | (540) |
| Dividends paid to non-controlling interests | | – | – | – | – | – | – | (6) | (6) |
| **Balance at 31 December 2024 and 1 January 2025** | | **5,947** | **123** | **(72)** | **29,403** | **29,454** | **35,401** | **45** | **35,446** |
| **Changes in equity for the six months ended 30 June 2025** | | | | | | | | | |
| **Loss for the period** | | **–** | **–** | **–** | **(289)** | **(289)** | **(289)** | **–** | **(289)** |
| **Other comprehensive income** | | **–** | **(62)** | **457** | **–** | **395** | **395** | **–** | **395** |
| **Total comprehensive income for the period** | | **–** | **(62)** | **457** | **(289)** | **106** | **106** | **–** | **106** |
| **Capital contribution from a non-controlling shareholder of a subsidiary** | | **–** | **–** | **–** | **–** | **–** | **–** | **4** | **4** |
| **Balance at 30 June 2025** | | **5,947** | **61** | **385** | **29,114** | **29,560** | **35,507** | **49** | **35,556** |

* *Included in hedging reserve as at 30 June 2025 was a balance of HK$2 million in respect of the group's cost of hedging (31 December 2024: nil).*

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED (HK$m)

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| **Operating activities** | | |
| EBITDA | **643** | 542 |
| Tax paid | **(45)** | (38) |
| Net cash generated from operating activities before changes in working capital | **598** | 504 |
| Changes in working capital relating to The Peninsula London Residences sold | **–** | 1,499 |
| Changes in other working capital | **12** | (150) |
| **Net cash generated from operating activities** | **610** | 1,853 |
| **Investing activities** | | |
| Development costs for The Peninsula London Complex | **(225)** | (269) |
| Capital injection into The Peninsula Istanbul joint venture | **(79)** | (175) |
| Capital expenditure on the major renovation project of The Peninsula New York | **(27)** | (147) |
| Capital expenditure on operating assets | **(244)** | (146) |
| Receipts from associates | **–** | 5 |
| Capital contribution from a non-controlling shareholder of a subsidiary | **4** | 1 |
| **Net cash used in investing activities** | **(571)** | (731) |
| **Financing activities** | | |
| Interest received | **7** | 12 |
| Interest and other financing charges | **(298)** | (356) |
| Net placement of interest-bearing bank deposits with maturity of more than three months | **(88)** | (35) |
| Net decrease in bank borrowings | **(623)** | (768) |
| Proceeds from issuance of bonds | **869** | – |
| Capital element of lease rentals paid | **(17)** | (14) |
| Interest element of lease rentals paid | **(70)** | (76) |
| Dividends paid to shareholders of the Company | **–** | (22) |
| **Net cash used in financing activities** | **(220)** | (1,259) |
| Net decrease in cash and cash equivalents | **(181)** | (137) |
| Cash and cash equivalents at 1 January | **710** | 720 |
| Effect of changes in foreign exchange rates | **31** | (23) |
| **Cash and cash equivalents at 30 June (note)** | **560** | 560 |

*Note* *Analysis of cash and cash equivalents*

| | *As at 30 June* | |
|---|---|---|
| | ***2025*** | *2024* |
| *Interest-bearing bank deposits* | ***441*** | *408* |
| *Cash at banks and in hand* | ***391*** | *348* |
| *Total cash at banks and in hand* | ***832*** | *756* |
| *Less: Interest-bearing bank deposits with maturity of more than three months* | ***(272)*** | *(196)* |
| *Cash and cash equivalents in the condensed consolidated statement of cash flows* | ***560*** | *560* |

*Total cash at banks and in hand at the end of the reporting period include cash at banks and deposits with banks of HK$350 million (31 December 2024: HK$328 million) situated in Mainland China. Remittance of funds out of Mainland China is subject to prevailing regulations on profit repatriation and foreign exchange restrictions.*

## Notes to the unaudited interim financial report

## 1. Basis of preparation

The unaudited Interim Financial Report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue by the Board of Directors of the company on 6 August 2025.

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are first effective for the current accounting period of the group. Details of these relevant changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with the HKFRS Accounting Standards (HKFRSs).

