
CONTINUING CONNECTED TRANSACTIONS

OVERVIEW

Our Group has entered into and expects to continue engaging in a number of transactions in our ordinary and usual course of business with our connected persons from time to time.

Details of our transactions with our connected persons which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon [REDACTED] are set forth below.

OUR CONNECTED PERSONS

The following parties with whom we have entered into transactions will be regarded as our connected persons under the Listing Rules upon [REDACTED]:

Connected Persons	Connected Relationship
CTG Group	CTG is a central state-owned enterprise under the direct supervision of the State-owned Assets Supervision and Administration Commission of the State Council and is one of our Controlling Shareholders. CTG Group includes CTG and its subsidiaries and associates but excluding our Group.
Retained Group	The Retained Group is China Travel HK together with its subsidiaries, excluding our Group immediately following the completion of the Spin-off. China Travel HK is a non-wholly-owned subsidiary of CTG Group, one of our Controlling Shareholders.
Shun Tak Holdings Limited and its subsidiaries	Shun Tak – China Travel Shipping Investments Limited, a non-wholly-owned subsidiary of our Group, is owned as to 50% by Shun Tak Holdings Limited and 50% by our Company. Shun Tak Holdings Limited and its subsidiaries are our connected persons at the subsidiary level.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. TRAVEL PERMIT ADMINISTRATION SERVICES AGREEMENTS

Principal Terms

The transactions in relation to the general administration services provided by our Group in Hong Kong for application for tourist visas and travel permits for entry into the PRC (the “**Travel Permit Administration Services**”) have been documented under an agency agreement (the “**Agency Agreement**”) dated May 15, 2001 entered into between China Travel Service Property Investment Hong Kong Limited (“**CTSPI**”), a non-wholly-owned subsidiary of our Company, and CTS (Holdings), one of our Controlling Shareholders. CTSPI entered into a deed of novation (the “**Deed of Novation**”, together with the Agency Agreement, the “**Travel Permit Administration Services Agreements**”) dated June 1, 2020 in relation to the Agency Agreement with China Travel Service Entry Permit Service Hong Kong Limited (“**CTSEP**”), a wholly-owned subsidiary of our Company, pursuant to which the parties agreed that CTSEP shall undertake and perform, on behalf of CTSPI, all its obligations under the

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Agency Agreement, and assume, on behalf of CTSPI, its rights and benefits under the Agency Agreement, for a term commenced from June 1, 2020 and ending on June 30, 2047. Although the Travel Permit Administration Services Agreements have not expired and remain in force until June 30, 2047, the relevant annual caps for and the transactions contemplated under the Travel Permit Administration Services are required to be renewed in order to comply with the requirements under Chapter 14A of the Listing Rules.

Pricing Basis

Pursuant to the Travel Permit Administration Services Agreements, CTS (Holdings) agreed to pay CTSEP 45% of the gross fee revenue from travel permit applications for the services provided by CTSEP in relation to the Travel Permit Administration Services, as revenue and the required staff costs, rental expense and depreciation expense from CTSEP in connection with the provision of relevant services. CTSEP shall receive the application fees from applicants on behalf of CTS (Holdings) and transfer the application fees received on a given day to CTS (Holdings) on the next business day. Payments are made to us by CTS (Holdings) in arrears on a monthly basis in the next month. The fees of Travel Permit Administration Services rendered by CTSEP are determined on the basis of cost of providing the service plus reasonable profit. The overall costs of providing the Travel Permit Administration Services included but are not limited to staff costs, rental expense and depreciation expense. The gross profit margin of our travel-document and related services (including the Travel Permit Administration Services as a vast majority) for the years ended December 31, 2023, 2024 and 2025 was 74.3%, 77.6% and 66.2%, respectively, which is considered fair and reasonable by our Directors. Given that (i) CTSEP is the exclusive agent to provide the Travel Permit Administration Services pursuant to the Travel Permit Administration Services Agreements; and (ii) our Group does not provide identical type of services to any other party save for CTS (Holdings), the provision of the Travel Permit Administration Services is unique to our Group and there is no independent third party supplier providing similar services in Hong Kong. As such, our Group is unable to obtain third-party fee quotes for comparison when determining the pricing basis of the Travel Permit Administration Services.

