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The following discussion and analysis should be read in conjunction with our combined financial statements included in “Appendix I—Accountants’ Report” together with the accompanying notes. Our combined financial statements have been prepared in accordance with HKFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in “Risk Factors” and “Forward-Looking Statements” and elsewhere in this document.

OVERVIEW

Building on our subsidiary’s service history dating back to 1954, we have grown into a leading integrated travel services provider with a strategic focus on the Greater Bay Area. We operate an integrated cross-boundary passenger transportation platform in the Greater Bay Area spanning maritime and road networks. Our cross-boundary transportation services are offered under two principal cross-boundary transportation brands: “TurboJET” and “CTS Bus.” TurboJET operates Hong Kong-Macao ferry routes and had 22 licensed vessels as of December 31, 2025. CTS Bus primarily operates cross-boundary road passenger transportation services. Our fleet included 221 large coaches and 44 business vehicles as of December 31, 2025, providing route coverage across Hong Kong, Macao and nine other cities in the Greater Bay Area. In addition, we operate a portfolio of three hotel brands, Metropark (維景), Kew Green (睿景) and Green Residence (柏景軒), with differentiated positioning. Our hotels are located in major commercial districts and key tourism areas in Hong Kong, Macao and Beijing. As of December 31, 2023, 2024 and 2025, we operated six, eight and eight hotels, respectively, with a total of 1,917, 2,563 and 2,563 guest rooms, respectively. These hotels are positioned as business-oriented and chain-style properties targeting mid- to upper-tier customers. We also provide travel-document administration services in Hong Kong as appointed by CTS (Holdings), with a view to enhancing public convenience.

We have delivered consistently stable revenue levels and maintained profitability throughout the Track Record Period. In 2023, 2024 and 2025, our total revenue was HKD2,191.1 million, HKD2,241.9 million and HKD2,197.8 million, respectively.

BASIS OF PRESENTATION AND PREPARATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on September 12, 2025 and became the holding company of our Group after the Spin-off Reorganization. For details, please see “History and Development—The Spin-off Reorganization”. Prior to the Spin-off Reorganization, the passenger transportation operations, hotel operations and travel-document and related services (the “**Spin-off Business**”) were mainly carried out by the subsidiaries of China Travel HK. Upon completion of the Spin-off Reorganization on May 13, 2026, our Company held and obtained control over the Spin-off Business. For detail of the basis of presentation and

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preparation and the Spin-off Reorganization, please see “History and Development—The Spin-off Reorganization” and Notes 2.1 and 2.2 to the Accountants’ Report included in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Growth in China’s Overall Economy and Travel Industry

Our results of operations have been, and are expected to continue to be, influenced by the performance of China’s overall economy and travel industry. According to Frost & Sullivan, China’s nominal GDP increased from RMB104.2 trillion in 2020 to RMB140.2 trillion in 2025, and is projected to reach RMB180.0 trillion in 2030, and the total domestic travel expenditure of China’s residents increased from RMB2.2 trillion in 2020 to approximately RMB6.8 trillion in 2025, and is projected to reach approximately RMB14.4 trillion in 2030. We expect to continue to benefit from this growth. However, any slowdown, disruptions or other adverse developments in China’s economy and travel industry could negatively affect our results of operations.

We have also benefited from the increasing internet penetration and online adoption within China’s travel market. Greater online usage has enabled us to reach a broader customer base through online booking platforms, informational webpages, and digital customer service channels, allowing us to offer more comprehensive and convenient services. Furthermore, through marketing initiatives and cooperation with other online travel agencies, we can promote our service offerings at a scale to prospective customers. Accordingly, we believe that our ability to achieve meaningful revenue growth depends on our continued success in attracting and retaining customers through online channels, alongside our traditional offline channels.

Tailwinds from China’s State-Level and Regional-Level Pro-Tourism Policy Initiatives

Our results of operations are significantly influenced by the development of the tourism industry and the policy environment governing tourism and related sectors. Policy support at both the national and regional levels has shaped travel flows and tourism consumption patterns, which in turn affect demand for passenger travel, travel documentation services and hotel-related services.

National Level Policies

At the national level, China’s tourism industry has received sustained, policy-backed support for more than a decade. Most notably, the national 14th Five-Year Plan included a dedicated Tourism Development Plan (《“十四五”旅遊業發展規劃》) to guide the industry’s development. Looking ahead, the 15th Five-Year Plan emphasizes deeper integration of culture and tourism and the goal of building China into a “leading tourism nation.”