The Interim Financial Report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2024 that is included in the Interim Financial Report as comparative information does not constitute the company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

## 2. Changes in accounting policies

The HKICPA has issued following amendments to HKFRSs that are first effective for the current accounting period of the group:

- Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*

None of the above changes in accounting policies has had a material effect on the group's financial statements. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3. Segment reporting (HK$m)

The group is organised on a divisional basis. In a manner consistent with the way in which information is reported internally to the group's senior executive management for the purposes of resource allocation and performance assessment, the group's reportable segments are as follows:

| | |
|---|---|
| Hotels | This segment includes revenue generated from operating hotels, leasing of commercial shopping arcades and office premises located within the hotel buildings. |
| Commercial Properties | This segment is engaged in the development, leasing and sale of luxury residential apartments, leasing of retail and office premises (other than those in hotel properties), as well as operating food and beverage outlets in such premises. |
| Peak Tram, Retail and Others | This segment is engaged in the operation of the Peak Tram, wholesaling and retailing of food and beverage products, The Quail, laundry services, and the provision of management and consultancy services for clubs. |

No operating segments have been aggregated to form a reportable segment.

## 3. Segment reporting (HK$m) *continued*

### (a) Segment results (HK$m)

The results of the group's reportable segments for the six months ended 30 June 2025 and 2024 are set out as follows:

| | Hotels | | Commercial Properties | | Peak Tram, Retail and Others | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | For the six months ended 30 June | | | | | | | |
| | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 |
| **Reportable segment revenue (see next page)** | **2,483** | 2,174 | **455** | 2,142 | **343** | 299 | **3,281** | 4,615 |
| **Reportable segment operating profit/(loss) before interest, taxation, depreciation and amortisation (EBITDA)** | **412** | 218 | **232** | 368 | **(1)** | (6) | **643** | 580 |
| Depreciation and amortisation | **(297)** | (278) | **(8)** | (8) | **(53)** | (47) | **(358)** | (333) |
| **Segment operating profit/(loss) before non-recurring project expenses** | **115** | (60) | **224** | 360 | **(54)** | (53) | **285** | 247 |
| Non-recurring project expenses | **–** | (38) | **–** | – | **–** | – | **–** | (38) |
| **Segment operating profit/(loss)** | **115** | (98) | **224** | 360 | **(54)** | (53) | **285** | 209 |

## 3. Segment reporting (HK$m) *continued*

### (a) Segment results (HK$m) *continued*

### Analysis of segment revenue:

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Recognise at a point in time | Recognise over time | Rental income on leases | Total | Recognise at a point in time | Recognise over time | Rental income on leases | Total |
| **Hotels** | | | | | | | | |
| – Rooms | – | 1,334 | – | 1,334 | – | 1,122 | – | 1,122 |
| – Food and beverage | 664 | – | – | 664 | 608 | – | – | 608 |
| – Shopping arcades and offices | – | 17 | 260 | 277 | – | 17 | 256 | 273 |
| – Others | 143 | 65 | – | 208 | 116 | 55 | – | 171 |
| | 807 | 1,416 | 260 | 2,483 | 724 | 1,194 | 256 | 2,174 |
| **Commercial Properties** | | | | | | | | |
| – Residential properties | – | 36 | 217 | 253 | – | 30 | 199 | 229 |
| – Offices | – | 6 | 39 | 45 | – | 8 | 44 | 52 |
| – Shopping arcades and others | 96 | 22 | 39 | 157 | 98 | 17 | 39 | 154 |
| – Sales of residential apartments | – | – | – | – | 1,707 | – | – | 1,707 |
| | 96 | 64 | 295 | 455 | 1,805 | 55 | 282 | 2,142 |
| **Peak Tram, Retail and Others** | | | | | | | | |
| – Golf club | 29 | 46 | – | 75 | 24 | 34 | – | 58 |
| – Peak Tram operation | 171 | – | – | 171 | 147 | – | – | 147 |
| – Peninsula Merchandising | 64 | – | – | 64 | 60 | – | – | 60 |
| – Others | 30 | 3 | – | 33 | 32 | 2 | – | 34 |
| | 294 | 49 | – | 343 | 263 | 36 | – | 299 |
| Total | 1,197 | 1,529 | 555 | 3,281 | 2,792 | 1,285 | 538 | 4,615 |

## 3. Segment reporting (HK$m) *continued*

### (b) Segment assets (HK$m)

Segment assets include all tangible and intangible assets and current assets held directly by the respective segments.

