
THE DISTRIBUTION AND SPIN-OFF

THE DISTRIBUTION

Information on the Distribution

As approved and authorized by the China Travel HK Shareholders on [●] pursuant to the articles of association of China Travel HK, the China Travel HK Board declared the Distribution to the Qualifying China Travel HK Shareholders on [●]. The Distribution will be satisfied wholly by way of a distribution-in-specie to the Qualifying China Travel HK Shareholders in proportion to their shareholding in China Travel HK as at the Record Date. Pursuant to the Distribution, the Qualifying China Travel HK Shareholders will be entitled to one Share for every [REDACTED] China Travel HK Shares held as at the Record Date.

As the Spin-off will be implemented by way of the Distribution and there will be no dilution of the indirect attributable interest of the Qualifying China Travel HK Shareholders in our Company, the Spin-off will not constitute a transaction of China Travel HK under Chapter 14 of the Listing Rules, and accordingly, China Travel HK will not be required to comply with the requirements under Chapter 14 of the Listing Rules for the Spin-off.

Conditions to the Distribution

The Distribution is conditional upon the Listing Committee of the Stock Exchange granting approval for the [REDACTED] by way of introduction of, and permission to [REDACTED], our Shares on the Main Board of the Stock Exchange and such approval not having been revoked prior to 8:00 a.m. (Hong Kong time) on the [REDACTED]. If such conditions are not satisfied, the Spin-off and the [REDACTED] will not take place.

Non-Qualifying China Travel HK Shareholders

The distribution of our Shares under the Distribution to certain China Travel HK Shareholders may be subject to laws of jurisdictions outside Hong Kong. The China Travel HK Shareholders whose addresses registered in the register of members of China Travel HK are in, or who are located or residing in, jurisdictions other than Hong Kong should inform themselves about and observe all legal and regulatory requirements applicable to them. The China Travel HK Shareholders and the Beneficial China Travel HK Shareholders should consult their professional advisers if they are in any doubt as to the potential applicability of, or consequences under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdiction, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the receipt, acquisition, retention, disposal or otherwise with respect to the Shares, as the case may be. It is the responsibility of the China Travel HK Shareholders and the Beneficial China Travel HK Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with the Distribution, including obtaining any governmental, exchange control or other consents which may be required, or compliance with any other necessary formalities and payment of any issue, transfer or other taxes due in such jurisdiction. It is emphasized that none of China Travel HK, our Company, the Sole Sponsor, any of their respective directors, officers, employees, agents or representatives or any other person involved in the Spin-off accepts any responsibility in relation to the above.

Non-Qualifying China Travel HK Shareholders are those China Travel HK Shareholders with registered addresses, as shown on the register of members of China Travel HK on the Record Date, in Excluded Jurisdictions, and the China Travel HK Shareholders or the Beneficial China Travel HK Shareholders who are otherwise known by China Travel HK to be located or residing in those jurisdictions as at the Record Date, whom the China Travel HK Board and our Board, based on enquiries made on their behalf and the legal advice received, consider it necessary or expedient to exclude from receiving our Shares pursuant to the Distribution on account of the legal restrictions under the applicable laws of the relevant jurisdictions where such China Travel HK Shareholders or the Beneficial China Travel HK

THE DISTRIBUTION AND SPIN-OFF

Shareholders are resident or located in and/or the requirements of the relevant regulatory bodies or stock exchanges in those jurisdictions. The relevant Non-Qualifying China Travel HK Shareholders will not receive any Shares, but will be paid the net proceeds of the sale of the Shares which they would otherwise receive on a pro rata basis.

Our Shares which the Non-Qualifying China Travel HK Shareholders would otherwise receive pursuant to the Distribution will be sold by China Travel HK or transferred to and sold by a nominee selected by the China Travel HK Board on their behalf in the market as soon as reasonably practicable following the commencement of dealing in our Shares on the Stock Exchange. The aggregate proceeds of such sale (net of expenses and taxes) will be paid to the relevant Non-Qualifying China Travel HK Shareholders (pro rata to their shareholdings in China Travel HK as at the Record Date) in Hong Kong dollars in full satisfaction of the relevant Shares which they would otherwise receive pursuant to the Distribution, provided that if the amount that a Non-Qualifying China Travel HK Shareholder would be entitled to receive is less than HKD100, such sum will be retained for the benefit of China Travel HK. Such payment to the relevant Non-Qualifying China Travel HK Shareholders is expected to be made on or around [REDACTED].