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Against this policy backdrop, the tourism market in China has expanded in recent periods. For instance, the number of China’s domestic tourist trips increased from 2.9 billion in 2020 to approximately 6.3 billion in 2025, and the total domestic travel expenditure of China’s residents increased from RMB2.2 trillion in 2020 to approximately RMB6.8 trillion in 2025. These macro trends have provided supportive market conditions for demand growth in transportation and accommodation, which are core pillars of our business.

Regional Level Policies

At the regional level, the Guangdong-Hong Kong-Macao Greater Bay Area has been a key focus of policy initiatives aimed at strengthening cross-boundary mobility and promoting integrated cultural and tourism development. In this context, the Outline Development Plan for Cultural and Tourism Development in the Guangdong-Hong Kong-Macao Greater Bay Area (《粵港澳大灣區文化和旅遊發展規劃》), or the Outline, explicitly identifies the enhancement of transportation and infrastructure connectivity within the region as a key policy objective. Additionally, amendments to the Mainland and Hong Kong Closer Economic Partnership Arrangement (《內地與香港關於建立更緊密經貿關係的安排》) further optimize the 144-hour visa-free policy for inbound foreign tour groups entering the Pearl River Delta and Shantou via Hong Kong, including an expanded list of eligible ports of entry and permitted areas of stay.

The Hong Kong and Macao governments have emphasized tourism development and introduced policies that support the cross-boundary transportation services industry. In 2025, the Hong Kong government released the Hong Kong Tourism Industry Development Blueprint 2.0, or the Blueprint, and the “Tourism is Everywhere” initiative, to position Hong Kong as an international urban tourism hub and a “multi-destination” travel model. Macao is also enhancing its efforts to expand non-gaming offerings and develop culture- and creative-themed hotels.

These national and regional policy initiatives have been material contextual factors supporting the expansion of the travel and tourism sector and, in turn, have created conditions under which our business has scaled to its current level. The extent to which these supportive conditions will persist may depend on ongoing policy priorities and implementation, the evolution of cross-boundary travel arrangements, and broader macroeconomic and industry dynamics.

Cost of Sales Significantly Impacts Results of Operations

Our cost of sales includes employee costs, fuel costs, depreciation expenses, supplies and consumables, maintenance and repair costs, and other direct costs. When these costs rise faster than pricing, utilization, or mix improvements, gross profit and gross margin decline. Our cost of sales increased from HKD1,385.2 million in 2023 to HKD1,493.2 million in 2024, and further to HKD1,573.9 million in 2025. Notwithstanding that our revenue remained relatively stable during these periods, increasing cost of sales resulted in our gross margin decreasing from 36.8% in 2023 to 33.4% in 2024 and to 28.4% in 2025.

Looking ahead, our results will depend on how these costs move relative to revenue. We aim to limit cost pressure through productivity initiatives, technology to improve operations, strategic procurement, active lease and contract management, and disciplined capital and maintenance planning. However, if cost growth outpaces revenue growth, margins may continue to compress.

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Competition

We face competition across our business streams. Competitors range from large integrated platforms to niche service providers, as well as traditional offline operators and emerging digital entrants. To address intensifying competition, we have made, and expect to continue to make, significant investments in our service infrastructure, including periodic hotel renovations and upgrades and ongoing improvements to our online service platforms, and expanded sales and marketing efforts that include broadening customer acquisition channels. These investments may constrain our financial resources. Increasing competition could also require us to offer products and services at more competitive prices to attract more users, which could reduce our revenue and compress our profit margins.

For a more detailed illustration of the competitive landscape in China's travel industry, please refer to the "Industry Overview" section.

Operational Efficiency

Our results of operations have been, and will continue to be, affected by our ability to improve operational efficiency. We enhance efficiency by adopting new technologies, optimizing internal processes, and streamlining workflows across functions. During the Track Record Period, we sought to improve operational efficiency through digital operations, process optimization and centralized management. For our passenger transportation business, we promoted online and mobile ticketing, WeChat ticket purchases, paperless tickets and QR-code boarding, and adopted intelligent dispatching systems to better match capacity with passenger demand and improve fleet utilization. For our hotel operations, we implemented revenue management and distribution initiatives, including dynamic pricing, customer analytics and an omni-channel distribution strategy, to optimize room inventory allocation and improve sales efficiency. We also enhanced efficiency through centralized procurement, standardized operating procedures and internal staffing allocation. However, there can be no assurance that these initiatives can be successfully implemented or can deliver the anticipated efficiency gains.