The fixed contractual term until 2047 demonstrates the significance of CTSEP's function and unique position as the PRC government's exclusive agent in Hong Kong providing the Travel Permit Administration Services and guarantees a stable revenue stream to our Group. Considering the above and the nature of the Travel Permit Administration Services, the long term is necessary and reasonable and is in the interest of our Company and Shareholders as a whole.

Historical Transaction Amounts

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts of the revenue from the Travel Permit Administration Services amounted to approximately HKD375.7 million, HKD287.9 million and HKD214.8 million, respectively. The variation in the historical transaction amounts during the Track Record Period was primarily due to the surge in the volume of applications for renewal of travel documents after the resumption of border crossings and relaxation of social distancing measures in Hong Kong and the PRC post COVID-19 pandemic in 2023 and early 2024 and the subsequent normalization of demand for renewal of travel documents.

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Annual Caps

The proposed annual caps of the revenue contemplated under the Travel Permit Administration Services Agreements for each of the years ending December 31, 2026, 2027 and 2028 are HKD231.0 million, HKD231.0 million and HKD253.0 million, respectively.

In arriving at the above proposed annual caps, our Directors had taken into the following factors into account: (i) the historical transaction amounts for the years ended December 31, 2023, 2024 and 2025; (ii) the number of application for travel documents has resumed to a normal level as the large accumulated and delayed demand for travel-document renewal during the early stage post COVID-19 pandemic had been absorbed, and in 2028, the overall demand for and revenue derived from the Travel Permit Administration Services is expected to slightly increase; and (iii) provision of a buffer of approximately 10% to cover a possible unexpected increase in demand for the travel-document business.

Reasons for the Transactions

The Travel Permit Administration Services provided by our Group are notable for their operational exclusivity where CTSEP is the unique commercial entity in Hong Kong having the relevant expertise and brand recognition to carry out the Travel Permit Administration Services on behalf of CTS (Holdings) on an exclusive basis. The parties have established a stable long-term business relationship with operational convenience and commercial benefits to our Group. As such, our Directors believe that it is in our interests to continue engaging in the Travel Permit Administration Services, and the terms of the Travel Permit Administration Services Agreements and the annual caps above are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps under the Travel Permit Administration Services Agreements is expected to be more than 5% on an annual basis, the transactions under the Travel Permit Administration Services Agreements constitute continuing connected transactions for our Company which will be subject to reporting, announcement, and annual review requirements, as well as subject to circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. ENTRUSTED PROCUREMENT AGENCY AND ANCILLARY SERVICES AGREEMENT

Principal Terms

On [●], our Company (for itself and on behalf of its subsidiaries) entered into an entrusted procurement agency and ancillary services framework agreement (the "**Entrusted Procurement Agency and Ancillary Services Agreement**") with CTS (Holdings) (for itself and on behalf of its subsidiaries), pursuant to which our Company or any of our subsidiaries have agreed to (i) provide procurement services in respect of integrated circuit cards being manufactured as and processed into finished products of Mainland Travel Permits for Hong Kong and Macao Residents (the "**Permit IC Cards**"), such as overseeing the production process of the Permit IC Cards and carrying out counting, inspection and acceptance of such cards in accordance with

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specified requirements (the “**Entrusted Procurement Services**”) and (ii) other ancillary technical support services, such as server and software system development and maintenance services (the “**Ancillary Services**”), to CTS (Holdings) or its subsidiaries or associates, for a term commencing from the [REDACTED] to [December 31, 2028] (both days inclusive). Subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations, the Entrusted Procurement Agency and Ancillary Services Agreement may be renewed from time to time as the parties may mutually agree.

Pricing Basis

The service fees payable to our Group for the Entrusted Procurement Services are equivalent to an amount representing 12% of the actual purchase price of the Permit IC Cards payable by CTS (Holdings) to the suppliers. The service fees for the Entrusted Procurement Services and the Ancillary Services shall be determined with reference to our operational costs such as labor costs. Such pricing terms of the Ancillary Services were negotiated between the parties on arm’s length basis and shall be conducted on normal commercial terms which are no less favorable to our Group than such fees chargeable by our Group to Independent Third Parties for the provision of similar services.

Historical Transaction Amounts

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts of the service fees of the Entrusted Procurement Services and Ancillary Services amounted to approximately HKD9.1 million, HKD7.8 million and HKD6.3 million, respectively. The variation in the historical transaction amounts during the Track Record Period was primarily due to the fact that (i) part of the demand for Permit IC Cards had been satisfied by the bulk procured after the resumption of cross-border traffic after the relaxation of traveling restrictions related to the COVID-19 pandemic; and (ii) termination of the provision of the Ancillary Services to certain subsidiaries of CTS (Holdings) during the relevant period due to changes in operational needs.