The group's segment assets and unallocated assets as at 30 June 2025 and 31 December 2024 are set out as follows:

| | **As at 30 June 2025** | As at 31 December 2024 |
|---|---|---|
| Reportable segment assets | | |
| Hotels | **30,078** | 28,545 |
| Commercial properties | **23,617** | 23,259 |
| Peak Tram, Retail and Others | **1,157** | 1,158 |
| | **54,852** | 52,962 |
| Unallocated assets | | |
| Derivative financial instruments | **97** | 166 |
| Deferred tax assets | **165** | 153 |
| Cash at banks and in hand | **832** | 895 |
| Consolidated total assets | **55,946** | 54,176 |

## 4. Financing charges (HK$m)

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2025** | 2024 |
| Interest on bank borrowings | **340** | 425 |
| Interest on lease liabilities | **70** | 67 |
| Other borrowing costs | **16** | 16 |
| | **426** | 508 |
| Derivative financial instruments: | | |
| – cash flow hedges, transfer from equity | **(57)** | (77) |
| | **369** | 431 |
| Less: Interest capitalised into properties under development | **–** | (47) |
| | **369** | 384 |

## 5. Loss after net financing charges (HK$m)

Loss after net financing charges is arrived at after charging:

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| Cost of inventories | | |
| – Residential apartments | **–** | 1,499 |
| – Others | **199** | 191 |
| Amortisation | **7** | 6 |
| Depreciation | | |
| – owned properties, plant and equipment | **326** | 302 |
| – right-of-use assets | **25** | 25 |

## 6. Taxation (HK$m)

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| Current tax | | |
| Hong Kong profits tax | **43** | 44 |
| Overseas tax | **30** | 22 |
| | **73** | 66 |
| Deferred tax | | |
| Increase in net deferred tax liabilities relating to revaluation of overseas investment properties | **1** | 3 |
| Decrease/(increase) in deferred tax assets relating to tax losses recognised | **3** | (22) |
| Increase in net deferred tax liabilities relating to other temporary differences | **10** | 21 |
| | **14** | 2 |
| | **87** | 68 |

The provision for Hong Kong profits tax is calculated at 16.5% (six months ended 30 June 2024: 16.5%) of the estimated assessable profits for the period. Taxation for subsidiaries outside Hong Kong is calculated at the current tax rates applicable in the relevant jurisdictions.

## 7. Loss per share

### (a) Loss per share – basic

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| Loss attributable to shareholders of the company (HK$m) | **(289)** | (448) |
| Weighted average number of shares in issue (million shares) | **1,667** | 1,650 |
| Loss per share (HK$) | **(0.17)** | (0.27) |

| | **2025** | 2024 |
|---|---|---|
| | ***(million shares)*** | *(million shares)* |
| *Issued shares at 1 January* | ***1,667*** | *1,649* |
| *Effect of new shares issued and allotted to shareholders who opted to take scrip as an alternative to cash in respect of final dividends* | ***–*** | *1* |
| *Weighted average number of shares in issue at 30 June* | ***1,667*** | *1,650* |

### (b) Loss per share – diluted

There were no potential dilutive ordinary shares in existence during the periods ended 30 June 2025 and 2024 and hence the diluted loss per share is the same as the basic loss per share.

## 8. Dividends (HK$m)

### (a) Dividends payable to shareholders of the company attributable to the previous financial year, approved and paid during the interim period

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| Final dividend in respect of the previous financial year, approved and paid during the interim period, of Nil HK cents per share (2024: 8 HK cents) | **–** | 132 |

**(b)** No dividends attributable to the periods ended 30 June 2025 and 2024 were declared before and after the interim period.

## 9. Investment properties, other properties, plant and equipment (HK$m)

### (a) Acquisitions and disposals

During the six months ended 30 June 2025, the group incurred cost of HK$202 million relating to the development of The Peninsula London and acquired items of fixed assets HK$102 million for The Peninsula Hong Kong. Items of properties, plant and equipment disposed of during the six months ended 30 June 2025 and 2024 were insignificant in value.

### (b) Valuation of investment properties

All investment properties of the group were revalued as at 30 June 2025 by applying a capitalisation rate to the expected rental income adjusted for the quality and location of the building. The changes in fair value of the investment properties during the period were accounted for in the consolidated statement of profit or loss. The valuations were carried out by valuers independent of the group, who have staff with recent and relevant experience in the location and category of the properties being valued. Discussions have been held with the valuers on the valuation assumptions and valuation results when the valuation is performed at the reporting date.