Customer Base and Product and Service Offerings

We have a large, growing customer base that has supported our business expansion. Growth has been driven by favorable national- and regional-level pro-tourism policy initiatives, and by the increasing breadth and diversity of our services and products. These factors have helped us attract more customers, diversify revenue channels, and strengthen our position in the markets. As we expect to continue to generate a substantial majority of revenue from offering travel services and products, including passenger transportation, hotels, and travel-document administration services, our results of operations will depend on our ability to retain existing customers and attract new ones.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. We applied the accounting estimates throughout the Track Record Period, and we do not foresee any changes in the near future. We set forth below those accounting policies and estimates that we believe involve the most significant estimates and judgments used in the preparation of our financial statements. For details, see Note 3 to the Accountants' Report in Appendix I to this document.

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Estimation of Fair Value of Investment Properties

In the absence of current prices in an active market for similar properties, we consider information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amounts of investment properties in 2023, 2024 and 2025 were HKD3,312.5 million, HKD3,097.5 million and HKD2,918.3 million, respectively.

Impairment of Non-Financial Assets (Including Goodwill)

At the end of each year during the Track Record Period, we perform an impairment assessment of non-financial assets if necessary.

Judgement by our management and estimation is required in the area of asset impairment, particularly in assessing whether (a) an event has occurred that may affect asset value; (b) the carrying value of an asset can be supported by the net present value of future cash flows from the asset using estimated cash flow projections or fair value less costs of disposal of the asset; and (c) the cash flow is discounted using an appropriate rate. Changing the assumptions selected by management could significantly affect our reported financial position and results of operations.

We perform impairment assessment by adopting the value in use model or fair value model which calculated the recoverable amount based on the lowest cash generating unit to which the asset belongs. If the recoverable amount is lower than the carrying values of the assets, an impairment loss is recognized as an expense in the combined income statement.

Based on the impairment assessment performed by the management, our Directors are of the opinion that there was no impairment of our non-financial assets in 2023, 2024 and 2025.

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DESCRIPTION OF SELECTED COMPONENTS OF COMBINED INCOME STATEMENTS

The following table sets forth a summary of our combined income statements for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(HKD in thousands, except percentages)</i>					
Revenue	2,191,133	100.0	2,241,940	100.0	2,197,836	100.0
Cost of sales	(1,385,156)	(63.2)	(1,493,198)	(66.6)	(1,573,853)	(71.6)
Gross profit	805,977	36.8	748,742	33.4	623,983	28.4
Other income and gains, net	85,307	3.9	83,871	3.7	74,497	3.4
Fair value loss of investment properties	(21,500)	(1.0)	(206,701)	(9.2)	(182,270)	(8.3)
Selling and distribution costs	(64,096)	(2.9)	(67,901)	(3.0)	(67,949)	(3.1)
Administrative expenses	(256,409)	(11.7)	(259,563)	(11.6)	(273,480)	(12.4)
Operating profit	549,279	25.1	298,448	13.3	174,781	8.0
Finance income	19,137	0.9	12,369	0.6	7,950	0.4
Finance costs	(30,967)	(1.4)	(51,451)	(2.3)	(38,694)	(1.8)
Finance costs, net	(11,830)	(0.5)	(39,082)	(1.7)	(30,744)	(1.4)
Share of profits and losses of:						
– associates	33,916	1.5	46,664	2.1	48,137	2.2
– joint ventures	(3,559)	(0.2)	(2,349)	(0.1)	4,087	0.2
Profit before taxation	567,806	25.9	303,681	13.6	196,261	9.0
Tax expense	(88,521)	(4.0)	(109,595)	(5.0)	(78,779)	(3.6)
Profit for the year	479,285	21.9	194,086	8.6	117,482	5.4
Attributable to:						
Equity owners of the Company	486,377	22.2	207,258	9.2	133,853	6.1
Non-controlling interests	(7,092)	(0.3)	(13,172)	(0.6)	(16,371)	(0.7)
Profit for the year	479,285	21.9	194,086	8.6	117,482	5.4

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Revenue

During the Track Record Period, we generated revenue primarily from three business segments: (i) passenger transportation; (ii) hotel operations; and (iii) travel-document and related services. The following table sets forth a breakdown in our revenue by business segment, in an absolute amount and as a percentage of our total revenue, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(HKD in thousands, except percentages)</i>					
Passenger transportation	988,709	45.1	1,053,414	47.0	1,006,799	45.8
Hotel operations	694,585	31.7	820,624	36.6	887,547	40.4
Travel-document and related services	474,250	21.6	343,928	15.3	279,580	12.7
Corporate and others ⁽¹⁾	33,589	1.6	23,974	1.1	23,910	1.1
Total	2,191,133	100.0	2,241,940	100.0	2,197,836	100.0

Note:

- (1) We hold certain investment properties and earn rental from third-party tenants. See “Business—Corporate and Other Operations” for details.