Annual Caps

The proposed annual caps of the service fees contemplated under the Entrusted Procurement Services and Ancillary Services Agreement for each of the years ending December 31, 2026, 2027 and 2028 are HKD3.8 million, HKD4.3 million and HKD4.6 million, respectively.

In determining the annual caps, the following factors have been taken into account: (i) the historical transactions amounts; (ii) expected stable demand for the Ancillary Services; and (iii) expected overall growth in demand for the travel-document services and hence for Permit IC Cards supplies and the Entrusted Procurement Services.

Reasons for the Transactions

In view of our experience in delivering travel-document related administrative services, our past operational convenience and benefits brought to our Group and the extended business relationships established between our Group and CTS (Holdings), such continuing cooperative relationships are expected to bring synergies to the parties. In addition, our Directors believe that our Group will generate stable return with its Entrusted Procurement Services and Ancillary Services, which will benefit our Group’s cash flow position. Thus, our Directors consider that the terms of the Entrusted Procurement Agency and Ancillary Services Agreement have been negotiated on an

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arm's length basis and are on normal commercial terms, and the transactions contemplated thereunder and the annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps under the Entrusted Procurement Agency and Ancillary Services Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Entrusted Procurement Agency and Ancillary Services Agreement constitute continuing connected transactions for our Company which will be subject to reporting, announcement and annual review requirements, but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. VEHICLE RENTAL SERVICE AGREEMENT

Principal Terms

On [●], our Company (for itself and on behalf of its subsidiaries) entered into a vehicle rental service framework agreement (the "**Vehicle Rental Service Agreement**") with CTG (for itself and on behalf of its subsidiaries), pursuant to which our Company or any of our subsidiaries have agreed to provide vehicle rental services such as chartered bus services (the "**Vehicle Rental Services**") to CTG Group for a term commencing from the [REDACTED] to [December 31, 2028] (both days inclusive). Subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations, the Vehicle Rental Service Agreement may be renewed from time to time as the parties may mutually agree.

Pricing Basis

Our Company or any of its subsidiaries shall enter into separate written agreements with CTG or any of its subsidiaries and affiliates regarding the Vehicle Rental Services. The service fees we charge for the Vehicle Rental Services under each engagement may vary and will be determined taking into account the expected operation costs and/or the rates charged to Independent Third Party customers for similar services with reference to the duration of rental, the number of passengers and the distance of the route and will be negotiated on arm's length basis between the parties, and shall be no less favorable to our Group than the service fees chargeable to Independent Third Parties customers for the provision of similar services.

Historical Transaction Amounts

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts of the service fees of the Vehicle Rental Services amounted to approximately HKD3.0 million, HKD3.1 million and HKD3.8 million, respectively. The variation in the historical transaction amounts during the Track Record Period was primarily due to the increase in demand for the Vehicle Rental Services provided by us to one of the subsidiaries of the CTG Group during the relevant period.

Annual Caps

The proposed annual cap of the service fees contemplated under the Vehicle Rental Services Agreement for each of the years ending December 31, 2026, 2027 and 2028 is HKD4.9 million, HKD5.0 million and HKD5.1 million, respectively.

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In determining the above annual caps, our Directors have considered (i) the historical transaction amounts; (ii) the expected increase in demand and operation costs (such as fuel expenses and labor costs) in relation to the Vehicle Rental Services for the three years ending December 31, 2028; and (iii) a reasonable buffer for any unexpected adjustment to the terms of services or operation costs which may increase the service fees chargeable.

