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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 Annual Results

FINANCIAL HIGHLIGHTS			2025 vs
HK\$m	2025	2024	2024
Revenue	7,978	10,290	(22%)
Revenue from operations [^]	7,583	6,838	11%
EBITDA before non-recurring expenses	1,731	1,525	14%
Operating EBITDA ^{^^}	1,723	1,207	43%
Profit/(loss) attributable to shareholders	320	(943)	n/a
Underlying profit/(loss)	105	(176)	n/a
Shareholders' funds	36,110	35,401	2%
Profit/(loss) per share (HK\$)	0.19	(0.57)	n/a
Adjusted net assets per share (HK\$)	25.98	24.01	8%
Net external debt to total assets	23%	23%	–

[^] Excluding the result from the sale of Peninsula London Residences

^{^^} Excluding the result from the sale of Peninsula London Residences and other non-recurring expenses

- For the year ended 31 December 2025, the group reported consolidated revenue of HK\$7,978 million and consolidated EBITDA (before non-recurring expenses) of HK\$1,731 million. These results include contribution from sales of The Peninsula London Residences, where one additional unit was sold for HK\$395 million, compared to seven units sold for HK\$3,452 million in 2024.
- Excluding residential sales, the group achieved growth across all core business segments. Revenue and EBITDA from operations rose to HK\$7,583 million and HK\$1,723 million, representing year-on-year increases of 11% and 43% respectively.
- This operational improvement was driven by robust performance across the hotel portfolio, most notably at The Peninsula New York following its major renovation, complemented by strong contributions from The Peninsula Tokyo and The Peninsula London.
- The commercial properties division also performed well, benefiting from sustained demand for residential leasing at The Repulse Bay, while improved footfall and a refreshed tenant mix at The Peak Complex contributed to solid growth.
- Driven by improved operational performance, the group recorded a profit attributable to shareholders of HK\$320 million and an underlying profit of HK\$105 million respectively.
- As at 31 December 2025, the group's net assets attributable to shareholders amounted to HK\$36 billion and the group's net external debt to total assets remained stable at 23%.
- With new leadership in place, we initiated a comprehensive strategic review, with the aim of ensuring the group remains relevant, competitive and financially resilient in a rapidly evolving operating environment.

FINANCIAL HIGHLIGHTS

	2025	2024	2025 vs 2024
PROFIT OR LOSS HIGHLIGHTS (HK\$m)			
Revenue	7,978	10,290	(22%)
Revenue from operations [^]	7,583	6,838	11%
EBITDA before non-recurring expenses	1,731	1,525	14%
Operating EBITDA ^{^^}	1,723	1,207	43%
Profit/(loss) attributable to shareholders	320	(943)	n/a
Underlying profit/(loss) attributable to shareholders*	105	(176)	n/a
Profit/(loss) per share (HK\$)	0.19	(0.57)	n/a
Dividend	–	–	–
Dividend per share (HK cents)	–	–	–
Cash interest cover (times) ^Δ	2.7x	1.9x	42%
Weighted average interest rate	3.9%	4.7%	(0.8pp)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (HK\$m)			
Total assets	55,051	54,176	2%
Audited net assets attributable to shareholders	36,110	35,401	2%
Adjusted net assets attributable to shareholders [#]	43,307	40,033	8%
Audited net assets per share (HK\$)	21.66	21.24	2%
Adjusted net assets per share (HK\$) [#]	25.98	24.01	8%
Net external borrowings	12,693	12,494	2%
EBITDA to net external debt	13%	12%	1pp
Net external debt to equity attributable to shareholders	35%	35%	–
Net external debt to total assets	23%	23%	–
CONSOLIDATED STATEMENT OF CASH FLOWS (HK\$m)			
Net cashflow from operations, before the proceeds from the sale of Peninsula London Residences	839	496	69%
Net cash generated from operating activities before taxation	2,039	4,564	(55%)
Capital expenditure on operating assets	(460)	(360)	(28%)
Capital expenditure on new projects and investments	(434)	(922)	53%
SHARE INFORMATION (HK\$)			
Highest share price	6.37	6.60	
Lowest share price	5.18	5.10	
Year end closing share price	5.91	6.22	

[^] Excluding the result from the sale of Peninsula London Residences

^{^^} Excluding the result from the sale of Peninsula London Residences and other non-recurring expenses

Other non-recurring expenses are unrelated to the group's operating hotels and properties and are non-recurring in nature. In 2025, the expenses were mainly related to the winding down of the joint venture in Vietnam and closure of the merchandising business in Japan. In 2024, the amounts were primarily related to pre-opening expenses and project expenses for The Peninsula London and The Peninsula Istanbul. Pre-opening expenses represent the recruitment, payroll, marketing, and administrative expenses incurred by the pre-opening offices of the group's new hotels. Project expenses represent the specific expenses incurred by the group to support the development of new hotel projects. In 2024, whilst the two hotels had opened for operation, the project team was still required for follow up works, including snagging, rectification and accounts finalisation

* Underlying profit or (loss) attributable to shareholders is calculated by excluding the non-recurring expenses, the post-tax effect of net unrealised property revaluation movement and impairment provision

^Δ 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

^{pp} Denotes percentage points

CEO STATEMENT AND STRATEGIC REVIEW

1. The Year in Review

I was delighted to join The Hongkong and Shanghai Hotels as CEO on 3 March 2025, and I would like to thank all our valued shareholders for your continued commitment and support. I would also like to share my thanks for the very warm welcome I have received from partners, shareholders, guests and colleagues during my visits to our properties around the world. My experience has truly exceeded my expectations.

As I reflect on my first full year as CEO, it is clear that 2025 marked an important year of progress and transition for our company. With the group's major investment cycle largely completed, including the opening and ramp-up of The Peninsula London and The Peninsula Istanbul, management's focus shifted increasingly from delivery and stabilisation to optimisation and value creation.

Against a backdrop of a significantly improved global travel environment, the group delivered a robust operational and financial performance in 2025. The improvement reflected a disciplined focus on driving operational efficiency and controlling costs across the organisation. In addition, it reflects the contribution of our two newest hotels as they continue to mature, as well as resilient demand across several of our established properties.

The past year also represented an opportunity to reflect on what we have done well and what needs to be improved. With new leadership in place, we initiated a comprehensive strategic review supported by external experts, with the aim of ensuring the group remains relevant, competitive and financially resilient in a rapidly evolving operating environment.

This review relied on detailed consumer research, market trends and the group's competitive position to ascertain our current standing and to identify short, medium and longer-term opportunities for growth. Following this review, we developed a strategic plan aimed at ensuring our continued leadership in luxury hospitality.

2. Our Culture and Strategic Direction

Our group's success over its long history has been built on a consistent set of values: conducting business with integrity, investing in and developing our people, maintaining and enhancing the quality of our assets, delivering exceptional service to our guests, and contributing positively to the cities in which we operate.

These values continue to guide the group as we enter the next phase of our development. HSH enters its next chapter from a position of strength, anchored by one of the world's most iconic luxury hospitality brands and a portfolio of irreplaceable assets. At the same time, the environment in which we operate is changing rapidly. The global luxury hospitality market is evolving, as guest expectations shift toward more personalised and experience-led offerings and competitive intensity continues to increase across geographies and formats.

In this context, preserving our leadership positioning in the market requires evolution. We face clear strategic constraints: a limited development pipeline and elevated leverage that restricts investment capacity, and we recognised that we have room for improvement in operational performance. Maintaining the status quo is not an option. To protect our brand and create sustainable long-term value for shareholders, we must act with conviction, discipline, and ambition.

Our strategy is guided by a clear objective: to elevate what HSH represents for our guests, our people, and our shareholders. For guests, we seek to put them at the centre of our efforts to deliver unparalleled luxury, defined by grandeur and personalisation. For our people, we aim to offer a distinctive culture and meaningful opportunities for growth in an increasingly competitive talent market. For shareholders, our priority is to deliver stronger growth and returns, supported by a more resilient and diversified business model.

To achieve this, we will structure our strategy around two distinct areas:

1. **PERFORM: Maximising the value of our existing portfolio.** We are accelerating efforts to align operating performance with best-in-class standards across global luxury brands. This includes enhancing revenue management, pricing, marketing and distribution, improving productivity at both property and group level, and continuing to differentiate our offering through service excellence, dining, wellness, and technology.
2. **TRANSFORM: Address our long-term growth and portfolio evolution.** We intend to grow deliberately, expanding into carefully selected urban, resort, and branded residential opportunities that enhance the brand and diversify earnings, while maintaining a disciplined approach to capital deployment.

Enhancing our flagship properties remains central to our strategy. The Peninsula Hong Kong is fast approaching its 100th anniversary in 2028. We are working on plans to enhance the physical asset of the *grande-dame* in Hong Kong. As we approach the historic milestone of the 100th anniversary of the brand as well, we are not just looking back at our history but actively shaping our future.

We are also exploring selective extensions of The Peninsula brand into adjacent experiences, recognising that the luxury traveller increasingly values unique, memorable journeys beyond traditional hotel stays. Any such initiatives will be pursued with discipline and a clear focus on brand fit and returns.

We are actively considering a shift towards an “*asset-right*”^{*} growth model, characterised by more partnerships and less ownership. By associating with the right partners, we can accelerate expansion, share risk, and preserve financial discipline, while retaining appropriate control and safeguards to protect the brand.

We currently operate 75 restaurants (including our clubs and the independent standalone restaurant Primo Posto in Hong Kong), and we are putting a significant focus on enhancing our food and beverage offering across the group. We are also focusing on health and wellness to enhance the guest experience.

We are targeting a significant increase in group EBITDA by 2035, driven by improved performance of existing assets, contributions from new developments, and more efficient use of capital over time.

We are strengthening our capabilities in business development, asset and partner management, design, and – most importantly – people, culture, and ways of working. Transformation is not solely about where we grow, but about how we operate as an organisation.

^{*} *asset-right is a hybrid business model combining an increased share of partnerships, while still taking equity stakes in certain projects*

This strategy is one that respects our heritage while positioning the group for long-term leadership in global luxury hospitality. Our immediate focus is on delivering our short-term priorities, which are to focus on operational efficiency, margin control, financial discipline, and technological enhancements. This will lay the foundation for sustained value creation in the years to come. I am confident that, with disciplined execution and a shared commitment to excellence, HSH will continue to create enduring value for its shareholders.

3. Projects and Portfolio Developments

With the completion of the largest capital investment programme in the group's history, the near-term focus has shifted to optimisation and enhancement of our existing assets.

The Peninsula London and The Peninsula Istanbul continued their stabilisation during the year, while investment in existing assets remained selective and targeted at enhancing long-term quality and performance. The Peninsula New York has achieved significantly improved room rates and a diverse customer base since the upgrade of its rooms and public areas.

We are continually evaluating future development opportunities, prioritising balance sheet strength, return thresholds and strategic fit and will align our development with the new strategic vision.

4. Financial Results and Financial Planning

In 2025, the group's underlying financial performance strengthened materially. Excluding the sales of The Peninsula London Residences, combined revenue increased by 11% year on year, while full year total combined EBITDA increased by HK\$560 million, or 42% year on year. As explained in the Operational Review, business performance of our operations also improved significantly compared with the prior year, reflecting improved trading conditions and disciplined cost management. From a portfolio perspective, financial performance benefited from the stabilisation of newer assets and sustained strength across several established operations.

The group continues to maintain a proactive approach to financial planning. Management regularly reviews liquidity, funding requirements and gearing levels to ensure financial flexibility. As cash generation improves with asset maturation, priority is given to balance sheet strength, disciplined capital allocation and long-term value creation.

We continue to carefully monitor our company's financial position and we continuously take a proactive approach to forecasting future funding requirements.

We maintain sufficient cash reserves and adequate committed borrowing facilities from major financial institutions to ensure funds are available. Our net debt to total assets ratio is currently 23%, which we believe to be acceptable.

To reflect the underlying operating performance of the group, we have provided a calculation of the underlying profit attributable to shareholders which can be read in more detail in the Financial Review.

The group's underlying profit attributable to shareholders for the year ended 31 December 2025 amounted to HK\$105 million compared to an underlying loss of HK\$176 million in 2024.

5. Driving Business

The group's diverse portfolio of assets helps to balance the cyclical nature of the hotel industry. Our main revenue sources derive from our hotel rooms, driven by efficient global distribution strategies, digital marketing and direct e-commerce channels, as well as travel agents, partners and other online platforms. On the retail side, we maintain good relationships with our tenants and engage in joint promotions to encourage traffic into our arcades. We also derive significant revenue from residential leasing in our luxury property portfolio.

Driving brand awareness, engagement and conversion across both established markets and new, fast-growing regions remains a core priority for our sales and marketing functions.

In 2025, we continued to strengthen the visibility and distinctiveness of The Peninsula brand through integrated global campaigns and cultural programming aligned with our long-term strategy.

Now in its fourth year, our global advertising campaign Peninsula Perspectives expanded with new creative concepts filmed in Shanghai and London. This multi-market campaign continues to focus on *video-led storytelling* that highlights two pillars of our brand: the character of the cities in which we operate and the exceptional, personalised service for which The Peninsula is renowned. The continued rollout of Peninsula Perspectives supports stronger brand recognition, consistency, and emotional connection across our international audience.