To the best of our knowledge, as at the Latest Practicable Date, based on the information provided by China Travel HK, there were five China Travel HK Shareholders with registered addresses outside Hong Kong, comprising five jurisdictions outside Hong Kong, namely Australia, the PRC, Macao, Singapore and the U.S.. In the event that there are China Travel HK Shareholders with registered addresses in any other jurisdictions outside Hong Kong which are not referred to above as at the Record Date, the Directors will make further enquiries as to the legal restrictions under the laws of the relevant jurisdictions and consider whether it would be necessary or expedient to exclude them from receiving the Shares.

With respect to any Excluded Jurisdiction, China Travel HK will send a letter to CCASS Participants (other than CCASS Investor Participants) to notify them that, in light of the applicable laws and regulations of the Excluded Jurisdictions (to the extent that they hold any China Travel HK Shares on behalf of any Beneficial China Travel HK Shareholder with an address located in any of the Excluded Jurisdictions), they should sell our Shares distributed to them pursuant to the Distribution on behalf of such Beneficial China Travel HK Shareholders and pay the net proceeds of such sale to such Beneficial China Travel HK Shareholders. None of China Travel HK, our Company or the Sole Sponsor takes any responsibility for the sale of such Shares or the payment of the net proceeds from the sale of such Shares to any such underlying Beneficial China Travel HK Shareholders.

China Travel HK and our Company reserve the rights in our absolute discretion to determine whether to allow the participation of any China Travel HK Shareholder or Beneficial China Travel HK Shareholders in the Distribution.

PRC Stock Connect Investors

According to the "Stock Connect Shareholding Search" available on the Stock Exchange's website, as at the Latest Practicable Date, China Clear held 333,095,829 China Travel HK Shares, representing approximately 5.97% of the total number of issued China Travel HK Shares. China Clear is a CCASS Participant with HKSCC Nominees Limited.

The China Travel HK Board and our Board have made the relevant enquiries and have been advised by our PRC Legal Advisor that the PRC southbound trading investors through Shanghai-Hong Kong Stock Connect (the "**Shanghai-HK Connect**") and/or Shenzhen-Hong Kong Stock Connect (the "**Shenzhen-HK Connect**") who hold the China Travel HK Shares through China Clear as nominee (the "**China Travel HK Stock Connect Investors**") may hold our Shares distributed pursuant to the Distribution through China Clear. Our PRC Legal Advisor also advises that pursuant to the Shanghai Stock Exchange Measures for the

THE DISTRIBUTION AND SPIN-OFF

Implementation of Shanghai-Hong Kong Stock Connect (《上海證券交易所滬港通業務實施辦法》) and the Shenzhen Stock Exchange Measures for the Implementation of Shenzhen-Hong Kong Stock Connect (《深圳證券交易所深港通業務實施辦法》), the China Travel HK Stock Connect Investors (or the relevant China Clear participants, as the case may be) whose stock accounts in China Clear are credited with our Shares may only sell them on the Stock Exchange under Shanghai Connect and Shenzhen Connect. The China Travel HK Stock Connect Investors should seek professional advice for details of the logistical arrangements as required by China Clear.

Information for China Travel HK Shareholders

Neither our Shares nor this document has been or will be registered under the securities laws of any jurisdiction. Accordingly, unless otherwise disclosed above, our Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any such jurisdiction, absent registration or qualification under the respective securities laws of such jurisdictions, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

It is the responsibility of any person (including but not limited to any agent, custodian, nominee or trustee) outside Hong Kong wishing to receive or purchase, hold or dispose of, or deal in, our Shares or exercise any rights attaching to our Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

China Travel HK Shareholders should note that they will not be required to complete any application form to receive our Shares or to pay or provide any consideration to China Travel HK or our Company for any Shares received pursuant to the Distribution. Receipt of our Shares by any person pursuant to the Distribution will be deemed to constitute a representation and warranty from such person to our Company that these local laws and requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the representations and warranties above. Such persons should consult their professional advisers if in doubt.