Passenger Transportation

We generated most of our revenue from cross-boundary bus connecting Hong Kong and Macao with Chinese Mainland cities in the Greater Bay Area and ferry services connecting major ports in Hong Kong, Macao and Shenzhen. We also earned a small portion of revenue from local passenger transportation in Hong Kong, Zhuhai and Shenzhen. Our primary customers are leisure, business and frequent cross-boundary travelers.

The following table sets out a breakdown of our revenue from passenger transportation by service nature, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(HKD in thousands, except percentages)</i>					
Ferry transportation	679,581	68.7	651,677	61.9	542,320	53.9
Bus transportation	309,128	31.3	401,737	38.1	464,479	46.1
Cross-boundary bus services	282,094	28.5	378,381	35.9	398,531	39.6
Local passenger transportation services	11,550	1.2	5,783	0.5	31,664	3.1
Others ⁽¹⁾	15,484	1.6	17,573	1.7	34,284	3.4
Total	988,709	100.0	1,053,414	100.0	1,006,799	100.0

Note:

- (1) Primarily included revenue generated from local tour services and bus advertising services.

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Hotel Operations

We generate revenue from hotel operations, primarily through guestroom rentals, complemented by on-site food and beverage sales and ancillary services such as laundry services, car parking services, as well as meeting and conference facilities and banquet services.

The table below sets forth a breakdown of our revenue from hotel operations by service nature, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(HKD in thousands, except percentages)</i>					
Room rental	471,141	67.8	580,940	70.8	649,921	73.2
Food and beverage	93,489	13.5	96,833	11.8	94,213	10.6
Ancillary services	129,955	18.7	142,851	17.4	143,413	16.2
Total	694,585	100.0	820,624	100.0	887,547	100.0

Occupancy rate and ADR are our core room revenue metrics: occupancy rate measures the proportion of available rooms sold over a period, and ADR represents the average room revenue per room sold during the period. RevPAR combines these measures, calculated as occupancy rate multiplied by ADR, to indicate revenue performance per available room. Our occupancy rate and ADR, and therefore RevPAR, are affected by hotel location, the scope and quality of our services, pricing and promotional strategies, the effectiveness of sales, brand marketing, and distribution channel management, reservation management, seasonality and events as well as our response to competitive conditions. The following table sets forth certain performance indicators of our hotels in operation, including number of guest rooms, occupancy rates, ADR and RevPAR, for the years indicated:

	Year ended/As of December 31,		
	2023	2024	2025
Number of guest rooms	1,917	2,563	2,563
Occupancy rate	94.3%	90.8%	94.5%
ADR (HKD)	733.1	728.6	740.3
RevPAR (HKD)	691.1	661.5	699.6

Travel-document and Related Services

We generate revenue from providing travel-document administration services. We provide these services in Hong Kong under an arrangement with CTS (Holdings). Under this arrangement, we receive an agency fee from CTS (Holdings). In addition, to a limited extent, we provide related services to relevant government agencies and institutional clients. See "Business—Travel-Document and Related Services" for details. In 2023, 2024 and 2025, our revenue generated from travel-document and related services amounted to HKD474.3 million, HKD343.9 million and HKD279.6 million, respectively, representing 21.6%, 15.3% and 12.7%, respectively, of our total revenue.

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Revenue by Geographic Location

During the Track Record Period, we generated revenue from Hong Kong, Macao and Chinese Mainland, with Hong Kong as our principal market. Our revenue from Hong Kong was primarily derived from passenger transportation, hotel operations and travel-document and related services while our revenue from Macao and Chinese Mainland was primarily derived from hotel operations. The following table sets out a breakdown of our revenue by geographical location, in an absolute amount and as a percentage of our total revenue, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(HKD in thousands, except percentages)</i>					
Hong Kong	1,927,259	88.0	1,974,581	88.1	1,944,572	88.5
Chinese Mainland and Macao	263,874	12.0	267,359	11.9	253,264	11.5
Total	<u>2,191,133</u>	<u>100.0</u>	<u>2,241,940</u>	<u>100.0</u>	<u>2,197,836</u>	<u>100.0</u>

Cost of Sales

Our cost of sales primarily consisted of (i) employee costs, primarily representing payroll and related expenses for our employees engaged in our services; (ii) fuel costs, primarily attributable to the operation of transportation vessels, vehicles and related facilities; (iii) depreciation expenses, primarily related to hotel properties, vessels, vehicles and related operating equipment; (iv) supplies and consumables, primarily representing costs incurred for the procurement of hotel consumables, food and beverage supplies used in our hotel operations, card materials for travel-document and related services, and supplies such as food and beverage and spare parts for vehicles and vessels for the passenger transportation services; (v) maintenance and repair costs primarily representing maintenance, repair and inspection costs for our vessels, vehicles, hotel properties, equipment and other operating facilities; (vi) vehicle leasing costs for certain transportation vehicles used to provide supplementary transportation services; (vii) commissions paid to agencies and business partners for room bookings and ticket reservations; and (viii) bridge, toll, parking, license and insurance costs in connection with our passenger transportation.