Art remains a central element of our strategic marketing platform. By offering guests access to immersive artistic experiences, both within our properties and through collaborations with leading cultural institutions, we reinforce our position as a brand rooted in creativity, heritage, and community engagement. In 2025, The Peninsula Hong Kong launched a new edition of its acclaimed *Art in Resonance* programme, reaffirming its commitment to championing emerging and mid-career artists since the initiative's inception in 2019. Timed to coincide with Hong Kong Art Week, the programme featured three commissioned works, including a notable collaboration with the Victoria and Albert Museum. Our arts programme extended across the portfolio, with activations at The Peninsula Chicago and a high-impact installation at The Peninsula Istanbul, where a site-specific artwork was displayed on the hotel's iconic clocktower during the autumn cultural season.

Looking ahead, The Peninsula will continue its investment in cultural engagement with a new exhibition planned for Art Week 2026 at The Peninsula Hong Kong. These initiatives strengthen the brand's cultural positioning, enhance guest experience, and deepen our connections to the cities in which we operate.

Our Sales teams continued to engage in person around the world with key travel partners from the Leisure, Corporate and Meetings, Incentives, Conventions and Exhibitions (MICE) world. Reinforcing our PenClub, identifying new preferred partners, ensuring a presence of the brand at key worldwide specialised tradeshows as well as hosting dedicated events in key and emerging markets have contributed to reinforcing brand awareness and our trade partner network.

Significant improvements were made to Peninsula's digital efforts in 2025, including design and user experience enhancements to Peninsula.com and other digital touchpoints. These efforts drove substantial year-on-year growth of key metrics such as conversion rates, bookings and revenue through the company's direct online platforms. Additionally, through increased investments and improved targeting on key acquisition channels such as Google and Instagram, digital performance marketing revenue and Return on Investment also grew significantly over the previous year.

6. Managing Risk

Operating a geographically diverse portfolio exposes the group to a range of strategic, operational, financial and external risks. HSH maintains a structured and proactive risk management framework, overseen by the Group Risk Committee, to identify, assess and manage principal and emerging risks.

During 2025 we continued to navigate issues such as geopolitical tensions and continued threats in areas such as cybersecurity. Environmental, climate and social risks have become a major focus and are considered as among the company's principal risks going forward. Our Group Risk Committee will continue to look into enhancement of internal controls to manage the strategic risks of the group. We will also focus on enhancing communication, inspiring greater awareness and ownership of risks and controls across the group.

7. Our People

Our people are central to the successful execution of the group's strategy. During the year, management continued to prioritise employee engagement, leadership development and succession planning to ensure the organisation is well equipped for the next phase of growth.

Keeping our colleagues informed and engaged throughout this chapter of new leadership at HSH has been a focus for our People and Culture team. I had the opportunity to connect with colleagues across functions through visits to each global property, feedback sessions held at our properties and Head Office, and our global town hall in October. The most recent global Employee Experience Survey results further reflected this strong level of engagement, with a voluntary participation rate of 92%. Of those surveyed, 91% expressed their intention to remain with the company for more than one year, and 83% reported a positive outlook for HSH's future. Echoing the positive results of the survey is the group voluntary turnover rate which dropped to 13.7% in 2025.

In preparation for the company's strategic direction, our People and Culture team concentrated efforts in manpower planning and technology investments. Following succession planning conversations with 355 senior leaders, and the implementation of a streamlined succession planning process through our in-house-built Succession Wizard, we adopted a more proactive approach to talent and succession management.

Externally, we also worked to improve our company's marketability to attract top talent. Since the HSH Career website refresh in March 2025, we drew in 70% more active users to the site, which led to a 9% increase in job applications received when compared to last year.

To further drive operational efficiency and data centralisation, we successfully deployed our Employee Central and Onboarding platform at The Peninsula Bangkok and The Peninsula Manila. The two hotels join our Hong Kong operations, The Peninsula Istanbul, and The Peninsula Tokyo in our centralised employee database, enabling consistent data management and enhanced information sharing. In addition, the transformation of people, scheduling, and payroll systems at The Peninsula London commenced in the final quarter of 2025. The Peninsula London is currently positioned as our first property to adopt the full suite of integrated solutions – marking a significant milestone in our journey towards a unified platform that enables future enterprise-wide reporting and people analytics.

8. Sustainable Luxury

Sustainability is integral to HSH's long-term strategy. We aim to act decisively and with genuine intent in our sustainability approach, all while maintaining exceptional service standards. We rely on our people to bring our *Sustainable Luxury Vision 2030* to life in their daily work. We can only achieve our collective goals when sustainability is embedded in all aspects of our business, and we will continue to empower our people with the knowledge and awareness to do so.

Our *Sustainable Luxury Vision 2030* remains focused on three pillars: Our Guests, Our People and Our Communities. It contributes to the overall group strategy by i) ensuring we grow responsibly and with consideration of our impact, ii) continuing to provide our guests with products and services sourced with the highest quality, iii) building a portfolio of best-in-class assets through excellence in global standards such as BREEAM, and iv) strengthening connections with our communities.

We have already observed an increase of unusual climate events in parts of the world where we operate, causing concern for the risks posed by climate change to our ecosystems, businesses and human health. As a group, we remain focused on reducing our own impact on the environment, implement measures to mitigate climate risks, and take proactive climate actions to facilitate a transition to a low carbon future. This includes our continued efforts to identify further energy saving and renewable energy adoption opportunities, with The Peninsula Manila joining three other properties in 2025 to source 100% electricity from renewable sources. Our pathway aims to balance energy and carbon savings with building lifecycles, technology maturity, and financial viability, ensuring we maintain a portfolio of high-quality assets.

Community efforts are of great importance to our group and I am pleased to share that we made meaningful contributions following several tragedies in the cities where we operate, including Hope for Türkiye following the earthquake in 2023, the Hope for L.A. campaign following the wildfires, our support to those affected by the Tai Po fire in Hong Kong, as well as the volunteering our leadership team undertook during our Leadership Conference in Hong Kong in October. More details on these efforts can be read in our Corporate Responsibility and Sustainability Report (CRS Report).

9. Outlook

Looking ahead, management remains cautiously optimistic. Luxury travel demand continues to recover in several key markets and according to “The Future of Travel” research by McKinsey, demand will continue to grow, although geopolitical and macroeconomic uncertainties persist.

The group enters 2026 with a foundation of measured confidence, supported by the strength of its global brand, disciplined cost management and continued investment in experiences that resonate with both international travellers and local communities. While the operating landscape remains varied across regions, early indicators point to sustained appetite for authentic, personalised and culturally rich luxury hospitality.

Greater China is expected to experience uneven demand in early 2026, influenced by ongoing geopolitical tensions and slower long-haul recovery. Hong Kong stands to benefit from improving long-haul leisure trends and a more active events calendar, though competition for local spend, particularly from Shenzhen, is likely to persist. Shanghai is projected to maintain steady domestic business and leisure flows, supported by its strong rooms revenue base and brand recognition. The Peninsula Beijing may continue to face headwinds from a softer international backdrop; however, strong diplomatic and arts and culture positioning is expected to remain a differentiator.

The Peninsula Tokyo is expected to remain a top performer, supported by resilient international demand, high-profile events and strong brand programming. The Peninsula Bangkok may face ongoing competitive pressures and macro-driven volatility, though demand for wellness, weddings and local experiences should offset these challenges. The Peninsula Manila is expected to sustain its upward trajectory, underpinned by robust domestic and regional demand.

Europe is poised for a constructive 2026, with the newer flagships in London and Istanbul continuing to build brand presence. We are optimistic for The Peninsula London and we believe The Peninsula Paris has entered the year with healthy momentum; this is expected to continue. The Peninsula Istanbul’s performance will continue to be shaped by geopolitical developments and inflationary pressures; however, this hotel’s beautiful waterfront experiences will continue to attract both leisure and local guests alike.

The USA portfolio is expected to remain a stable source of demand and brand visibility, supported by a resilient domestic travel market. The Peninsula New York will continue to benefit from its renovation into 2026. The Quail and associated Peninsula Signature Events are projected to remain significant sponsorship and brand-building drivers, reinforcing the group’s lifestyle credentials in the North American market and globally.

Across the group portfolio, we will continue to focus on profitable growth, emphasising rate discipline, operational efficiency and focus on each property’s unique positioning. Investments planned for 2026 include physical enhancements to flagship properties, digital transformation and sustainability initiatives. Our commitment to our people and maintaining a stable and engaged workforce capable of delivering exceptional guest experiences remains a top priority.

The broader commercial portfolio is expected to remain resilient, buoyed by steady demand in key residential and retail assets, robust visitor interest in flagship destinations such as The Peak, and continued momentum in merchandising and experiential lifestyle platforms.

Overall, we expect 2026 to be a year of steady progression. By leveraging our world-class brand, our heritage and pursuit of sustainable luxury, I believe we remain well placed to navigate the evolving landscape and the company's future growth.

Benjamin Vuchot

18 March 2026

OPERATIONAL REVIEW

The Peninsula Hotels

RevPAR (HK\$)	2025	2024
Greater China	2,644	2,448
Europe	7,151	6,282
USA	5,394	4,777
Asia (excluding Greater China)	2,624	2,206

AVERAGE ROOM RATE (HK\$)	2025	2024
Greater China	4,053	4,257
Europe	12,584	12,122
USA	7,889	7,353
Asia (excluding Greater China)	3,958	3,757

OCCUPANCY (%)	Number of Rooms	2025	2024
Greater China	765	65	58
Europe	567	57	52
USA	751	68	65
Asia (excluding Greater China)	1,023	66	59

Our group comprises three key divisions – Hotels, Commercial Properties and Peak Tram, Retail and Others.

1. Hotels Division

The group's Peninsula hotels division delivered a resilient and broadly positive performance across all regions in 2025, enjoying steady demand in our key cities and enhanced brand recognition as our two newest hotels in London and Istanbul ramp up operations. Our management teams focused on ultra-personalised guest experiences and enhancing our food and beverage offerings, as well as improving our existing assets through continued renovations and refreshments.

Greater China

Performance was stable, supported by inbound demand recovery and expanded visa-free travel to Chinese Mainland. While price sensitivity among domestic consumers remained noticeable in terms of luxury spending, international long-haul segments, particularly from the Middle East and Russia, contributed positively to revenue momentum. All three Peninsula hotels in the region delivered solid room and banqueting results, although food and beverage remained softer due to tightened consumer spending.

In **Hong Kong** food and beverage remained soft due to outbound competition from the Greater Bay Area and tighter consumer spending. Retail arcades were broadly stable despite a softer luxury retail backdrop. **Shanghai** strengthened in the second half, supported by visa-free policies and the return of major events, with cost discipline aiding margins. **Beijing** faced softer demand early in the year amid ongoing long-haul weakness and US-China geopolitical tensions, however performance improved later on the back of numerous diplomatic delegations with heads of state and robust family business, which supported occupancy and rate across key periods. Retail arcades were broadly stable despite a softer luxury retail backdrop.

Europe

European operations delivered healthy results, with strong momentum in rooms and events supported by sustained brand visibility, significant accolades and the positive publicity positioning of our newer hotels in London and Istanbul. Although rate competition remained an industry-wide challenge, refined pricing strategies, refreshed food & beverage concepts and continued brand-building initiatives helped maintain revenue and EBITDA growth across the region.

Despite market-driven rate pressure, **London** delivered year-on-year EBITDA improvement supported by a more efficient cost base; food and beverage benefited from strengthened culinary positioning, including Brooklands retaining two Michelin stars, and refreshed concepts such as the Little Blue noodle bar and the Soleil by Claude summer pop-up, while the hotel continued to build its reputation as a gathering place for classic and supercar aficionados through curated events and activations. **Paris** ended the year exceptionally strong with robust food and beverage and disciplined cost control, while **Istanbul** navigated geopolitical and several earthquakes by building a strong domestic business and delivering exceptional waterfront events and society weddings, further enhanced by the launch of the Pen 1 yacht to offer an elevated arrival experience and curated Bosphorus excursions.

USA

The US portfolio delivered solid year-on-year improvement, supported by strong domestic travel, the post-renovation rebound in **New York**, and steady group and leisure demand across major cities. **Chicago** maintained robust results driven by group business and brand strength, despite unexpected increases in property tax liabilities. **Beverly Hills** delivered very strong rooms performance, supported by resilient transient demand and long-stay Middle East medical travel, with major events and seasonal pop-ups helping lift food and beverage engagement.

Asia (excluding Greater China)

Other Asia delivered improving year-on-year performance, supported by targeted rate strategies, strong banqueting and weddings, and successful regional event programming. **Tokyo** achieved record-breaking metrics driven by robust inbound travel, the *Sakura* season, international groups and experiential showcases, including the *Kamon* art installation and the *Japan Driving Experience*, with a renovation planned in 2026 to upgrade in-room technology, guestrooms, food and beverage outlets and public areas. **Bangkok** remained resilient despite border disruptions, an earthquake, and a period of national mourning, while **Manila** benefited from higher occupancy and RevPAR supported by groups and solid domestic demand, contributing positively to regional results.

2. Commercial Properties

	2025		2024	
	Occupancy (%)	Average monthly rent per square foot (HK\$)	Occupancy (%)	Average monthly rent per square foot (HK\$)
Residential	94	46	91	44
Arcades	88	64	85	61
Office	80	54	91	52

Commercial properties continued to provide a stable earnings base for the group. In 2025, performance in the groups' retail properties remained steady, despite a soft trading environment in some regions. The Hong Kong prime office market remains well supplied with new high quality office space, creating a more challenging situation for landlords.