As a result of the revaluation, a net revaluation deficit of HK$61 million (six months ended 30 June 2024: HK$139 million) has been included in the consolidated statement of profit or loss.

## 10. Properties held for sale

The group owns a 100% interest in The Peninsula London Complex which comprises a 190-room Peninsula hotel and twenty-four luxury Peninsula-branded Residences. The land area of the overall site is approximately 67,000 square feet and the gross floor area of the Peninsula Residences is approximately 119,000 square feet.

There was no sale of Peninsula London Residences during the six months ended 30 June 2025 (six months ended 30 June 2024: four Residences were sold for HK$1,707 million). As at 30 June 2025, a total of seventeen Peninsula London Residences were sold. Property held for sale as at 30 June 2025 represented the cost of the remaining seven unsold Residences.

As at 30 June 2025, one unit of the Peninsula London Residences was reserved by a third-party purchaser. Given the reservation fees and deposits paid by the purchaser are held in escrow accounts in accordance with the local regulations in the UK, these fees and deposits are not reflected in the consolidated statement of financial position.

## 11. Interest in joint ventures (HK$m)

| | **As at 30 June 2025** | As at 31 December 2024 |
|---|---|---|
| Share of net assets | **1,465** | 1,404 |
| Loans to a joint venture *(note 11(b))* | **458** | 458 |
| | **1,923** | 1,862 |

(a) Details of the joint ventures are as follows:

| Company name | Form of business structure | Place of incorporation and operation | Particulars of issued and paid-up capital | Group's effective interest | Principal activity |
|---|---|---|---|---|---|
| The Peninsula Shanghai Waitan Hotel Company Limited (PSW)* | Incorporated | PRC | US$117,500,000 (31 December 2024: US$117,500,000) | 50% | Hotel investment and apartments held for sale |
| PIT İstanbul Otel İşletmeciliği Anonim Şirketi (PIT)** | Incorporated | Türkiye | TRY6,814,197,428 (31 December 2024: TRY6,110,197,428) | 50% | Hotel investment |

** PSW holds a 100% interest in The Peninsula Shanghai.*
*** PIT holds a 100% interest in The Peninsula Istanbul.*

(b) The loans to The Peninsula Shanghai (BVI) Limited, holding company of PSW, are denominated in US dollar, unsecured, interest free and have no fixed repayment terms.

(c) PSW has pledged its properties inclusive of the land use rights as security for a loan facility amounting to RMB924 million (HK$1,011 million) (31 December 2024: RMB1,220 million (HK$1,297 million)). As at 30 June 2025, the loan drawn down amounted to RMB924 million (HK$1,011 million) (31 December 2024: RMB934 million (HK$993 million)). The net carrying amount of these pledged assets amounted to RMB2,017 million (HK$2,207 million) (31 December 2024: RMB2,077 million (HK$2,208 million)).

## 12. Interest in associates (HK$m)

| | As at 30 June 2025 | As at 31 December 2024 |
|---|---|---|
| Interest in associates | **451** | 404 |

(a) Details of the principal unlisted associates, which are accounted for using the equity method in the group's consolidated financial statements, are as follows:

| Company name | Form of business structure | Place of incorporation and operation | Particulars of issued and paid-up capital | Group's effective interest* | Principal activity |
|---|---|---|---|---|---|
| 19 Holding SAS (19 Holding)** | Incorporated | France | EUR1,000 | 20% | Investment holding |
| Majestic EURL (Majestic) | Incorporated | France | EUR80,000,000 | 20% | Hotel investment and investment holding |
| Le 19 Avenue Kléber | Incorporated | France | EUR100,000 | 20% | Hotel operation |
| The Belvedere Hotel Partnership (BHP)# | Partnership | United States of America | US$46,500,000 | 20% | Hotel investment |

* *The group's effective interest is held indirectly by the company.*
** *19 Holding holds a 100% direct interest in Majestic which owns The Peninsula Paris.*
\# *BHP holds a 100% interest in The Peninsula Beverly Hills.*

(b) Included in the balance of interest in associates are unsecured long-term loans to 19 Holding of HK$405 million (31 December 2024: HK$365 million). The loans were made pro rata to the group's shareholding in 19 Holding; bear interest rates at 2.9% (2024: 2.9%) and are repayable in December 2027.