Reasons for the Transactions

We believe that we have been consistently engaged by the CTG Group for the provision of the Vehicle Rental Services after a comprehensive assessment of factors such as our service quality and competitive pricing terms. Our Group have established a long-term business relationship with the CTG Group and we expect to continue generating a stable revenue and cashflow stream from the provision of the Vehicle Rental Services to the CTG Group. As such, our Directors consider that the terms of the Vehicle Rental Services Agreement have been negotiated on an arm's length basis and are on normal commercial terms, and the transactions contemplated thereunder and the annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps under the Vehicle Rental Service Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Vehicle Rental Service Agreement constitute continuing connected transactions for our Company which will be subject to reporting, announcement and annual review requirements, but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. RENTAL-RELATED AGREEMENT

Principal Terms

On [●], our Company (for itself and on behalf of its subsidiaries) entered into a rental-related service framework agreement (the "**Rental-related Agreement**") with CTG (for itself and on behalf of its subsidiaries and affiliates), pursuant to which our Company or any of our subsidiaries have agreed to lease commercial premises, such as office and shop properties, owned by us and provide related property management services (collectively, the "**Rental-related Services**") to CTG Group, and to receive relevant rental income and management fee for a term commencing from the [REDACTED] to [December 31, 2028] (both days inclusive). Subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations, the Rental-related Agreement may be renewed from time to time as the parties may mutually agree.

Pricing Basis

Our Company or any of its subsidiaries shall enter into separate written agreements with CTG or any of its subsidiaries and affiliates regarding the Rental-related Services for each property. The rental income from the Rental-related Agreement will be determined through a pricing mechanism with reference to the location, size, nature, usage and conditions of the property and the prevailing market rates of comparable properties of similar specifications, size and nature in the vicinity of the property concerned. The management fee from the Rental-related Agreement will be determined after arm's length negotiations taking into account the location, size, conditions of the property, and expected operation costs with reference to market rates

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for similar services. The relevant transactions shall be fair and reasonable and shall be on terms no less favorable to the Group than those offered to Independent Third Parties.

Historical Transaction Amounts

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts of the rental income and management fee from the Rental-related Agreement amounted to approximately HKD11.1 million, HKD8.3 million and HKD6.0 million, respectively. The variation in the historical transaction amounts during the Track Record Period was primarily due to the non-renewal of leases at certain premises by the CTG Group during the relevant period.

Annual Caps

The proposed annual caps of the rental income from the Rental-related Agreement for each of the years ending December 31, 2026, 2027 and 2028 are HKD7.1 million, HKD7.1 million and HKD7.1 million, respectively.

In determining the above proposed annual caps, our Directors have considered (i) the historical transaction amounts; (ii) the terms of existing agreements; and (iii) expected stable demand for the Rental-related Services from the CTG Group with reasonable buffer for increase in transaction amounts.

Reasons for the Transactions

Based on our long-term and close business relationship with the CTG Group, we and the CTG Group support each other’s operations through, among others, the supply of suitable premises and Rental-related Services in return for stable flow of rental income and management fee. Considering the CTG Group’s scale of operations and reputable corporate profile, and that the transactions are conducted during the ordinary course of business and are on normal commercial terms, and the transactions contemplated thereunder and the annual caps are fair and reasonable, our Directors are of the view that the provision of the Rental-related Services to the CTG Group is in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps under the Rental-related Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Rental-related Agreement constitute continuing connected transactions for our Company which will be subject to reporting, announcement and annual review requirements, but exempt from circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

4. FINANCIAL SERVICES AGREEMENT

Principal Terms

On [●], our Company (for itself and on behalf of its subsidiaries) entered into a financial services framework agreement (the “**Financial Services Agreement**”) with CTG Finance Company Limited (“**CTG Finance**”), a subsidiary of CTG established in the PRC, pursuant to which our Company or any of our subsidiaries in the PRC may utilize the financial services provided by CTG Finance (including deposit services, credit line services, entrustment loan services and cross-border cash pooling services) (the “**Financial Services**”) for a term commencing from the [REDACTED] to

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[December 31, 2028] (both days inclusive). Subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations, the Financial Services Agreement may be renewed from time to time as the parties may mutually agree.

Pricing Basis

The deposit interest rates to be offered by CTG Finance to our Group are determined with reference to the prevailing market interest rates and the level of deposit amounts. The interest rates on the loan and credit line services to be offered by CTG Finance to our Group are determined with reference to the prevailing market rates. Our Group will obtain at least two quotations of similar nature and, if applicable, of similar term offered by at least two independent mainstream PRC financial institutions and, if applicable, make reference to the loan prime rate or the benchmark rates promulgated by the People's Bank of China ("PBOC") before entering into any transaction under the Financial Services Agreement. Our Company's finance department will review and approve the deposit interest rates offered to our Group before placing any deposit with CTG Finance. Our Group will only enter into transactions in respect of the Financial Services if the rates offered by CTG Finance are not lower than the benchmark rates promulgated by the PBOC (if any), and no less favorable to our Group than those offered by independent mainstream PRC financial institutions among the quotations obtained.