Robust leasing momentum and improved occupancy at **The Repulse Bay** supported steady year-end results, with the retail arcade benefiting from an enhanced tenant mix and continued refurbishments helping to strengthen positioning and footfall.

The Peak Tower recorded strong improvement in visitors supported by refreshed offerings and Peak Tram combo-ticket success, as well as some new high-end retail and food and beverage tenants. Hong Kong's prime office market remains well supplied with new high quality office space, as a result **St John's Building** faced a softer market in 2025.

As of 15 January 2026, our group is no longer managing **The Landmark Vietnam** and we would like to thank our partners, the Board and all of our employees for their contribution to our success over the years.

21 Avenue Kléber in Paris remained fully occupied.

3. Peak Tram, Retail & Others

The division delivered a strong full-year performance, with the **Peak Tram** continuing to be a major contributor. Increased patronage, supported by successful brand collaborations together with Disney and Pop-Mart helped drive revenue, while cost-efficiency initiatives supported strong EBITDA growth.

Revenue at **Peninsula Merchandising** increased compared to the previous year, supported by the opening of a refreshed **The Peninsula Boutique** at Hong Kong International Airport and the successful launch of a new "Hong Kong souvenir" collection. The Mid-Autumn collaboration with Lane Crawford and the rollout of new lifestyle categories, such as leather goods and whisky, were also highlights.

The Quail delivered a strong performance driven by a revised rate strategy, strengthened partnerships, and the launch of online booking channels, with its signature event *The Quail Motorsports Gathering*, which is held in August, continuing to bring significant sponsorship income. **Peninsula Clubs & Consultancy Services (PCCS)** manages The Hong Kong Club, Hong Kong Bankers Club and The Refinery reported higher revenue year-on-year from increased management fees.

In addition, the launch of **Primo Posto**, our first freestanding restaurant concept, marked an important milestone in expanding our standalone food and beverage portfolio.

The financial information set out in this results announcement has been reviewed by the company's Audit Committee, and has been agreed by the company's auditor, KPMG, Certified Public Accountants. The financial figures in respect of the preliminary announcement of the group's results for the year ended 31 December 2025 have been compared by KPMG to the amounts set out in the group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

FINANCIAL REVIEW

For the year ended 31 December 2025, the group reported consolidated revenue of HK\$7,978 million and consolidated EBITDA (before non-recurring expenses) of HK\$1,731 million. These results include contribution from sales of The Peninsula London Residences, where one additional unit was sold for HK\$395 million, compared to seven units sold for HK\$3,452 million in 2024.

Excluding residential sales, the group achieved growth across all core business segments. Revenue and EBITDA from operations rose to HK\$7,583 million and HK\$1,723 million, representing year-on-year increases of 11% and 43% respectively. This operational improvement was driven by robust performance across the hotel portfolio, most notably at The Peninsula New York following its major renovation, complemented by strong contributions from The Peninsula Tokyo and The Peninsula London. The commercial properties division also performed well, benefiting from sustained demand for residential leasing at The Repulse Bay, while improved footfall and a refreshed tenant mix at The Peak Complex contributed to solid growth.

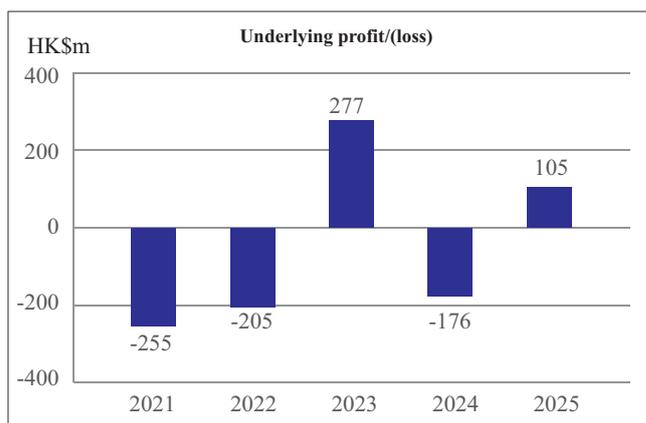
Driven by improved operational performance, the group returned to profitability during the year. Overall, the group recorded a profit attributable to shareholders of HK\$320 million, compared to a loss of HK\$943 million in 2024. Excluding non-recurring and non-operating items, the group achieved an underlying profit of HK\$105 million, a turnaround of HK\$281 million from an underlying loss of HK\$176 million in 2024.

The group's financial position as at 31 December 2025 remained stable, with net assets attributable to shareholders of HK\$36 billion. During the year, the group generated operating cash flow of HK\$1,883 million (2024: HK\$4,391 million). The decrease was primarily attributable to lower sales proceeds from The Peninsula London Residences. Consequently, net cash inflow generated by the group, after deducting capital expenditure, interest payments, and dividends, amounted to HK\$250 million (2024: HK\$2,239 million). As at 31 December 2025, the group's net debt stood at HK\$12.7 billion, with a net debt-to-total assets ratio of 23% (2024: HK\$12.5 billion and 23%).

The group's underlying profit or loss

Our operating results are mainly derived from the operation of luxury hotels, leasing and sale of 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 the fair value of investment properties and impairment provisions, in our consolidated statement of profit or loss.

Underlying profit
HK\$105m



To reflect the underlying operating performance of the group, we have provided a 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, impairment provisions, and other non-recurring items.

The group's underlying profit attributable to shareholders for the year ended 31 December 2025 amounted to HK\$105 million, compared to an underlying loss of HK\$176 million in 2024.

Reconciliation of the group's underlying profit/(loss) to profit/(loss) attributable to shareholders is set out below:

HK\$m	2025	2024
Underlying profit/(loss)	105	(176)
Add back:		
Revaluation gain/(loss) of investment properties [#]	288	(582)
Impairment provision, net of non-controlling interests	–	(106)
Other non-recurring expenses ^{ΔΔ}	(73)	(79)
Profit/(loss) attributable to shareholders	320	(943)

[#] Including the group's share of revaluation movement of The Peninsula Shanghai's commercial arcade, net of tax and non-controlling interests

^{ΔΔ} Other non-recurring expenses are unrelated to the group's operating hotels and properties and are non-recurring in nature. In 2025, the expenses were mainly related to the winding down of the joint venture in Vietnam and closure of the merchandising business in Japan. In 2024, the amounts were primarily related to pre-opening expenses and project expenses for The Peninsula London and The Peninsula Istanbul. Pre-opening expenses represent the recruitment, payroll, marketing, and administrative expenses incurred by the pre-opening offices of the group's new hotels. Project expenses represent the specific expenses incurred by the group to support the development of new hotel projects. In 2024, whilst the two hotels had opened for operation, the project team was still required for follow up works, including snagging, rectification and accounts finalisation

Statement of profit or loss

The following table summarises the key components of the group's profit/(loss) attributable to shareholders. This table should be read in conjunction with the commentary of this Financial Review.

HK\$m	2025	2024	2025 vs 2024 favourable/ (unfavourable)
Revenue			
– operations	7,583	6,838	11%
– residential sales	395	3,452	(89%)
Total revenue	7,978	10,290	(22%)
Operating costs			
– operations	(5,860)	(5,631)	(4%)
– residential sales	(387)	(3,134)	88%
EBITDA before non-recurring expenses	1,731	1,525	14%
Pre-opening, project and other non-recurring expenses	(56)	(79)	29%
EBITDA	1,675	1,446	16%
Depreciation and amortisation	(714)	(686)	(4%)
Net financing charges	(676)	(754)	10%
Share of results of joint ventures	(84)	(92)	9%
Share of results of associates	10	(16)	n/a
Increase/(decrease) in fair value of investment properties	287	(569)	n/a
Impairment provision for The Peninsula Yangon development project	–	(158)	n/a
Taxation	(183)	(164)	(12%)
Profit/(loss) for the year	315	(993)	n/a
Non-controlling interests	5	50	(90%)
Profit/(loss) attributable to shareholders	320	(943)	n/a

The decrease in net financing charges was driven by a reduction in the group's average borrowing rate.

Statement of other comprehensive income

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

HK\$m	2025	2024	2025 vs 2024
Profit/(loss) for the year	315	(993)	n/a
Other comprehensive income for the year, net of tax			
– Exchange differences on translation of the financial statements of overseas operations	503	146	245%
– Net movement of cashflow hedges	(115)	(60)	(92%)
– Remeasurement of net defined benefit retirement obligations	1	1	–
Total comprehensive income for the year	389	87	347%
	704	(906)	n/a
Total comprehensive income attributable to:			
Shareholders of the company	709	(856)	n/a
Non-controlling interests	(5)	(50)	(90%)
	704	(906)	n/a

During the year ended 31 December 2025, most foreign currencies appreciated against the group's reporting currency, the Hong Kong dollar. Consequently, a net gain of HK\$503 million was recognised on the translation of the financial statements of the group's overseas operations.

The group utilises interest rate swaps and cross currency interest rate swaps for cash flow hedging purposes. Due mainly to a decline in market interest rates during the year, the fair value of these instruments decreased, resulting in a negative hedging reserve movement of HK\$115 million.

Overall, the group reported other comprehensive income of HK\$389 million for 2025, representing a 347% increase from HK\$87 million in 2024.

Including profit for the year of HK\$315 million, the group's total comprehensive income amounted to HK\$704 million, a turnaround from negative total comprehensive income of HK\$906 million in 2024.

Revenue

The group's hotel revenue is derived from our twelve luxury hotels under The Peninsula brand in Greater China, Europe, the US and Asia (excluding Greater China), two of which are held by the group's associates and two by joint ventures. In addition to the hotels division, 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 operation of The Quail.

The group's consolidated revenue amounted to HK\$7,978 million in 2025. Excluding revenue from the sale of The Peninsula London Residences, consolidated revenue increased by 11% to HK\$7,583 million. Combined revenue, including the group's effective share of revenue of associates and joint ventures, totalled HK\$8,389 million, representing an increase of 11% over 2024.

A breakdown of the group's total revenue, including its effective share of revenue of associates and joint ventures by business segment and geographical segment is set out in the tables in the next page.

Consolidated Revenue

HK\$7,978m ↓ 22%

HK\$7,583m* ↑ 11%

Hotels

HK\$5,630m ↑ 13%

Commercial Properties

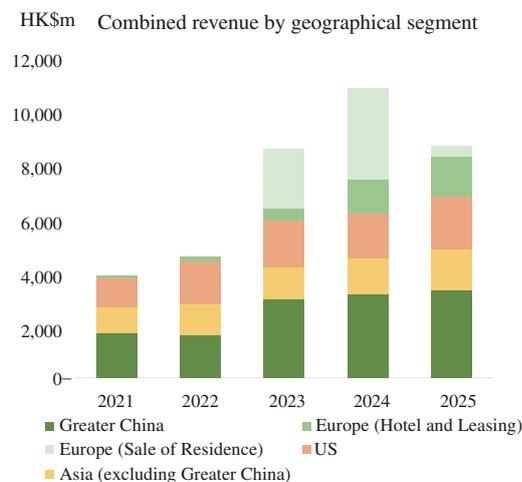
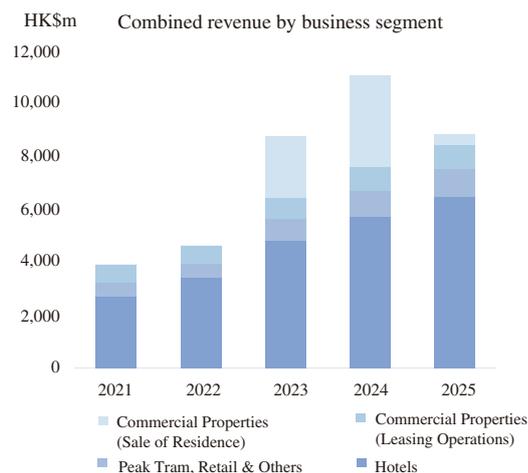
HK\$1,324m ↓ 69%

HK\$929m* ↑ 5%

Peak Tram, Retail & Others

HK\$1,024m ↑ 6%

* Excluding revenue from the sale of
The Peninsula London Residences



Revenue by business segment

HK\$m	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	5,630	806	6,436	4,980	701	5,681	13%
Commercial Properties (Leasing)	929	–	929	888	–	888	5%
Peak Tram, Retail & Others	1,024	–	1,024	970	–	970	6%
	<u>7,583</u>	<u>806</u>	<u>8,389</u>	<u>6,838</u>	<u>701</u>	<u>7,539</u>	11%
Commercial Properties (Sale of Residence)	395	–	395	3,452	–	3,452	(89%)
	<u>7,978</u>	<u>806</u>	<u>8,784</u>	<u>10,290</u>	<u>701</u>	<u>10,991</u>	(20%)

Revenue by geographical segment

HK\$m	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	
Greater China	3,069	246	3,315	2,932	229	3,161	5%
Europe (Hotel and Leasing)	1,092	417	1,509	974	346	1,320	14%
US	1,867	143	2,010	1,567	126	1,693	19%
Asia (excluding Greater China)	1,555	–	1,555	1,365	–	1,365	14%
	<u>7,583</u>	<u>806</u>	<u>8,389</u>	<u>6,838</u>	<u>701</u>	<u>7,539</u>	11%
Europe (Sale of Residence)	395	–	395	3,452	–	3,452	(89%)
	<u>7,978</u>	<u>806</u>	<u>8,784</u>	<u>10,290</u>	<u>701</u>	<u>10,991</u>	(20%)

The hotels division is the largest contributor to the group's combined revenue. In 2025, the portfolio delivered notable improvements across most properties. In particular, the division benefited from the post-renovation rebound of The Peninsula New York, the continued stabilisation and ramp-up of The Peninsula London and The Peninsula Istanbul, and an exceptional year at The Peninsula Tokyo. Overall, the division reported an increase in combined revenue of 13% to HK\$6,436 million.