(c) Majestic has pledged its hotel property as security for a loan facility amounting to EUR227 million (HK$2,089 million) (31 December 2024: EUR227 million (HK$1,834 million)). As at 30 June 2025, the loan drawn down amounted to EUR227 million (HK$2,089 million) (31 December 2024: EUR227 million (HK$1,834 million)). As at 30 June 2025, the net carrying amount of these pledged assets amounted to EUR440 million (HK$4,051 million) (31 December 2024: EUR448 million (HK$3,619 million)).

(d) BHP has pledged its hotel property to an independent financial institution as security for BHP's loan facility, amounting to US$102 million (HK$796 million) (31 December 2024: US$110 million (HK$858 million)). As at 30 June 2025, the loan drawn down amounted to US$102 million (HK$796 million) (31 December 2024: US$110 million (HK$858 million)). As of 30 June 2025, the net carrying amount of the pledged assets amounted to US$37 million (HK$289 million) (31 December 2024: US$34 million (HK$265 million)).

## 13. Hotel operating rights and trademarks (HK$m)

| | 2025 |
|---|---|
| **Cost** | |
| At 1 January | **663** |
| Exchange adjustments | **64** |
| At 30 June | **727** |
| **Accumulated amortisation** | |
| At 1 January | **(244)** |
| Exchange adjustments | **(13)** |
| Amortisation for the period | **(7)** |
| At 30 June | **(264)** |
| Net book value | **463** |

Hotel operating rights and trademarks represent the cost attributable to securing the group's rights to operate The Peninsula Beverly Hills and The Peninsula Paris as well as the cost of acquisition of certain trademarks for The Peninsula Istanbul. Hotel operating rights and trademarks are amortised on a straight-line basis over the terms of the relevant operating periods of The Peninsula Beverly Hills, The Peninsula Paris and The Peninsula Istanbul respectively.

The amortisation charge for the period is included in "Depreciation and amortisation" in the consolidated statement of profit or loss.

## 14. Derivative financial instruments (HK$m)

| | **As at 30 June 2025** | | As at 31 December 2024 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | Assets | Liabilities |
| Cash flow hedges: | | | | |
| Interest rate swaps | **75** | **25** | 153 | – |
| Cross currency interest rate swaps | **22** | **–** | – | – |
| Forward foreign exchange contracts | **–** | **12** | 13 | – |
| | **97** | **37** | 166 | – |
| Less: Portion to be settled within one year | | | | |
| Cash flow hedges: | | | | |
| Interest rate swaps | **(47)** | **–** | – | – |
| Cross currency interest rate swaps | **(22)** | **–** | – | – |
| Forward foreign exchange contracts | **–** | **(12)** | (13) | – |
| | **(69)** | **(12)** | (13) | – |
| Amount to be settled after one year | **28** | **25** | 153 | – |

## 15. Trade and other receivables (HK$m)

| | **As at 30 June 2025** | As at 31 December 2024 |
|---|---|---|
| Trade debtors | **364** | 424 |
| Rental deposits, payments in advance and other receivables | **479** | 367 |
| Contract assets | **19** | 16 |
| Tax recoverable | **8** | 11 |
| | **870** | 818 |

The amount of the group's trade and other receivables expected to be recovered or recognised as expenses after more than one year is HK$173 million (31 December 2024: HK$187 million). The remaining trade and other receivables are expected to be recovered or recognised as expenses within one year.

The group has no concentrations of credit risk in view of its large number of customers. The group maintains a defined credit policy to ensure that credit is given only to customers with an appropriate credit history. In respect of the group's rental income from operating leases, rentals are normally received in advance and sufficient rental deposits are held to cover potential exposure to credit risk. As such, the group normally does not obtain collateral from its customers.

The ageing analysis of trade debtors is as follows:

| | **As at 30 June 2025** | As at 31 December 2024 |
|---|---|---|
| Current | **302** | 369 |
| Less than one month past due | **42** | 25 |
| One to three months past due | **10** | 12 |
| More than three months but less than twelve months past due | **6** | 18 |
| More than twelve months past due | **4** | – |
| Amounts past due | **62** | 55 |
| | **364** | 424 |

Trade debtors are normally due within 30 days from the date of billing. The group is actively monitoring the past due receivables and various measures are being taken to reduce the group's potential bad debts.