Historical Deposit Amounts

For the years ended December 31, 2023 and 2024, the historical maximum daily deposit amounts (including interest income) in respect of the Deposit Services provided by CTG Finance to our Group under the Deposit Agreement amounted to approximately RMB22.5 million and RMB48.3 million, respectively. We had only negligible deposit amounts for the year ended December 31, 2025 due to China Travel HK's management decision to prioritize the provision of deposit services by CTG Finance to subsidiaries in the Retained Group in light of the reduced maximum daily deposit amounts available to the China Travel HK Group.

Annual Caps

The proposed maximum daily outstanding balance of deposits (including interest income) under the Financial Services Agreement for each of the years ending December 31, 2026, 2027 and 2028 are RMB50.0 million, RMB50.0 million and RMB50.0 million, respectively. The proposed maximum annual interest receivable under the Financial Services Agreement for each of the years ending December 31, 2026, 2027 and 2028 is RMB0.7 million, RMB0.9 million and RMB0.9 million, respectively.

In arriving at the above proposed maximum daily outstanding balance of deposits and maximum annual interest receivable, our Directors have taken into account (i) the funding requirements and treasury policy of our Group; and (ii) the amounts of deposits historically placed by our Group with CTG Finance and other independent commercial banks in the PRC. Our Group utilizes the services of CTG Finance on a voluntary and non-exclusive basis and may engage financial services from other financial institutions when our Group considers appropriate. Having regard to the stable estimated funding requirements in 2026 to 2028, our Company has decided to successively apply its past practice with reference to the amounts of deposits historically placed by our Group with other independent commercial banks and those with CTG Finance.

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Reasons for the Transactions

CTG Finance is a licensed non-bank financial institution authorized to conduct operation approved by the National Administration of Financial Regulation and is authorized to provide various kinds of financial services to CTG and its member companies, including our Group. We expect to benefit from CTG Finance's understanding of the Group's operations which should render more expedient and efficient services than other commercial banks in the PRC, and to earn a more favorable interest income from CTG Finance, compared with any Independent Third Party financial institution for providing services of similar nature and of similar term, thereby optimizing the use of our idle funds in the PRC. Our Directors consider that the terms were negotiated on an arm's length basis and entered into in the ordinary and usual course of the business of our Group and on normal commercial terms, and the transactions contemplated thereunder (including the maximum daily outstanding balance of deposits) are fair and reasonable and in the interests of our Company and Shareholders as a whole.

Listing Rules Implications

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps under the Financial Services Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Financial Services Agreement constitute continuing connected transactions for our Company which will be subject to reporting, announcement, and annual review requirements, but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. HOTEL MANAGEMENT ENTRUSTMENT AGREEMENTS

Principal Terms

On [●], our Company (for itself and on behalf of its subsidiaries) entered into a set of hotel management entrustment agreements (the "**Hotel Management Entrustment Agreements**") with CTG (for itself and on behalf of its subsidiaries), pursuant to which the CTG Group entrusted the exclusive management of two hotels in Hong Kong, namely The Kimberley Hotel and Kew Green Hotel Mongkok (the "**Hong Kong Hotels**") to our Group, and our Group likewise entrusted the exclusive operation and management of hotel in Beijing, namely the Beijing Guang'anmen Grand Metropark Hotel (the "**Beijing Hotel**"), to the CTG Group for a term commencing from the [REDACTED] to [December 31, 2028] (both days inclusive) as a measure to mitigate the potential competition of our hotel operations business with that of the CTG Group. Subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations, the Hotel Management Entrustment Agreements may be renewed from time to time as the parties may mutually agree.

Pricing Basis

The service fees payable to our Group by the CTG Group for the operation and management of the Hong Kong Hotels consist of (i) a basic management fee payable on a monthly basis equivalent to an amount representing 1.5% of the total revenue of the relevant month; and (ii) an incentive management fee payable on a yearly basis equivalent to an amount representing 5% of the operating gross profit of the relevant year. The service fees payable by our Group to the CTG Group for the operation and management of the Beijing Hotel consist of (i) a basic management fee payable on a monthly basis equivalent to an amount representing 2.5% of the total revenue of the relevant month; and (ii) an incentive management fee payable on a yearly basis

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equivalent to an amount representing 7% of the operating gross profit of the relevant year. The service fees were determined through a pricing mechanism with reference to prevailing market rates for similar services. Such pricing terms were negotiated between the parties on arm's length basis and shall be conducted on normal commercial terms which are no less favorable to prevailing market rates chargeable by Independent Third Parties for the provision of similar services.