Revenue from the commercial properties division totalled HK\$1,324 million. Excluding revenue from the sale of The Peninsula London Residences, revenue increased 5% to HK\$929 million (2024: HK\$888 million). The division was supported by increased occupancy at The Repulse Bay and an improved tenant mix at The Peak Tower, partially offset by a softer market for St John's Building. Revenue from The Landmark Vietnam also decreased, as the joint venture approached its conclusion in mid-January 2026.

In 2025, the group sold one additional unit of The Peninsula London Residences (2024: seven).

Revenue from the Peak Tram, Retail & Others division increased by 6% to HK\$1,024 million (2024: HK\$970 million), driven primarily by the strong performance of the Peak Tram and The Quail.

Operating costs (inclusive of pre-opening, project expenses and other non-recurring expenses)

The following table summarises the key components of the group's operating costs.

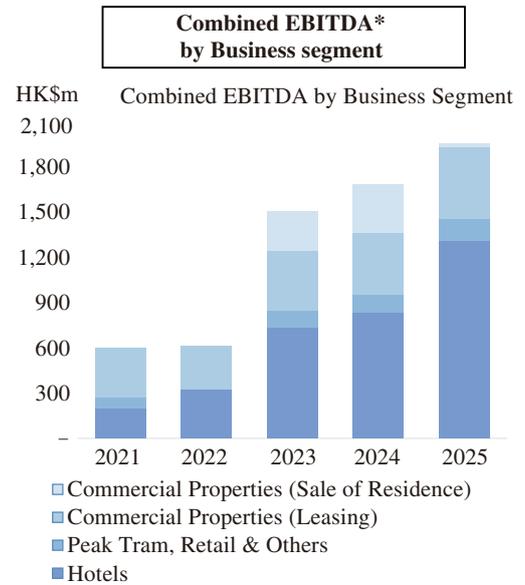
HK\$m	2025	2024	2025 vs 2024 favourable / (unfavourable)
Staff costs and related expenses	2,951	2,749	(7%)
Cost of inventories	519	509	(2%)
Costs of the Peninsula Residences sold	378	3,086	88%
Rent and utilities	532	524	(2%)
Advertising and promotions	243	314	23%
Credit card and room commissions	329	296	(11%)
Guest supplies and laundry expenses	273	279	2%
IT and telecommunication expenses	96	121	21%
Property maintenance and insurance	307	328	6%
Other operating expenses	675	638	(6%)
	6,303	8,844	29%
Represented by:			
Operating costs	5,860	5,631	(4%)
Costs of the Peninsula Residences sold, including agency fees	387	3,134	88%
Pre-opening, project and other non-recurring expenses	56	79	29%
	6,303	8,844	29%

During the year, the group's costs decreased by 29% to HK\$6,303 million. Excluding the cost of inventories for The Peninsula London Residences and pre-opening, project expenses and other non-recurring expenses, operating costs amounted to HK\$5,860 million, representing an increase of 4% against a corresponding revenue increase of 11%. This positive flow-through reflects our ongoing commitment to operational excellence and cost management discipline.

Staff costs continue to be the primary component of our operating expenses, reflecting the service-intensive nature of luxury hospitality. The increase for the year was driven primarily by annual inflationary adjustments. As at 31 December 2025, the group's full-time headcount remained broadly stable at 7,768 (2024: 7,836).

EBITDA* and EBITDA* Margin

The breakdown of the group's combined EBITDA* (earnings before interest, taxation, depreciation and amortisation) by business segment and by geographical segment is set out in the following tables.



* Excluding pre-opening, project and other non-recurring expenses

EBITDA* by business segment

HK\$m	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	1,113	162	1,275	695	118	813	57%
Commercial Properties (Leasing)	468	-	468	398	-	398	18%
Peak Tram, Retail & Others	142	-	142	114	-	114	25%
	<u>1,723</u>	<u>162</u>	<u>1,885</u>	<u>1,207</u>	<u>118</u>	<u>1,325</u>	42%
Commercial Properties (Sale of Residence)	8	-	8	318	-	318	(97%)
	<u>1,731</u>	<u>162</u>	<u>1,893</u>	<u>1,525</u>	<u>118</u>	<u>1,643</u>	15%

EBITDA* by geographical segment

HK\$m	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	
Greater China	989	74	1,063	802	65	867	23%
Europe (Hotel and Leasing)	201	58	259	90	32	122	112%
US	224	30	254	95	21	116	119%
Asia (excluding Greater China)	309	–	309	220	–	220	40%
	1,723	162	1,885	1,207	118	1,325	42%
Europe (Sale of Residence)	8	–	8	318	–	318	(97%)
	1,731	162	1,893	1,525	118	1,643	15%

EBITDA* margin

	2025			2024		
	Group's subsidiaries	Associates and joint ventures (effective share)	Combined total	Group's subsidiaries	Associates and joint ventures (effective share)	Combined total
Hotels	20%	20%	20%	14%	17%	14%
Commercial Properties (Hotel and Leasing)	50%	–	50%	45%	–	45%
Commercial Properties (Sale of Residence)	2%	–	2%	9%	–	9%
Peak Tram, Retail & Others	14%	–	14%	12%	–	12%
Overall EBITDA* margin	22%	20%	22%	15%	17%	15%
By region						
Greater China	32%	30%	32%	27%	28%	27%
Europe (Hotel and Leasing)	18%	14%	17%	9%	9%	9%
Europe (Sale of Residence)	2%	–	2%	9%	–	9%
US	12%	21%	13%	6%	17%	7%
Asia (excluding Greater China)	20%	–	20%	16%	–	16%

* Excluding pre-opening and project expenses and other non-recurring expenses

The group achieved a combined EBITDA of HK\$1,893 million in 2025. Excluding the EBITDA contribution from the sale of The Peninsula London Residences, the group's combined EBITDA amounted to HK\$1,885 million, compared to HK\$1,325 million in 2024, representing a year-on-year increase of 42%.

The group's operations in different business segments and geographic locations are subject to varying cost bases. Increase in EBITDA margin is recorded for most segments, reflecting the successful execution of our business strategy and disciplined management of cost efficiency.

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. During the year, no apartment was sold and at the end of 2025, PSW owned seven (2024: seven) remaining apartments which are held for sale.

The group also owns a 50% interest in The Peninsula Istanbul through PIT İstanbul Otel İşletmeciliği Anonim Şirketi (PIT), a joint venture incorporated in Türkiye.

The group's share of net loss from these hotels amounted to HK\$84 million (2024: HK\$92 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 net profit from these hotels amounted to HK\$10 million (2024: loss of HK\$16 million).

Change in fair value of investment properties

The investment properties of the group were revalued as at 31 December 2025 by independent firms of valuers using the income capitalisation approach. The net revaluation surplus of HK\$287 million (2024: deficit of HK\$569 million) was principally attributable to the increase in the appraised market value of The Repulse Bay Complex and The Peak Tower.

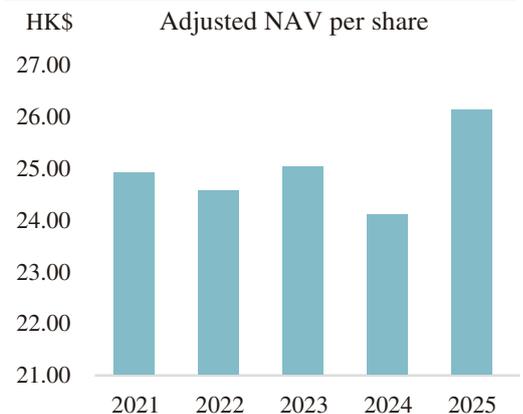
The group's Adjusted Net Asset Value

In the consolidated statement of financial position, 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, but not at fair value.

Accordingly, we have commissioned an independent third-party fair valuation of the group's hotels and golf course as at 31 December 2025. If these assets were to be stated at fair value, the group's net assets attributable to shareholders would increase by 20% to HK\$43,307 million as indicated in the table below.

Adjusted NAV

HK\$43,307 m ↑ 8%



HK\$m	2025	2024
Net asset value attributable to shareholders	36,110	35,401
Adjusting the value of hotels and golf course to fair value*	7,197	4,632
Adjusted net asset attributable to shareholders	43,307	40,033
Audited net asset per share (HK\$)	21.66	21.24
Adjusted net asset per share (HK\$)	25.98	24.01

* The amounts are net of related deferred tax and non-controlling interests.

Statement of Financial Position

The key components of the group's assets and liabilities are set out in the following table. As reflected in the table, the group's financial position as at 31 December 2025 remained stable with shareholders' funds amounting to HK\$36,110 million, representing a per share value of HK\$21.66.

HK\$m	2025	2024	2025 vs 2024 increase/ (decrease)
Fixed assets	49,065	47,864	3%
Properties held for sale	1,229	1,472	(17%)
Other long-term assets	3,000	2,838	6%
Derivative financial instruments	32	166	(81%)
Cash at banks and in hand	762	895	(15%)
Other assets	963	941	2%
	55,051	54,176	2%
Interest-bearing borrowings	(13,455)	(13,389)	(0%)
Lease liabilities	(2,671)	(2,612)	(2%)
Other liabilities	(2,767)	(2,729)	(1%)
	(18,893)	(18,730)	(1%)
Net assets	36,158	35,446	2%
<i>Represented by:</i>			
Shareholders' fund	36,110	35,401	2%
Non-controlling interests	48	45	7%
Total equity	36,158	35,446	2%

Summary of hotels, commercial and other properties

The group has interests in twelve operating Peninsula hotels in Greater China, Europe, US and Asia (excluding Greater China) and an additional hotel and golf course in the US. In addition to these properties, the group owns residential apartments, office towers and commercial buildings for rental purposes.

The group's hotel properties and investment properties are dealt with under different accounting policies as required by the relevant accounting standards. The hotel properties (other than retail arcades and offices within the hotels) and golf course are stated at cost less accumulated depreciation and any provision for impairment losses, whilst investment properties (including retail arcades and offices within the hotels) are stated at fair value as appraised by independent valuers. In order to provide users of the financial statements with additional information on the fair value of the group's properties, independent valuers have been engaged to conduct a valuation of the hotel properties and golf course as at 31 December 2025.

A summary of the group's hotel, commercial and other properties showing both the book value and the fair value as at 31 December 2025 is set out in the table below.

	2025 Group's interest	2025		2024	
		Value of 100% of the property (HK\$m)			
		Fair value valuation	Book value	Fair value valuation	Book value
Hotel properties*					
The Peninsula Hong Kong	100%	12,196	9,700	12,303	9,757
The Peninsula Beijing	76.6% ^Δ	846	839	940	909
The Peninsula Shanghai [#]	50%	2,674	1,878	2,584	1,864
The Peninsula London	100%	11,564	8,214	7,967	7,646
The Peninsula Istanbul [#]	50%	2,349	1,916	1,890	1,890
The Peninsula Paris [#]	20%	4,917	3,957	4,297	3,617
The Peninsula New York	100%	2,270	1,925	2,200	1,873
The Peninsula Chicago	100%	1,239	941	1,231	961
The Peninsula Beverly Hills [#]	20%	2,838	301	2,796	265
The Peninsula Tokyo	100%	1,491	872	1,294	879
The Peninsula Bangkok	100%	703	599	648	555
The Peninsula Manila	77.4%	51	20	35	19
		43,138	31,162	38,185	30,235
Commercial properties					
The Repulse Bay Complex	100%	18,408	18,408	18,005	18,005
The Peak Tower	100%	1,747	1,747	1,487	1,487
St. John's Building	100%	991	991	1,080	1,080
The Peninsula Shanghai Residences	100%	375	375	355	355
21 avenue Kléber	100%	739	739	651	651
The Landmark	70% ^{ΔΔ}	–	–	9	9
		22,260	22,260	21,587	21,587
Other properties					
The Quail and vacant land	100%	284	281	282	271
Vacant land in Thailand	100%	108	108	93	93
Other properties for own use	100%	320	167	361	177
		712	556	736	541
Properties under development					
The Peninsula Yangon	70%	n/a	–	n/a	–
		n/a	–	n/a	–
Total market/book value		66,110	53,978	60,508	52,363

* Including the retail 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 a 50% economic interest in The Landmark, subject to a reversionary interest to the Vietnamese partner upon the expiry of the joint venture period in 2026. On 15 January 2026, the joint venture period expired, and the group concluded its management of the property

[#] 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 24 Peninsula-branded residences. As at the end of 2025, 18 residences have been sold (2024: 17).

Properties held for sale as at 31 December 2025 represented the cost of the remaining six unsold residences.

A calculation of the gain on sale of The Peninsula London Residences and the movement of properties held for sale during 2025 are set out in the tables below.