## 16. Trade and other payables (HK$m)

| | **As at 30 June 2025** | As at 31 December 2024 |
|---|---|---|
| Trade creditors | **143** | 176 |
| Interest payable | **34** | 36 |
| Accruals for properties, plant and equipment | **162** | 196 |
| Tenants’ deposits | **366** | 352 |
| Guest deposits and gift vouchers | **289** | 203 |
| Other payables | **994** | 1,005 |
| Financial liabilities measured at amortised cost | **1,988** | 1,968 |
| Less: Non-current portion of trade and other payables | **(133)** | (145) |
| Current portion of trade and other payables | **1,855** | 1,823 |

The amount of trade and other payables of the group expected to be settled or recognised as income after more than one year is HK$133 million (31 December 2024: HK$145 million). The remaining trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The ageing analysis of trade creditors is as follows:

| | **As at 30 June 2025** | As at 31 December 2024 |
|---|---|---|
| Less than three months | **134** | 166 |
| Three to six months | **7** | 8 |
| More than six months | **2** | 2 |
| | **143** | 176 |

## 17. Interest-bearing borrowings (HK$m)

| | **As at 30 June 2025** | As at 31 December 2024 |
|---|---|---|
| Total facilities available: | | |
| Term loans and revolving credits | **16,258** | 16,076 |
| Guaranteed bonds* | **869** | – |
| Uncommitted facilities, including bank overdrafts | **243** | 232 |
| | **17,370** | 16,308 |
| Utilised at 30 June/31 December: | | |
| Term loans and revolving credits | **13,547** | 13,258 |
| Guaranteed bonds* | **869** | – |
| Uncommitted facilities, including bank overdrafts | **175** | 162 |
| | **14,591** | 13,420 |
| Less: Unamortised financing charges | **(25)** | (31) |
| | **14,566** | 13,389 |
| *Represented by:* | | |
| Long-term bank loans and bonds, repayable within one year | **9,150** | 7,388 |
| Short-term bank loans and overdrafts, repayable on demand | **–** | – |
| | **9,150** | 7,388 |
| Long-term bank loans and bonds, repayable: | | |
| Between one and two years | **1,809** | 2,927 |
| Between two and five years | **3,361** | 3,105 |
| Over five years | **271** | – |
| | **5,441** | 6,032 |
| Less: Unamortised financing charges | **(25)** | (31) |
| Non-current portion of long-term bank loans and bonds | **5,416** | 6,001 |
| **Total interest-bearing borrowings** | **14,566** | 13,389 |

* *On 6 June 2025, JPY16 billion (approximately HK$869 million) Private Samurai Bonds were issued by a wholly-owned subsidiary of the company with the longest tenor offering up to six years.*

Interest-bearing borrowings are carried at amortised cost. The non-current portion of long-term bank loans and bonds is not expected to be settled within one year and all borrowings are unsecured.

## 18. Share capital

| | At 30 June 2025 | | At 31 December 2024 | |
|---|---|---|---|---|
| | **No. of shares (million)** | **HK$m** | No. of shares (million) | HK$m |
| **Ordinary shares, issued and fully paid** | | | | |
| At 1 January | **1,667** | **5,947** | 1,649 | 5,837 |
| Shares issued under scrip dividend scheme | **–** | **–** | 18 | 110 |
| At 30 June 2025/31 December 2024 | **1,667** | **5,947** | 1,667 | 5,947 |

All ordinary shares issued during the period rank pari passu in all respects with the existing shares in issue.

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

## 19. Fair value measurement of financial instruments

### (a) Financial instruments carried at fair value

HKFRS 13, *Fair value measurement* requires disclosure of the fair value of the group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

All derivative financial instruments carried at fair value are categorised as falling under Level 2 of the fair value hierarchy.

## 19. Fair value measurement of financial instruments *continued*

### (b) Fair values of financial instruments carried at other than fair value

Financial instruments are carried at amounts not materially different from their fair values as at 30 June 2025. The carrying amounts of the loans to an associate (note 12) approximate their fair values. The loans to a joint venture (note 11) are unsecured, interest free and have no fixed repayment terms. Given these terms, it is not meaningful to disclose its fair value.