Historical Transaction Amounts

During the Track Record Period, our Group did not have transactions of such nature in respect of the Hong Kong Hotels and the Beijing Hotel.

Annual Caps

The proposed annual caps of the service fees chargeable by our Group to CTG Group as contemplated under the Hotel Management Entrustment Agreements for each of the years ending December 31, 2026, 2027 and 2028 are HKD10.5 million, HKD10.5 million and HKD10.5 million, respectively. The proposed annual caps of the service fees payable by our Group to CTG Group as contemplated under the Hotel Management Entrustment Agreements for each of the years ending December 31, 2026, 2027 and 2028 are RMB9.0 million, RMB9.0 million and RMB9.0 million, respectively.

In arriving at the above proposed annual caps, our Directors have taken into account (i) the historical amounts of revenue and operating gross profit of each of the Hong Kong Hotels and the Beijing Hotel; (ii) the expected growth in the financial performance of each of the Hong Kong Hotels and the Beijing Hotel; and (iii) a reasonable buffer for the increase in demand for hotel rooms at the Hong Kong Hotels and the Beijing Hotel.

Reasons for the Transactions

The entering into of the Hotel Management Entrustment Agreements serves to align the economic interest of our Group and the CTG Group, both of which have hotel operations business in Hong Kong and Beijing, and mitigate any potential competition between them. For details, see "Relationship with Controlling Shareholders – Independence from our Controlling Shareholders and the Retained Group – Clear delineation of business – Delineation from the CTG Group." Our Directors consider that the terms of the Hotel Management Entrustment Agreements were negotiated on an arm's length basis and entered into in the ordinary and usual course of the business of our Group and on normal commercial terms, and the transactions contemplated thereunder (including the proposed annual caps) are fair and reasonable and in the interests of our Company and Shareholders as a whole.

Listing Rules Implications

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps under the Hotel Management Entrustment Agreements in aggregate is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Hotel Management Entrustment Agreements constitute continuing connected transactions for our Company which will be subject to reporting, announcement, and annual review requirements, but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. FERRY BUSINESS MANAGEMENT AGREEMENT

As part of the consolidation of our cross-border passenger transportation operations with Shun Tak Holdings Limited (“**Shun Tak Holdings**”, and its subsidiaries and associates, the “**Shun Tak Group**”) into Shun Tak-China Travel Shipping Investments Limited (“**Shun Tak-China Travel**”), our non-wholly-owned subsidiary, in 2020, Shun Tak-China Travel has appointed a subsidiary of Shun Tak Holdings (the “**Manager**”) for the management of the cross-border ferry services under the Shun Tak-China Travel structure, with the latest term being up to July 15, 2027, which may be further renewed as the parties may mutually agree. The management fee payable by Shun Tak-China Travel to the Manager is the higher of (i) 1% of the turnover of Shun Tak-China Travel and its subsidiaries and associated companies and (ii) HKD8,400,000 per financial year.

Our Directors consider that the management services provided to Shun Tak-China Travel are necessary to our Group’s operations considering the status of consolidation of cross-border passenger transportation services with Shun Tak Holdings and are beneficial to the interests of our Company and Shareholders as a whole.

Since all of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the transactions under the Ferry Business Management Agreement during the Track Record Period are less than 1% on an annual basis, and upon [REDACTED], the transactions under the Ferry Business Management Agreement constitute continuing connected transactions for our Company only because they involve connected persons at the subsidiary level, they will qualify as *de minimis* transactions and be fully exempt from reporting, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

2. SHAREHOLDERS’ LOANS FROM SHUN TAK HOLDINGS

Pursuant to the joint venture agreement relating to Shun Tak – China Travel dated July 16, 2020 (the “**Joint Venture Agreement**”), shareholders of Shun Tak – China Travel (namely, our Company and Shun Tak Holdings) may decide whether to provide, or to procure any member of their respective groups to provide, loans on a basis equivalent to unsecured bank financing with the rate of interest and other terms decided by the board of directors of Shun Tak – China Travel, or guarantees or other support so as to enable Shun Tak – China Travel and its subsidiaries to obtain the requisite funding in proportion to their interests in Shun Tak – China Travel and on a several basis.