Gain on sale of The Peninsula London Residences

HK\$m	2025	2024
Sale proceeds	395	3,452
Cost of residences sold	(378)	(3,086)
Direct selling costs	(9)	(48)
Profit on sale of The Peninsula London Residences before tax	<u>8</u>	<u>318</u>

Movement of properties held for sale

HK\$m	2025	2024
At 1 January	1,472	4,382
Exchange adjustment	111	(5)
Addition	24	181
Cost of inventories sold	(378)	(3,086)
At 31 December	<u>1,229</u>	<u>1,472</u>

Other long-term assets

The other long-term assets as at 31 December 2025 of HK\$3,000 million (2024: HK\$2,838 million) comprised mainly the group's 50% interest in The Peninsula Shanghai, the group's 20% interest and the value of its operating right in The Peninsula Beverly Hills, the group's 20% interest and the value of its operating right in The Peninsula Paris and the group's 50% interest and the value of trademark for The Peninsula Istanbul.

Derivative financial instruments

Derivative financial instruments mainly represent the fair value of interest rate and cross currency interest rate swaps contracts entered into by the group with financial institutions for hedging purposes. Under the interest rate swap arrangements, the group receives floating interest income and pays fixed interest expense. Under the cross currency interest rate swap arrangements, the group exchanges principal and interest payments denominated in different currencies.

Cash at banks and in hand and interest-bearing borrowings

As at 31 December 2025, the group's cash at banks and in hand and interest-bearing borrowings amounted to HK\$762 million (2024: HK\$895 million) and HK\$13,455 million (2024: HK\$13,389 million) respectively, resulting in a net borrowing of HK\$12,693 million (2024: HK\$12,494 million).

Cash flows

For the year ended 31 December 2025, the group generated a cash inflow from operations after tax, capital expenditure on existing assets and hotel lease payments of HK\$839 million, up from HK\$496 million in 2024. In addition, proceeds from the sale of one Peninsula London Residences unit were HK\$395 million, compared to HK\$3,452 million from seven units in 2024.

Including Peninsula London Residences sales proceeds and after accounting for capital expenditure on projects and related expenses, interest and dividends paid and others, the group's net cash inflow amounted to HK\$250 million (2024: HK\$2,239 million). This decrease was primarily driven by fewer Peninsula London Residence units sold compared to the previous year.

The following table summarises the key cash movements for the year ended 31 December 2025.

HK\$m	2025	2024
Operating EBITDA (before pre-opening and project expenses and residential sales)	1,723	1,207
Tax payment	(156)	(173)
Changes in working capital (excluding those relating to The Peninsula London Residences)	(79)	(16)
Normal capital expenditure on existing assets (excluding projects)	(460)	(360)
Net cash inflow after normal capital expenditure	1,028	658
Lease payments attributable to existing operations	(189)	(162)
	839	496
Proceeds from sale of The Peninsula London Residences	395	3,452
Net cash inflow from operations	1,234	3,948
Project-related cash flows		
Capital expenditure on The Peninsula London Complex and capital injection into a joint venture (The Peninsula Istanbul)	(407)	(633)
Capital expenditure on The Peninsula New York major renovation	(27)	(289)
Pre-opening and project expenses	–	(79)
Cash outflow for projects	(434)	(1,001)
Net cash inflow before dividends and other payments	800	2,947
Dividends paid to shareholders of the company	–	(22)
Dividends paid to holders of non-controlling interests	(4)	(6)
Net interest paid	(558)	(685)
Other receipts	12	5
Net cash inflow before financing	250	2,239

Capital commitments

The group's total capital commitments as at 31 December 2025 are summarised in the table below.

HK\$m	2025			2024		
	Contracted for	Authorised but not contracted for	Total	Contracted for	Authorised but not contracted for	Total
Capital commitments in respect of:						
Existing properties	86	417	503	112	561	673
Special projects	18	329	347	75	320	395
	104	746	850	187	881	1,068
The group's share of capital commitments of joint ventures and associates	1	71	72	31	50	81
	105	817	922	218	931	1,149

As at 31 December 2025, the group's undrawn committed facilities and cash at banks amounted to HK\$2.7 billion (2024: HK\$3.7 billion). The Directors believe that the group will be able to meet the above capital commitments as well as the working capital requirements of its operations.

Capital and treasury management

The group is exposed to liquidity, foreign exchange, interest rate and credit risk in the normal course of business and policies and procedures are put in place to manage such risks.

The group manages treasury activities centrally at its corporate office in Hong Kong. The group regularly reviews its capital structure and actively monitors current and expected liquidity requirements to ensure there is ample headroom for its obligations and commitments. The group also maintains adequate committed borrowing facilities from major financial institutions to ensure funds are available to meet its future financial obligations and to finance its growth and development. A centralised strategy is adopted by concentrating committed borrowing facilities at the corporate office in Hong Kong.

The group has established a liquidity structure so that global cash balances can be concentrated back to head office efficiently for strategic cash management.

The group has a credit rating of 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 31 December 2025.

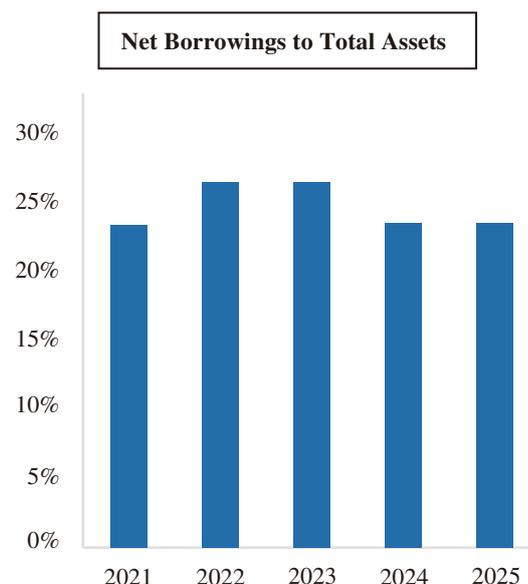
Liquidity and Financing

We take a proactive approach to manage the group's liquidity and refinancing risk to ensure ample headroom to cover our capital commitments and protect against business volatility.

As at 31 December 2025, 33% and 22% of the group's committed facility is classified as green loans and sustainability linked loans respectively. The group is committed to integrate ESG elements into our business and finance strategy.

The group monitors its capital structure on the basis of its net borrowings (defined as interest-bearing borrowings less cash at banks and in hand) to total assets and monitors its liquidity through cash interest cover and funds availability.

In 2025, gross borrowings remained stable at HK\$13.5 billion (2024: HK\$13.4 billion) mainly due to non-favourable FX fluctuations for non-HKD debt offsetting cash generation. Consolidated net debt has slightly increased to HK\$12.7 billion as compared to HK\$12.5 billion in 2024. As at 31 December 2025 the group had HK\$2.0 billion of unused committed facilities. The group's net borrowings to total assets remained stable at 23% as compared to 2024.



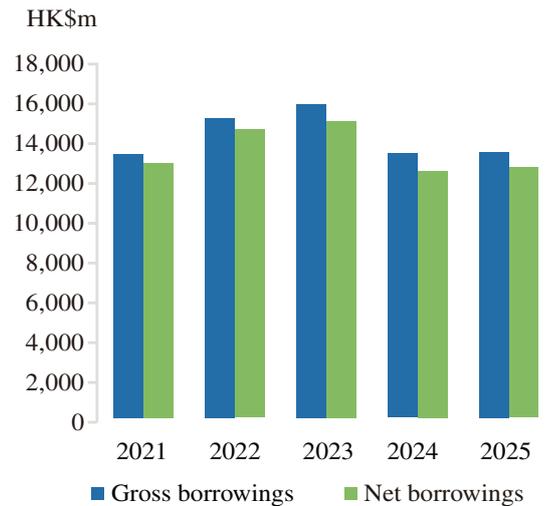
During the year the group issued its debut Private Samurai Bond for JPY16 billion (HK\$796 million) with the longest tenor up to six years, becoming the first ever Hong Kong hospitality company to do so*. The Private Samurai Bonds are rated A by both the Japan Credit Rating Agency, Ltd and Rating & Investment Information, Inc. The bond issue diversifies the group's funding channels by engaging long-term institutional investors in the Japanese bond market.

The group has also successfully refinanced its GBP Green Club loan in the size of GBP425 million with a group of 9 banks, with new maturity tenors up to 3 years. The average debt maturity for the year has improved from 1.7 years to 1.9 years.

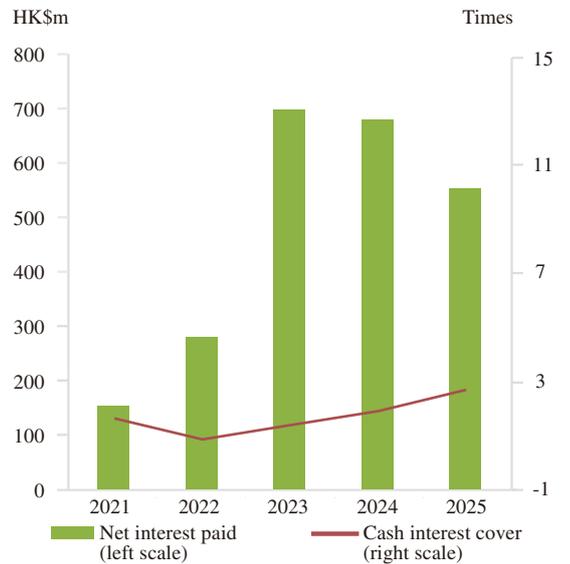
Net interest paid in 2025 decreased to HK\$558 million (2024: HK\$685 million) due primarily to favourable refinancing and optimisation of debt currency via using cross currency swap to change a portion of GBP debt into HKD. Cash interest cover (EBITDA less lease payments divided by net interest paid) has improved to 2.7x as compared to 1.9x in 2024.

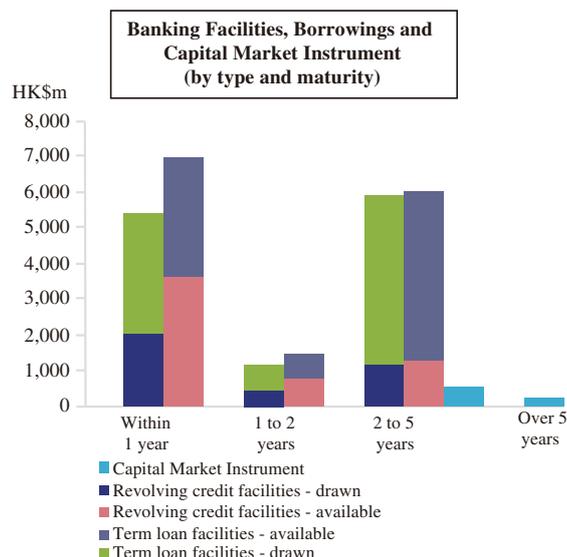
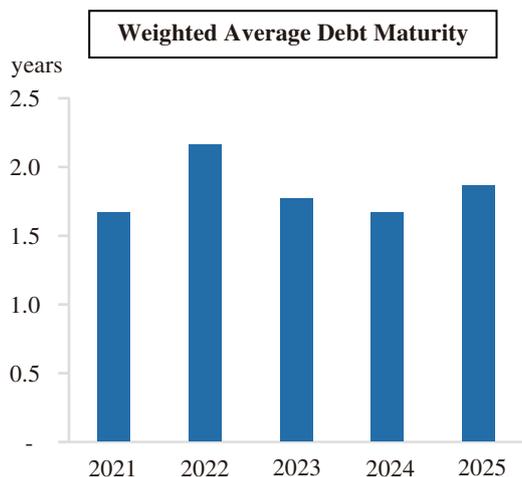
* Based on Bloomberg disclosure

Gross and Net Borrowings



Net Interest Paid and Cash Interest Cover





We continue to monitor our overall debt and cashflow positions closely and believe that the best defence against any unforeseen volatility in business levels is to maintain prudent financial headroom.

The consolidated and non-consolidated borrowings as at 31 December 2025 are summarised as follows:

HK\$m	2025						2024
	Hong Kong	Other Asia	United States of America	Europe	UK	Total	Total
Consolidated gross borrowings (inclusive of cross currency interest rate swap)	6,450	1,827	245	475	4,458	13,455	13,389
Non-consolidated gross borrowings attributable to the Group*:							
The Peninsula Shanghai (50%)	-	508	-	-	-	508	496
The Peninsula Beverly Hills (20%)	-	-	156	-	-	156	163
The Peninsula Paris (20%)	-	-	-	415	-	415	367
Non-consolidated borrowings	-	508	156	415	-	1,079	1,026
Consolidated and non-consolidated gross borrowings	6,450	2,335	401	890	4,458	14,534	14,415

* Represents HSH's attributable share of borrowings

Foreign Exchange

The group reports its financial results in Hong Kong dollars and does not hedge US dollar exposures in the light of the HK-US dollar peg. The group generally uses cross currency swaps, foreign exchange swaps or forward exchange contracts to hedge foreign exchange exposure.

As at 31 December 2025, GBP, HK dollar and Japanese yen borrowings inclusive of cross currency interest rate swap represented 93% of total borrowings, respectively. Other balances were in other local currencies of the group's entities.