THE SPIN-OFF

China Travel HK submitted a proposal of the Spin-off to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules and, the Stock Exchange has confirmed that China Travel HK may proceed with the Spin-off.

If the Spin-off proceeds, it will be implemented in compliance with the Listing Rules. The Spin-off will be effected through a [REDACTED] of our Shares by way of introduction and the Distribution whereby the Qualifying China Travel HK Shareholders will receive the relevant Shares. Other than to give effect to the Distribution, the Spin-off does not involve any offering of our Shares or any other securities of our Company for sale or subscription and no new proceeds will be raised in conjunction with the Spin-off.

Reasons for and Benefits of the Spin-off

China Travel HK considers the Spin-off to be in interests of China Travel HK, our Company and their respective shareholders as a whole and the Spin-off will position each of the Retained Group and our Group better for growth in their/our respective businesses and deliver clear benefits to both due to the following reasons:

THE DISTRIBUTION AND SPIN-OFF

- (a) China Travel HK is a conglomerate with different business segments that are spread across different locations in Greater China. The Spin-off would enable investors to better value China Travel HK with its dedicated natural and cultural scenic spot and theme parks destinations businesses which are predominantly located in Chinese Mainland. Following the completion of the Spin-off, both the Retained Group and our Group will operate with clearly delineated business lines. This separation will enable each group to focus on its core competencies, thereby enhancing strategic clarity and operational efficiency. With distinct business scopes, their respective management teams will be better positioned to allocate resources in a targeted manner, formulate and execute tailored business plans, and implement performance evaluation frameworks that are more aligned with the specific objectives and operational characteristics of each entity. This improved focus is expected to foster greater accountability, agility in decision-making, and long-term value creation for their respective shareholders.
- (b) As an investment holding company, the separate **[REDACTED]** and spinning off of well-developed sectors by China Travel HK through the Spin-off will enable the China Travel HK Shareholders to realize the investment value in our Group under a separate platform for the businesses of our Group.
- (c) A separate **[REDACTED]** of our Company on the Stock Exchange will enable the Retained Group and our Group to have their own fundraising platforms for their respective businesses, and our Group will have direct and independent access to both equity and debt capital markets in the future should the need arise.
- (d) Both China Travel HK and our Company consider that the Spin-off could better reflect the value of our Group on our own merits and increase our operational and financial transparency through which investors would be able to appraise and assess the performance and potential of our Group separately and distinctly from those of the Retained Group.
- (e) As there are clear strategic and operational differences between the business focuses of our Group and those of the Retained Group, the Spin-off will provide investors with an enhanced choice as to which of the businesses they are interested in investing in.
- (f) A separate **[REDACTED]** on the Stock Exchange will enhance the profile of the Spin-off Business amongst our customers, suppliers and other business partners, as well as our ability to recruit quality talents available.
- (g) The independent **[REDACTED]** of our Company will lead to a more direct alignment of the respective management's responsibilities and accountability of the Retained Group and our Group with the respective operating and financial performance of the Retained Group and our Group. This is expected to result in enhanced management focus, which should in turn lead to improved decision-making processes, faster response time to market changes and increased operational efficiency. The management of the Retained Group and our Group will be under heightened scrutiny from the investor community and it will be possible to measure their performance against the stock market performance. It will also be possible to link management incentives to such performance, thereby increasing management motivation and commitment.
- (h) Our Company and China Travel HK, both as a listed company following the Spin-off, if considered desirable and necessary, would be able to offer an equity-based incentive program (such as a share option scheme) that correlates directly to the performance of our respective businesses to our employees for the purpose of motivating our employees;