Since the shareholders’ loans under the Joint Venture Agreement amount to financial assistance by a connected person for the benefit of our Group, which are on normal commercial terms or better, and such loans are not secured by the assets of our Group, pursuant to Rule 14A.90 of the Listing Rules they are fully exempt from reporting, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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WAIVER APPLICATION FOR NON-EXEMPT AND PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Upon [REDACTED], the transactions under the Travel Permit Administration Services Agreements will constitute continuing connected transactions which are subject to reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, and the transactions under the Entrusted Procurement Agency and Ancillary Services Agreement, Vehicle Rental Service Agreement, Rental-related Agreement, Financial Services Agreement and Hotel Management Entrustment Agreements will constitute continuing connected transactions subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As the above continuing connected transactions are expected to continue on a recurring and continuing basis and have been fully disclosed in this document, our Directors consider that strict compliance with the above announcement and/or independent Shareholders' approval requirements would be impractical, and this would also incur unnecessary administrative costs to us and would be unduly burdensome to our Group.

Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], waivers to us from strict compliance with the announcement and/or independent shareholders' approval requirements in respect of the above transactions. Apart from the above requirements from which waivers have been sought, we will comply with the relevant requirements under Chapter 14A of the Listing Rules upon [REDACTED].

INTERNAL CONTROL MEASURES FOR CONTINUING CONNECTED TRANSACTIONS

To safeguard the interests of our Company and Shareholders as a whole, including the minority Shareholders, we will put in place certain internal approval and monitoring procedures relating to the proposed connected transactions contemplated under the agreements mentioned above, which include the following:

- (i) our Company will report the continuing connected transactions described above to the independent non-executive Directors during each of the Audit Committee meetings (if necessary) according to the Audit Committee meeting agenda. Our Company shall ensure that such kind of reporting shall be conducted not less than two times in a year;
- (ii) the finance department of our Company will review the transactions with our connected persons to identify any continuing connected transaction that may be at risk of exceeding the annual caps, and any measures to be taken in respect of such connected transaction. Our Group has established a series of measures and policies to ensure that the continuing connected transactions will be conducted in accordance with the terms of the agreements of the continuing connected transactions described above. Our Group's business department will conduct random internal checks on a quarterly basis to ensure that the internal control measures in respect of the continuing connected transactions remain complete and effective and the requirements under the Listing Rules are being complied with;
- (iii) our Group will monitor the payment from our connected persons on a monthly basis to ensure that the payment and the timing of payment are in line with the pricing basis and payment terms set out in the agreements of the continuing connected transactions described above;

CONTINUING CONNECTED TRANSACTIONS

- (iv) Our connected persons abovementioned shall provide such assistance as necessary to our Group so as to allow our Group to comply with its internal control procedures and the requirements under the Listing Rules, including but not limited to providing financial and other data and/or documents within a reasonable timeframe, giving written or verbal explanations to queries raised by our Group and issue explanatory notes for certain facts or circumstances;
- (v) the continuing connected transactions described above will be reviewed by the independent non-executive Directors every year and reported in the annual report of our Company which provides a check and balance to ensure that the continuing connected transactions described above were conducted in accordance with the terms of the agreements of the continuing connected transactions described above, on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole, and the internal control procedures put in place by our Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policy set out in the agreements of the continuing connected transactions described above; and
- (vi) the auditors of our Company will conduct annual review on the pricing and the annual caps of the transactions contemplated under the agreements of the continuing connected transactions described above.

DIRECTORS' CONFIRMATION

Our Directors are of the view that (i) all the continuing connected transactions described above have been and will be entered into in the ordinary and usual course of our business and on normal commercial terms or better and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps under the continuing connected transactions described above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

SOLE SPONSOR'S CONFIRMATION

Based on the due diligence with our Company performed by the Sole Sponsor, including the review of the documents, information and data provided by our Company, and having considered the view of the Directors as set out above, the Sole Sponsor is of the view that (i) the aforesaid continuing connected transactions for which waivers have been sought have been and will be entered into in the ordinary and usual course of business of our Company on normal commercial terms or better, that are fair and reasonable, and are in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps under the continuing connected transactions described above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.