Interest rate risk

The group has an interest rate risk management policy which focuses on reducing the group's exposure to changes in interest rates by maintaining a prudent mix of fixed and floating rate liabilities. In addition to raising funds directly on a fixed rate basis, the group also uses interest rate swaps or cross currency interest rate swaps in managing its long-term interest rate exposure.

As at 31 December 2025, the group has increased fixed to floating interest rate ratio from 47% to 59% as compared to 2024. Weighted average gross interest rate for the year has decreased from 4.7% to 3.9%.

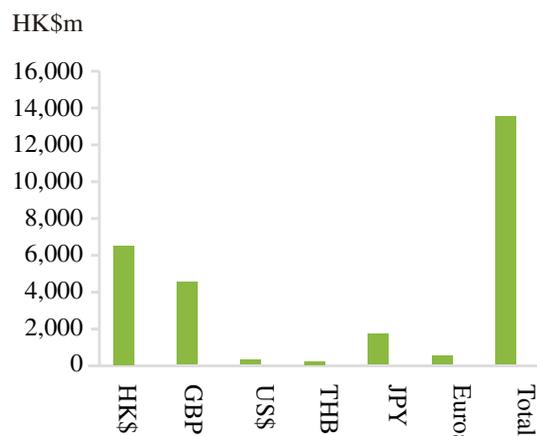
Credit risk

The group manages its exposure to non-performance of counterparties by transacting with lenders with a credit rating of at least investment grade. However, in developing countries, it may be necessary to deal with lenders of lower credit ratings.

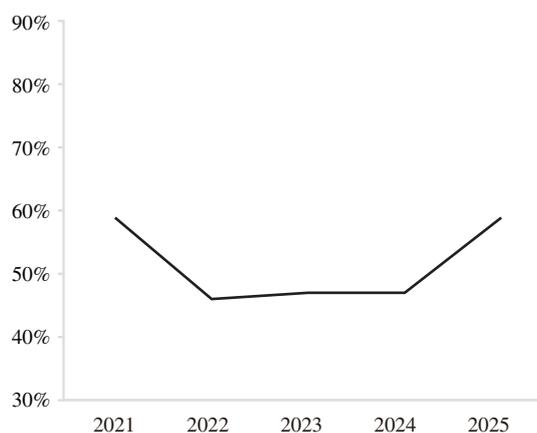
Due to long term risk profiles, derivatives are used solely for hedging purposes and not for speculation and the group only enters into such derivative transactions with counterparties with invest grade ratings only.

As at 31 December 2025, derivatives with a notional amount of HK\$8,031 million (2024: HK\$5,278 million) were transacted.

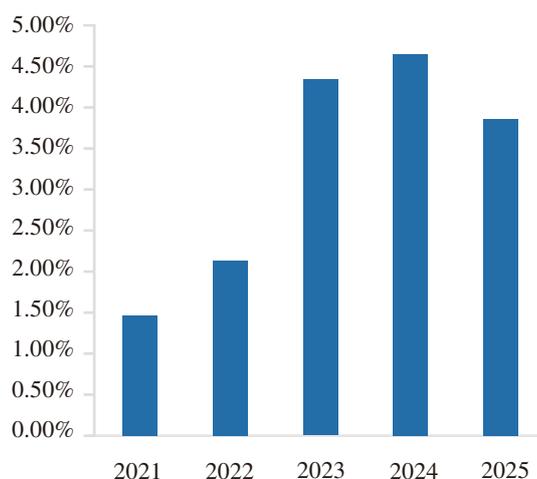
Borrowings inclusive of cross currency swap (by currency)



Percentage of Fixed Borrowings to Total Borrowings (adjusted for the hedging effect)



Weighted Average Gross Interest Rate



CONSOLIDATED STATEMENT OF PROFIT OR LOSS (HK\$m)

	Note	Year ended 31 December	
		2025	2024
Revenue	2	7,978	10,290
Cost of inventories		(897)	(3,595)
Staff costs and related expenses		(2,951)	(2,749)
Rent and utilities		(532)	(524)
Other operating expenses		(1,923)	(1,976)
Operating profit before interest, taxation, depreciation and amortisation (EBITDA)		1,675	1,446
Depreciation and amortisation		(714)	(686)
Operating profit		961	760
Interest income		17	28
Financing charges		(693)	(782)
Net financing charges		(676)	(754)
Profit after net financing charges		285	6
Share of results of joint ventures	9	(84)	(92)
Share of results of associates	10	10	(16)
Provision for impairment	7(a)	–	(158)
Increase/(decrease) in fair value of investment properties	7(a)	287	(569)
Profit/(loss) before taxation		498	(829)
Taxation			
Current tax	3	(150)	(143)
Deferred tax	3	(33)	(21)
Profit/(loss) for the year		315	(993)
Profit/(loss) attributable to:			
Shareholders of the company		320	(943)
Non-controlling interests		(5)	(50)
Profit/(loss) for the year		315	(993)
Earnings/(loss) per share, basic and diluted (HK\$)	4	0.19	(0.57)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (HK\$m)

	Year ended 31 December	
	2025	2024
Profit/(loss) for the year	315	(993)
Other comprehensive income for the year, net of tax:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of		
– financial statements of overseas subsidiaries	332	(20)
– financial statements of joint ventures	76	220
– financial statements of and loans to an associate	47	(28)
– hotel operating rights and trademarks	48	(26)
	503	146
Cash flow hedges:		
– effective portion of changes in fair values	(70)	65
– transfer from equity to profit or loss	(45)	(125)
	(115)	(60)
Item that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit retirement obligations	1	1
	1	1
Other comprehensive income	389	87
Total comprehensive income for the year	704	(906)
Total comprehensive income attributable to:		
Shareholders of the company	709	(856)
Non-controlling interests	(5)	(50)
Total comprehensive income for the year	704	(906)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (HK\$m)

	Note	As at 31 December 2025	As at 31 December 2024
Non-current assets			
Investment properties		33,211	32,629
Other properties, plant and equipment		15,854	15,235
	7	49,065	47,864
Interest in joint ventures	9	1,933	1,862
Interest in associates	10	462	404
Hotel operating rights and trademarks	11	453	419
Derivative financial instruments	12	–	153
Deferred tax assets		152	153
		<u>52,065</u>	<u>50,855</u>
Current assets			
Properties held for sale	8	1,229	1,472
Derivative financial instruments	12	32	13
Inventories		138	123
Trade and other receivables	13	825	818
Cash at banks and in hand	14(a)	762	895
		<u>2,986</u>	<u>3,321</u>
Current liabilities			
Trade and other payables	15	(1,802)	(1,823)
Derivative financial instruments	12	(38)	–
Interest-bearing borrowings	16	(5,504)	(7,388)
Current taxation		(57)	(72)
Lease liabilities	17	(173)	(160)
		<u>(7,574)</u>	<u>(9,443)</u>
Net current liabilities		<u>(4,588)</u>	<u>(6,122)</u>
Total assets less current liabilities		<u>47,477</u>	<u>44,733</u>
Non-current liabilities			
Interest-bearing borrowings	16	(7,951)	(6,001)
Trade and other payables	15	(139)	(145)
Derivative financial instruments	12	(23)	–
Net defined benefit retirement obligations		(22)	(21)
Deferred tax liabilities		(686)	(668)
Lease liabilities	17	(2,498)	(2,452)
		<u>(11,319)</u>	<u>(9,287)</u>
Net assets		<u>36,158</u>	<u>35,446</u>
Capital and reserves			
Share capital	18	5,947	5,947
Reserves		30,163	29,454
Total equity attributable to shareholders of the company		<u>36,110</u>	<u>35,401</u>
Non-controlling interests		48	45
Total equity		<u>36,158</u>	<u>35,446</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (HK\$m)

	Attributable to shareholders of the company						Non- controlling interests	Total equity
	Reserves					Total		
	Share capital	Hedging reserve	Exchange and other reserves	Retained profits	Total reserves			
At 1 January 2024	5,837	183	(219)	30,478	30,442	36,279	100	36,379
Changes in equity for 2024:								
Loss for the year	–	–	–	(943)	(943)	(943)	(50)	(993)
Other comprehensive income	–	(60)	147	–	87	87	–	87
Total comprehensive income for the year	–	(60)	147	(943)	(856)	(856)	(50)	(906)
Dividend approved in respect of the previous year	110	–	–	(132)	(132)	(22)	–	(22)
Dividend paid to non-controlling interests	–	–	–	–	–	–	(6)	(6)
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	1	1
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 2025:								
Profit/(loss) for the year	–	–	–	320	320	320	(5)	315
Other comprehensive income	–	(115)	504	–	389	389	–	389
Total comprehensive income for the year	–	(115)	504	320	709	709	(5)	704
Dividend paid to non-controlling interests	–	–	–	–	–	–	(4)	(4)
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	12	12
Balance at 31 December 2025	5,947	8	432	29,723	30,163	36,110	48	36,158

CONSOLIDATED STATEMENT OF CASH FLOWS (HK\$m)

		Year ended 31 December	
	Note	2025	2024
Operating activities			
Profit after net financing charges		285	6
Adjustments for:			
Depreciation	7(a)	700	672
Amortisation of hotel operating rights	11	14	14
Interest income		(17)	(28)
Financing charges		693	782
EBITDA		1,675	1,446
Changes in working capital in connection with			
The Peninsula London Residences sold		378	3,086
Increase in inventories		(12)	(12)
(Increase)/decrease in trade and other receivables		(27)	29
Increase in trade and other payables		25	15
Total changes in working capital		364	3,118
Cash generated from operations		2,039	4,564
Net tax paid:			
Hong Kong Profits Tax		(87)	(140)
Overseas tax		(69)	(33)
Net cash generated from operating activities		1,883	4,391
Investing activities			
Capital expenditure on The Peninsula London Complex		(328)	(428)
Capital expenditure on The Peninsula New York for hotel refurbishment		(27)	(289)
Capital injection into The Peninsula Istanbul joint venture		(79)	(205)
Capital expenditure on other existing assets		(460)	(360)
Capital contribution from a non-controlling shareholder of a subsidiary		12	–
Receipt from associates		–	5
Net cash used in investing activities		(882)	(1,277)
Financing activities			
Drawdown of term loans		4,584	2,226
Repayment of term loans		(6,159)	(3,579)
Proceeds from issuance of bonds		869	–
Net movement in revolving loans		299	(851)
Net deposit of interest-bearing bank deposits with maturity of more than three months		(82)	(24)
Interest paid and other financing charges		(574)	(708)
Interest received		16	23
Capital element of lease rental paid		(40)	(26)
Interest element of lease rental paid		(149)	(136)
Dividend paid to shareholders of the company		–	(22)
Dividends paid to holders of non-controlling interests		(4)	(6)
Net cash used in financing activities		(1,240)	(3,103)
Net (decrease)/increase in cash and cash equivalents		(239)	11
Cash and cash equivalents at 1 January		710	720
Effect of changes in foreign exchange rates		25	(21)
Cash and cash equivalents at 31 December	14(a)	496	710

Notes to the Financial Statements

1. Statement of compliance

The financial information relating to the years ended 31 December 2025 and 2024 included in this preliminary announcement of annual results does not constitute the company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance 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 Companies Ordinance and will deliver the financial statements for the year ended 31 December 2025 in due course.

The company's auditor has reported on the financial statements of the group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by the way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the group. Note 21 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current and prior accounting periods reflected in these financial statements.

2. Revenue (HK\$m)

The company is an investment holding company; its subsidiary companies, joint ventures and associates are engaged in the ownership, management and operation of hotels, commercial properties and Peak Tram, retail and other services.

Revenue represents the consideration expected to be received in respect of the transfer of goods and services, including the sales of residential apartments, in accordance with HKFRS 15, *Revenue from contracts with customers* and rental income derived from the hotels' shopping arcades and offices and commercial properties recognised in accordance with HKFRS 16, *Leases*. Set out next page is a breakdown of the group's revenue for the years ended 31 December 2025 and 2024:

2. Revenue (HK\$m) *continued*

	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	–	3,064	–	3,064	–	2,669	–	2,669
– Food and beverage	1,539	–	–	1,539	1,354	–	–	1,354
– Shopping arcades and offices	–	34	523	557	–	33	508	541
– Others	315	155	–	470	291	125	–	416
	<u>1,854</u>	<u>3,253</u>	<u>523</u>	<u>5,630</u>	<u>1,645</u>	<u>2,827</u>	<u>508</u>	<u>4,980</u>
Commercial properties								
– Residential properties	–	76	437	513	–	67	411	478
– Offices	–	12	73	85	–	14	86	100
– Shopping arcades and others	203	48	80	331	197	34	79	310
– Sales of residential apartments	395	–	–	395	3,452	–	–	3,452
	<u>598</u>	<u>136</u>	<u>590</u>	<u>1,324</u>	<u>3,649</u>	<u>115</u>	<u>576</u>	<u>4,340</u>
Peak Tram, Retail and Others								
– Golf club	173	104	–	277	149	87	–	236
– Peak Tram operation	344	–	–	344	312	–	–	312
– Peninsula Merchandising	334	–	–	334	353	–	–	353
– Others	63	6	–	69	63	6	–	69
	<u>914</u>	<u>110</u>	<u>–</u>	<u>1,024</u>	<u>877</u>	<u>93</u>	<u>–</u>	<u>970</u>
	<u>3,366</u>	<u>3,499</u>	<u>1,113</u>	<u>7,978</u>	<u>6,171</u>	<u>3,035</u>	<u>1,084</u>	<u>10,290</u>

3. Income tax in the consolidated statement of profit or loss (HK\$m)

(a) Taxation in the consolidated statement of profit or loss represents:

	2025	2024
Current tax - Hong Kong Profits Tax		
Provision for the year	99	89
Under/(over)-provision in respect of prior years	2	(5)
	<u>101</u>	<u>84</u>
Current tax – Overseas		
Provision for the year	50	50
(Over)/under-provision in respect of prior years	(1)	9
	<u>49</u>	<u>59</u>
	<u>150</u>	<u>143</u>
Deferred tax		
Decrease in net deferred tax liabilities relating to revaluation of overseas investment properties	(9)	(1)
Increase in net deferred tax liabilities relating to other temporary differences	42	22
	<u>33</u>	<u>21</u>
Total	<u>183</u>	<u>164</u>

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

3. Income tax in the consolidated statement of profit or loss (HK\$m) *continued*

(b) Pillar Two income taxes

The Pillar Two model rules introduce a new taxing mechanism under which multinational enterprises (MNEs) that meet the EUR750 million consolidated revenue threshold in at least two of the previous four years is considered as an in-scope MNE group. Pursuant to the Pillar Two model rules, in-scope MNE groups are subject to a top-up tax if the effective tax rate in the jurisdictions in which they operate falls below 15%.