## 20. Commitments (HK$m)

Capital commitments outstanding as at 30 June 2025 not provided for in the Interim Financial Report were as follows:

| | **At 30 June 2025** | | | At 31 December 2024 | | |
|---|---|---|---|---|---|---|
| | **Contracted for** | **Authorised but not contracted for** | **Total** | Contracted for | Authorised but not contracted for | Total |
| Capital commitments in respect of: | | | | | | |
| Existing properties | **43** | **257** | **300** | 112 | 561 | 673 |
| Major renovation projects | **46** | **83** | **129** | 75 | 320 | 395 |
| | **89** | **340** | **429** | 187 | 881 | 1,068 |
| The group's share of capital commitments of joint ventures and associates | **6** | **45** | **51** | 31 | 50 | 81 |
| | **95** | **385** | **480** | 218 | 931 | 1,149 |

## 21. Material related party transactions

There were no material related party transactions during the six months ended 30 June 2025, other than the nature of those as disclosed in the group's annual financial statements for the year ended 31 December 2024.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Corporate Governance

The Board of Directors believes that our corporate culture, which is aligned with our purpose, values and strategy, is crucial to the long-term economic success, strong reputation, and sustainable growth of the group. The Board of Directors sets and promotes company culture based on "doing the right thing", and requires senior and middle level management to actively promote and live by this principle. With that in mind, we have implemented a governance framework, led by the Board of Directors, that aims at embedding and reinforcing this paramount corporate culture across all levels of the business.

The Governance section in the 2024 Annual Report reinforces the commitment of the Board of Directors and senior management to high levels of governance, acting with integrity, and practicing accountability in our business operations.

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). The Board of Directors recognises the principles underlying the CG Code and has applied these principles to our corporate governance structure and practices which was disclosed in the Governance section of the 2024 Annual Report. Throughout the six months ended 30 June 2025, the company has complied with all of the code provisions and recommended best practices in the CG Code, save for the publication of quarterly financial results and disclosure of individual senior management remuneration, as set out in the Corporate Governance Report on page 187 of the 2024 Annual Report.

### Risk Management and Internal Control

Effective risk management plays an integral role in the overall achievement of the group's strategic objectives, namely, to ensure the resilience of our business for the long term, enhance the quality of our asset portfolio, deliver the highest standards of luxury, and to preserve the tradition of integrity and respect for our heritage. Details of the group's approach to risk governance and principal risks have been disclosed in the Governance section of the 2024 Annual Report.

The Board of Directors has considered and confirmed the Audit Committee's assessment of the effectiveness of the risk management and control systems in the group. In particular, for the first half of 2025, 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.

### Corporate Responsibility and Sustainability

Our 2024 Corporate Responsibility and Sustainability Report (CRS Report), which is available online, provides information on our strategic approach in managing sustainability issues, reviews our progress towards *Sustainable Luxury Vision 2030* goals, and shares related initiatives and programmes. The CRS Report has been prepared in accordance with the provisions as set out in Environmental, Social and Governance Reporting Code (ESG Code) in Appendix C2 of the Listing Rules. In line with international best practice and to have more in-depth discussions 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 International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures (ISSB Climate Standard). KPMG was commissioned to conduct limited assurance and to provide an independent conclusion on selected information of the CRS Report.

## 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 six months ended 30 June 2025.

## Dealing in the Company's Securities

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

All Directors have confirmed their full compliance with the required standard set out in the Model Code and the Securities Code during the six months ended 30 June 2025.

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.

## Interim Dividend

Given the underlying loss of the company, the Board of Directors has resolved not to declare an interim dividend for the six months ended 30 June 2025 (2024: Nil).

## Interim Report

The Interim Report will be uploaded on the websites of the company and the Stock Exchange on or about 19 August 2025 as well as dispatched to the shareholders on or about 20 August 2025.

By Order of the Board
**Till Lembke**
*Company Secretary*

Hong Kong, 6 August 2025

As at the date of this announcement, the Board of Directors of the Company comprises the following Directors:

*Non-Executive Chairman*
The Hon. Sir Michael Kadoorie

*Non-Executive Deputy Chairman*
Philip Lawrence Kadoorie

**Executive Directors**
*Chief Executive Officer*
Benjamin Julien Arthur Vuchot

*Chief Corporate and Governance Officer*
Christobelle Yi Ching Liao

*Chief Financial Officer*
Keith James Robertson

*Chief Operating Officer*
Gareth Owen Roberts

**Non-Executive Directors**
Nicholas Timothy James Colfer
Andrew Clifford Winawer Brandler
James Lindsay Lewis
Diego Alejandro González Morales
Peter Camille Borer

**Independent Non-Executive Directors**
Dr the Hon. Sir David Kwok Po Li
Patrick Blackwell Paul
Pierre Roger Boppe
Dr William Kwok Lun Fung
Dr Rosanna Yick Ming Wong
Dr Kim Lesley Winser
Ada Koon Hang Tse