To alleviate the compliance challenges faced by MNEs with the implementation of the Pillar Two model rules, the OECD has also introduced transitional safe harbours, including the Transitional Country-by-Country Reporting Safe Harbour (TCSH), which exempts MNE groups from conducting full Global Anti-Base Erosion (GloBE) calculations under certain conditions. If a jurisdiction of an MNE group qualifies for the TCSH, the GloBE top-up tax is deemed to be zero. Should the jurisdictions not meet the requirements of the TCSH assessment, it will be necessary to proceed with the detailed Pillar Two top-up tax calculation.

Pillar Two legislation has been enacted in certain jurisdictions in which the group operates. The group is within the scope of the Pillar Two model rules for the year ended 31 December 2025 and has applied the temporary mandatory exception to recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the July 2023 amendments to HKAS 12.

The group has conducted a TCSH assessment based on its latest financial information for the year ended 31 December 2025. The results indicate that the group met the TCSH criteria in all jurisdictions in which it operates. Accordingly, the group is not liable to any top-up tax calculation for the year ended 31 December 2025.

4. Earnings/(loss) per share

(a) Earnings/(loss) per share – basic

	2025	2024
Earnings/(loss) attributable to shareholders of the company (HK\$m)	320	(943)
Weighted average number of shares in issue (million shares)	1,667	1,659
Earnings/(loss) per share (HK\$)	<u>0.19</u>	<u>(0.57)</u>

(b) Earnings/(loss) per share – diluted

There were no potential dilutive ordinary shares in existence during the years ended 31 December 2025 and 2024 and hence the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share.

5. Dividends payable to shareholders of the company attributable to the year (HK\$m)

	2025	2024
No interim dividend declared and paid (2024: Nil)	–	–
Final dividend proposed after the end of the reporting period of Nil HK cents per share (2024: Nil HK cents)	–	–

No interim dividend was declared and paid by the company for the six months ended 30 June 2025 (2024: Nil). In view of the group's financial position and future funding needs, the Board of Directors has resolved not to recommend a final dividend for the year ended 31 December 2025 (2024: Nil). The dividend decisions made by the Board for the six months ended 30 June 2025 and the year ended 31 December 2025 were in line with the company's dividend policy.

6. 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 the reportable segments.

6. Segment reporting (HK\$m) *continued*

(a) Segment results

The results of the group's reportable segments for the years ended 31 December 2025 and 2024 are set out as follows:

	Hotels		Commercial Properties		Peak Tram, Retail and Others		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024
Reportable segment revenue*	5,630	4,980	1,324	4,340	1,024	970	7,978	10,290
Reportable segment operating profit before interest, taxation, depreciation and amortisation (EBITDA)	1,113	695	476	716	142	114	1,731	1,525
Depreciation and amortisation	(590)	(556)	(16)	(29)	(108)	(101)	(714)	(686)
Segment operating profit before project expenses and other non-recurring expenses	523	139	460	687	34	13	1,017	839
Project expenses and other non-recurring expenses	(1)	(79)	(44)	–	(11)	–	(56)	(79)
Segment operating profit	522	60	416	687	23	13	961	760

Reconciliation of consolidated segment operating profit to the profit/(loss) before taxation in the consolidated statement of profit or loss is not presented, since the consolidated segment operating profit is the same as the operating profit presented in the consolidated statement of profit or loss for the year.

* *Analysis of segment revenue is disclosed in note 2.*

6. Segment reporting (HK\$m) *continued*

(b) Segment assets

Segment assets include all tangible and current assets and hotel operating rights held directly by the respective segments. The group's segment assets and unallocated assets as at 31 December 2025 and 2024 are set out as follows:

	Note	2025	2024
Reportable segment assets			
Hotels		29,306	28,545
Commercial properties		23,672	23,259
Peak Tram, Retail and Others		1,127	1,158
		54,105	52,962
Unallocated assets			
Derivative financial instruments	12	32	166
Deferred tax assets		152	153
Cash at banks and in hand	14(a)	762	895
Consolidated total assets		55,051	54,176

(c) Geographical information

The following table sets out information about the geographical location of (i) the group's revenue from external customers and (ii) the group's properties held for sale and total reportable non-current assets.

	Revenue from		Reportable	
	external customers		non-current assets and properties held for sale	
	2025	2024	2025	2024
Greater China	3,069	2,932	33,490	33,088
Asia (excluding Greater China)	1,555	1,365	2,699	2,673
United States of America	1,867	1,567	3,475	3,423
Europe	1,487	4,426	13,478	12,837
	7,978	10,290	53,142	52,021

7. Investment properties and other properties, plant and equipment (HK\$m)

(a) Movements of investment properties and other properties, plant and equipment

	Land	Right-of-use assets	Hotel and other buildings held for own use	Motor vehicles, plant and equipment	Construction in progress	Sub-total	Investment properties	Total
Cost or valuation:								
At 1 January 2024	683	2,884	13,937	7,718	995	26,217	33,170	59,387
Exchange adjustments	(2)	(161)	(323)	(105)	(18)	(609)	(82)	(691)
Additions	-	55	43	185	563	846	110	956
Disposals	-	-	(3)	(40)	-	(43)	-	(43)
Transfer/reclassification	-	-	1,951	(1,208)	(743)	-	-	-
Fair value adjustment	-	-	-	-	-	-	(569)	(569)
At 31 December 2024	681	2,778	15,605	6,550	797	26,411	32,629	59,040
Representing:								
Cost	681	2,778	15,605	6,550	797	26,411	-	26,411
Valuation - 2024	-	-	-	-	-	-	32,629	32,629
	681	2,778	15,605	6,550	797	26,411	32,629	59,040
At 1 January 2025	681	2,778	15,605	6,550	797	26,411	32,629	59,040
Exchange adjustments	42	82	694	119	-	937	137	1,074
Additions	-	24	217	368	-	609	158	767
Disposals	-	-	(1)	(454)	-	(455)	-	(455)
Transfer/reclassification	-	-	(181)	181	-	-	-	-
Fair value adjustment	-	-	-	-	-	-	287	287
At 31 December 2025	723	2,884	16,334	6,764	797	27,502	33,211	60,713
Representing:								
Cost	723	2,884	16,334	6,764	797	27,502	-	27,502
Valuation - 2025	-	-	-	-	-	-	33,211	33,211
	723	2,884	16,334	6,764	797	27,502	33,211	60,713
Accumulated depreciation and impairment losses:								
At 1 January 2024	247	431	4,695	4,503	679	10,555	-	10,555
Exchange adjustments	(1)	(23)	(79)	(63)	-	(166)	-	(166)
Charge for the year	-	50	304	318	-	672	-	672
Impairment provision	-	40	-	-	118	158	-	158
Written back on disposals	-	-	(3)	(40)	-	(43)	-	(43)
At 31 December 2024	246	498	4,917	4,718	797	11,176	-	11,176
At 1 January 2025	246	498	4,917	4,718	797	11,176	-	11,176
Exchange adjustments	21	4	128	64	-	217	-	217
Charge for the year	-	50	331	319	-	700	-	700
Written back on disposals	-	-	-	(445)	-	(445)	-	(445)
At 31 December 2025	267	552	5,376	4,656	797	11,648	-	11,648
Net book value								
At 31 December 2025	456	2,332	10,958	2,108	-	15,854	33,211	49,065
At 31 December 2024	435	2,280	10,688	1,832	-	15,235	32,629	47,864

7. Investment properties and other properties, plant and equipment (HK\$m)

continued

(a) Movements of investment properties and other properties, plant and equipment

continued

During the year, the group acquired items of properties, plant and equipment with a cost of HK\$767 million (2024: HK\$956 million), of which HK\$256 million related to development costs for The Peninsula London and HK\$118 million related to The Peninsula Hong Kong. The Peninsula London soft opened on 12 September 2023 and we are in the process of preparing and agreeing final accounts with our trade contractors and consultants, which will include finalisation of programme delay costs.

The net book value for other items of properties, plant and equipment disposed of during the years ended 31 December 2025 and 2024 was insignificant in value.

The group assessed the recoverable amounts of its other properties, plant and equipment and construction in progress at the reporting date in accordance with the accounting policy.

In 2024, an impairment provision of HK\$158 million was made in respect of the group's investment in The Peninsula Yangon project following a review of the recoverability of The Peninsula Yangon's book value conducted by management.

- (b)** All investment properties of the group were revalued as at 31 December 2025. The changes in fair value of the investment properties during the year 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 experience in the location and category of the property being valued. Discussions have been held with the valuers on the valuation assumptions and valuation results when the valuation is performed at each reporting date.

7. Investment properties and other properties, plant and equipment (HK\$m)

continued

(c) Right-of-use assets

The group is the lessee in respect of a number of properties which are leased from third party landlords. Pursuant to its accounting policy, the group capitalises the present value of the future minimum lease payments of its leased properties as right-of-use assets. A majority of the carrying value of the right-of-use assets is attributable to the hotel in New York which has a lease term of 90 years commencing in 1988, the hotel in Tokyo which has a lease term of 70 years commencing in 2015 and the hotel in London which has a lease term of 146 years commencing in 2016. The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of their respective useful life or the end of the lease term.

The net book value of right-of-use assets by class of underlying asset is analysed as follows:

	2025	2024
Classified as properties leased for own use, carried at depreciated cost	<u>2,332</u>	<u>2,280</u>

The analysis of expense items in relation to leased properties charged to the consolidated statement of profit or loss is as follows:

	2025	2024
Depreciation charge of right-of-use assets for properties leased for own use	50	50
Interest on lease liabilities	149	136
Variable lease payments not included in the measurement of lease liabilities	<u>23</u>	<u>23</u>

8. Properties held for sale (HK\$m)

	2025	2024
At 1 January	1,472	4,382
Additions	24	181
Cost of inventories sold	(378)	(3,086)
Exchange adjustments	<u>111</u>	<u>(5)</u>
	<u>1,229</u>	<u>1,472</u>

The group owns a 100% interest in The Peninsula London Complex which comprises a 190-room Peninsula hotel and 24 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.

During the year, one (2024: seven) Peninsula Residence was handed over to the buyer and the related carrying amount of inventory of HK\$378 million (2024: HK\$3,086 million) was charged as cost of inventories in the consolidated statement of profit or loss.

9. Interest in joint ventures (HK\$m)

	2025	2024
Share of net assets	1,475	1,404
Loans to PSW	458	458
	1,933	1,862

- (a) Details of the joint ventures, 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 activities
The Peninsula Shanghai Waitan Hotel Company Limited (PSW)	Incorporated	People's Republic of China ("PRC")	RMB808,953,750 (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

- (b) PSW has pledged its properties inclusive of the land use rights as security for an initial loan facility amounting to RMB1,220 million (HK\$1,357 million) (2024: RMB1,220 million (HK\$1,297 million)). As at 31 December 2025, the loan drawdown amounted to RMB914 million (HK\$1,016 million) (2024: RMB934 million (HK\$993 million)). The net carrying amount of these pledged assets amounted to RMB2,004 million (HK\$2,228 million) (2024: RMB2,077 million (HK\$2,208 million)).
- (c) Set out below is a summary of the aggregate financial information of joint ventures, of which the group has a 50% share:

	2025	2024
EBITDA	184	132
Net loss before revaluation of investment properties	(144)	(148)
Unrealised loss on revaluation of PSW's arcade, net of tax	(24)	(36)
Net loss	(168)	(184)
The group's share of results of the joint ventures	(84)	(92)

10. Interest in associates (HK\$m)

	2025	2024
Interest in associates	462	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 activities
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 long-term unsecured loans to 19 Holding of HK\$404 million (2024: HK\$365 million). These loans were made pro rata to the group's shareholding in 19 Holding and are interest-bearing 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\$2,075 million) (2024: EUR227 million (HK\$1,834 million)). As at 31 December 2025, the loan drawdown amounted to EUR227 million (HK\$2,075 million) (2024: EUR227 million (HK\$1,834 million)). As at 31 December 2025, the net carrying amount of the pledged asset amounted to EUR432 million (HK\$3,949 million) (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\$110 million (HK\$858 million) (2024: US\$110 million (HK\$858 million)). As at 31 December 2025, the loan drawdown amounted to US\$100 million (HK\$780 million) (2024: US\$110 million (HK\$858 million)). The net carrying amount of the pledged asset amounted to US\$37 million (HK\$289 million) (2024: US\$34 million (HK\$265 million)).

10. Interest in associates (HK\$m) *continued*

- (e) Set out below is a summary of the aggregate financial information of the associates, of which the group has a 20% share:

	2025	2024
EBITDA	348	261
Net profit/(loss)	50	(79)
The group's share of results of the associates	10	(16)

11. Hotel operating rights and trademarks (HK\$m)

	2025	2024
Cost		
At 1 January	663	696
Exchange adjustments	61	(33)
At 31 December	724	663
Accumulated amortisation		
At 1 January	(244)	(237)
Exchange adjustments	(13)	7
Amortisation for the year	(14)	(14)
At 31 December	(271)	(244)
Net book value	453	419

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 year is included in "Depreciation and amortisation" in the consolidated statement of profit or loss.

12. Derivative financial instruments (HK\$m)

	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges:				
Interest rate swaps	32	(23)	153	–
Cross currency interest rate swaps	–	(38)	–	–
Forward foreign exchange contracts	–	–	13	–
	<u>32</u>	<u>(61)</u>	<u>166</u>	<u>–</u>
Less: Portion to be settled within one year				
Cash flow hedges:				
Interest rate swaps	(32)	–	–	–
Cross currency interest rate swaps	–	38	–	–
Forward foreign exchange contracts	–	–	(13)	–
	<u>(32)</u>	<u>38</u>	<u>(13)</u>	<u>–</u>
Amount to be settled after one year	<u>–</u>	<u>(23)</u>	<u>153</u>	<u>–</u>

13. Trade and other receivables (HK\$m)

	2025	2024
Trade debtors	403	424
Rental deposits, payments in advance and other receivables	414	383
Tax recoverable	8	11
	<u>825</u>	<u>818</u>

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\$166 million (2024: HK\$187 million). All the other trade and other receivables are expected to be recovered or recognised as expenses within one year.

The ageing analysis of trade debtors is as follows:

	2025	2024
Current	354	369
Less than one month past due	22	25
One to three months past due	15	12
More than three months but less than 12 months past due	12	18
Amounts past due	49	55
	<u>403</u>	<u>424</u>

Trade debtors are normally due within 30 days from the date of billing.

14. Cash and cash equivalents and other cash flow information (HK\$m)

(a) Cash at banks and in hand

	2025	2024
Interest-bearing bank deposits	393	519
Cash at banks and in hand	369	376
Total cash at banks and in hand	762	895
Less: Bank deposits with maturity of more than three months	(266)	(185)
Cash and cash equivalents in the consolidated statement of cash flows	<u>496</u>	<u>710</u>

Cash at banks and in hand (including interest-bearing bank deposits) at the end of the reporting period include amounts of HK\$421 million (2024: HK\$328 million) held by subsidiaries in Mainland China which are subject to prevailing regulations on profit repatriation and foreign exchange restrictions.

14. Cash and cash equivalents and other cash flow information (HK\$m) *continued*

(b) Reconciliation of liabilities arising from financing activities

	Interest-bearing borrowings	Lease liabilities	Derivative financial instruments	Interest payable	Total
At 1 January 2024	15,914	2,733	(220)	43	18,470
<i>Changes from financing cashflows</i>					
Drawdown of term loans	2,226	–	–	–	2,226
Repayment of term loans	(3,579)	–	–	–	(3,579)
Net decrease in revolving loans	(851)	–	–	–	(851)
Interest paid and other financing charges	(15)	–	–	(693)	(708)
Capital element of lease rental paid	–	(26)	–	–	(26)
Interest element of lease rental paid	–	(136)	–	–	(136)
<i>Change in fair value</i>	–	–	54	–	54
<i>Other changes</i>					
Exchange difference	(332)	(150)	–	–	(482)
Financing charges	26	136	–	620	782
Capitalised borrowing costs	–	–	–	66	66
Increase in lease liabilities arising from new leases during the year	–	55	–	–	55
At 31 December 2024 and 1 January 2025	13,389	2,612	(166)	36	15,871
<i>Changes from financing cashflows</i>					
Drawdown of term loans	4,584	–	–	–	4,584
Repayment of term loans	(6,159)	–	–	–	(6,159)
Net increase in revolving loans	299	–	–	–	299
Proceeds from issuance of bonds	869	–	–	–	869
Interest paid and other financing charges	(42)	–	–	(532)	(574)
Capital element of lease rental paid	–	(40)	–	–	(40)
Interest element of lease rental paid	–	(149)	–	–	(149)
<i>Change in fair value</i>	–	–	195	–	195
<i>Other changes</i>					
Exchange difference	488	75	–	–	563
Financing charges	27	149	–	517	693
Increase in lease liabilities arising from new leases and lease modification during the year	–	24	–	–	24
At 31 December 2025	13,455	2,671	29	21	16,176

15. Trade and other payables (HK\$m)

	2025	2024
Trade creditors	205	176
Interest payable	21	36
Accruals for properties, plant and equipment and properties held for sale	128	196
Tenants' deposits	356	352
Guest deposits and gift vouchers	271	203
Provision for bonus and other staff costs	356	321
VAT and other taxes payable	159	143
Other payables	445	541
Financial liabilities measured at amortised cost	1,941	1,968
Less: Non-current portion of trade and other payables	(139)	(145)
Current portion of trade and other payables	1,802	1,823

As at 31 December 2025, trade and other payables of the group expected to be settled or recognised as income after more than one year amounted to HK\$139 million (2024: HK\$145 million). The other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The Directors consider that the carrying amount of all trade and other payables approximates their fair value.

The ageing analysis of trade creditors is as follows:

	2025	2024
Less than three months	191	166
Three to six months	11	8
More than six months	3	2
	205	176

16. Interest-bearing borrowings (HK\$m)

	2025	2024
Total facilities available:		
Term loans and revolving credits	14,515	16,076
Guaranteed bonds	796	–
Uncommitted facilities, including bank overdrafts	248	232
	<u>15,559</u>	<u>16,308</u>
Utilised at 31 December:		
Term loans and revolving credits	12,533	13,258
Guaranteed bonds	796	–
Uncommitted facilities, including bank overdrafts	168	162
	<u>13,497</u>	<u>13,420</u>
Less: Unamortised financing charges	(42)	(31)
	<u>13,455</u>	<u>13,389</u>
<i>Represented by:</i>		
Long-term bank loans and bonds, repayable within one year	5,504	7,388
Short-term bank loans and overdrafts, repayable on demand	–	–
	<u>5,504</u>	<u>7,388</u>
Long-term bank loans and bonds, repayable:		
Between one and two years	1,178	2,927
Between two and five years	6,566	3,105
Over five years	249	–
	<u>7,993</u>	<u>6,032</u>
Less: Unamortised financing charges	(42)	(31)
	<u>7,951</u>	<u>6,001</u>
Total interest-bearing borrowings	<u>13,455</u>	<u>13,389</u>

All of the interest-bearing borrowings are unsecured.

As at 31 December 2025, the group's committed facilities included green loans and sustainability linked loan facilities of HK\$5,000 million (2024: HK\$5,111 million) and HK\$3,298 million (2024: HK\$4,855 million) respectively. The sustainability facility with maximum 4 basis points margin discount are determined with reference to the key performance indicators relating to the group's carbon intensity, energy intensity, waste diversion and status of sustainability certificates.

17. Lease liabilities (HK\$m)

The group is the lessee in respect of a number of properties which are leased from third party landlords. Pursuant to its accounting policy, the group capitalises the present value of the future minimum lease payments of its leased properties as right-of-use assets and the corresponding credit is recognised as lease liabilities. The group remeasures its lease liabilities at each accounting period end to reflect the interest accrued on the outstanding lease liabilities and the lease payments made.

The following table shows the remaining contractual maturities of the group's minimum lease liabilities at the end of the current and previous reporting periods:

	2025	2024
<i>Carrying value</i>		
Current portion	173	160
Non-current portion	2,498	2,452
	2,671	2,612
<i>Contractual undiscounted cash outflow</i>		
Within one year	173	160
After one year but within two years	154	160
After two years but within five years	306	277
After five years	42,931	11,219
Total lease liabilities	43,564	11,816

18. Share capital

	2025		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 (note)	–	–	18	110
At 31 December	1,667	5,947	1,667	5,947

In accordance with Section 135 of the Companies Ordinance, the ordinary shares of the company do not have a par value.

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.

Note

During 2024, the company issued and allotted new shares under the 2023 scrip dividend scheme at scrip price of HK\$6.276.

19. Commitments (HK\$m)

Capital commitments outstanding as at 31 December 2025 and 2024 not provided for in the financial statements were as follows:

	2025			2024		
	Contracted for	Authorised but not contracted for	Total	Contracted for	Authorised but not contracted for	Total
Capital commitments in respect of:						
Existing properties	86	417	503	112	561	673
Special projects	18	329	347	75	320	395
	<u>104</u>	<u>746</u>	<u>850</u>	<u>187</u>	<u>881</u>	<u>1,068</u>
The group's share of capital commitments of joint ventures and associates	1	71	72	31	50	81
	<u>105</u>	<u>817</u>	<u>922</u>	<u>218</u>	<u>931</u>	<u>1,149</u>

20. Contingent liabilities

The Directors consider that there being no material contingent liabilities for the group as at 31 December 2025 and 2024.

21. Changes in accounting policies

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

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

None of the above developments have had a material effect on how the group's results and financial position for the current or prior periods have been prepared or presented.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance

The Board of Directors believes that our corporate culture, in alignment with our purpose, values, and strategic objectives, is fundamental to the group's long-term success, strong reputation, and sustainable growth. The Board of Directors sets and promotes company culture based on the principle of "doing the right thing", and expects senior and middle level management to actively promote and live by this principle. With that in mind, the Board leads a governance framework that embeds and reinforces this corporate culture across the group through clear strategic direction, established policies and mandatory training programmes, ensuring that integrity, accountability and respect for our people remain central to how the group operates.

The Governance section in the 2025 Annual Report reinforces the commitment of the Board of Directors and senior management to high levels of governance, acting with integrity, and practicing accountability and transparency in our business operations, which supports the development of corporate culture throughout the group.

The Stock Exchange's Corporate Governance Code, set out in Appendix C1 of the Listing Rules (CG Code), forms the foundation of the HSH Corporate Governance Code. The Board of Directors fully embraces the principles of the CG Code and has applied them to our governance framework and practices, as disclosed in the Governance section of the 2025 Annual Report. Throughout 2025, the company has complied with all code provisions and recommended best practices under the CG Code in force during the year, save for the publication of quarterly financial results and disclosure of individual senior management remuneration, as set out in the Corporate Governance Report.

Corporate Responsibility and Sustainability

Our 2025 CRS Report and Climate-related Disclosures provide 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 and Climate-related Disclosures have been prepared in accordance with the Environmental, Social and Governance Reporting Code (ESG Code) set out in Appendix C2 of the Listing Rules. To align with international best practices and provide deeper insights into industry-specific and sustainability topics, the reports also reference the Global Reporting Initiative Sustainability Reporting (GRI) Standards, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, the Sustainability Accounting Standard Board (SASB) Standards, and the International Sustainability Standards Board (ISSB)'s International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures (ISSB Climate Standard). KPMG was commissioned to perform a limited assurance engagement and provide an independent conclusion on selected information within the CRS Report. The CRS Report and Climate-related Disclosures are available on the websites of the company and the Stock Exchange together with the 2025 Annual 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 year 2025.

Dealing in Company Securities

All Directors conduct their dealings in compliance with the company's Code for Dealing in the Company's Securities by Directors (Securities Code), which imposes standards no less stringent than those 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 are required to seek prior approval before undertaking any dealings.

All Directors confirmed full compliance with the standards set out in the Model Code and the Securities Code during 2025.

A similar code to our Securities Code applies to specified employees including senior management and leaders of key functions who may from time to time have access to inside information. All such employees have also confirmed their full compliance with the requirements of the adopted Code for Dealing in the Company's Securities by Specified Employees.

Final Dividend

The Board of Directors resolved not to recommend a final dividend for the year ended 31 December 2025 (2024: Nil). This decision is based on the company's financial position and future funding needs and in line with our dividend policy.

Closure of Register of Members

The register of members of the company will be closed from Friday, 8 May 2026 to Wednesday, 13 May 2026, both days inclusive, during which period the registration of transfer of shares will be suspended. In order to qualify for the right to attend, speak and vote at the forthcoming Annual General Meeting (AGM), all transfer documents accompanied by the relevant share certificates must be lodged with the company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30pm on Thursday, 7 May 2026.

AGM and Annual Report

The AGM will be held at The Peninsula Hong Kong on Wednesday, 13 May 2026 at 12:00 noon. The 2025 Annual Report and the Notice of AGM, which forms part of a circular to shareholders, will be published on the websites of the company and the Stock Exchange on or about 30 March 2026 and 16 April 2026 respectively. Printed copies of these documents will be dispatched on or about 17 April 2026 in accordance with the company's corporate communications arrangement.

By Order of the Board

Till Lembke

Company Secretary

Hong Kong, 18 March 2026

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