The following table sets forth a breakdown of our cost of sales by nature in an absolute amount and as a percentage of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(HKD in thousands, except percentages)</i>					
Employee costs	518,550	37.4	558,014	37.4	603,533	38.3
Fuel costs	250,733	18.1	258,966	17.3	236,410	15.0
Depreciation expenses	206,081	14.9	251,989	16.9	251,871	16.0
Supplies and consumables	156,307	11.3	152,727	10.2	144,476	9.2
Maintenance and repair costs	138,650	10.0	120,321	8.1	126,133	8.0
Vehicle leasing costs	26,878	1.9	58,052	3.9	107,473	6.8
Commission	34,447	2.5	42,292	2.8	44,612	2.8
Bridge, toll, parking fee, license fees and insurance costs	34,434	2.5	40,219	2.7	44,832	2.8
Others ⁽¹⁾	19,076	1.4	10,618	0.7	14,513	1.1
Total	<u>1,385,156</u>	<u>100.0</u>	<u>1,493,198</u>	<u>100.0</u>	<u>1,573,853</u>	<u>100.0</u>

Note:

(1) Primarily included hotel laundry fees and safety compliance fees for vessels and vehicles.

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Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit amounted to HKD806.0 million, HKD748.7 million and HKD624.0 million, respectively, and our gross profit margin was 36.8%, 33.4% and 28.4%, respectively, primarily reflecting:

- (i) gross profit from passenger transportation operations of HKD114.8 million, HKD81.0 million and HKD35.2 million, respectively, in 2023, 2024 and 2025, and gross profit margins of 11.6%, 7.7% and 3.5%, respectively, for the same years;
- (ii) gross profit from hotel operations of HKD305.3 million, HKD377.0 million and HKD379.8 million, respectively, in 2023, 2024 and 2025, and gross profit margins of 44.0%, 45.9% and 42.8%, respectively, for the same years; and
- (iii) gross profit from travel-document and related services of HKD352.3 million, HKD266.8 million and HKD185.0 million, respectively, in 2023, 2024 and 2025, and gross profit margins of 74.3%, 77.6% and 66.2%, respectively, for the same years. In providing such services, we incurred rental expenses and depreciation of right-of-use assets of HKD21.6 million, HKD25.4 million and HKD25.2 million for the same years, respectively, primarily in relation to the six service centers maintained across Hong Kong to facilitate convenient access to travel-document administration services for the public. These expenses were included in selling and distribution costs and administrative expenses and therefore did not reduce the gross profit of this business segment. This explains why the gross profit margins of our travel-document and related services were higher than those of certain other business segments during the Track Record Period.

Other Income and Gains, Net

Our other income and gains primarily consisted of (i) ferry terminal operation service income, mainly representing income from ancillary services under our ferry transportation business; (ii) net gain or loss on disposal of property, plant and equipment; (iii) other rental income, primarily arising from leasing space to temporary tenants at our hotel properties; (iv) foreign exchange differences arising primarily from the settlement of Renminbi-denominated transactions; (v) government grants, primarily representing subsidies from governmental authorities related to our passenger transportation; and (vi) others, mainly representing gains derived from the sales of attraction tickets and bundled ticket packages. The following table sets forth a breakdown of our other net income and gains for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(HKD in thousands)</i>		
Ferry terminal operation service income	34,014	40,204	37,300
Gain/(loss) on disposal of property, plant and equipment, net	(127)	23,610	939
Other rental income, net	12,723	13,009	13,108
Foreign exchange differences, net	2,701	64	(3,193)
Government grants	3,375	–	1,454
Gain on bargain purchase of a subsidiary	4,819	–	–
Others	27,802	6,984	24,889
Total	85,307	83,871	74,497

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Fair Value Loss of Investment Properties

Our unrealized loss from fair value changes of investment properties primarily represented remeasurement adjustments made to reflect these assets at fair value, primarily driven by changes in market conditions. See Note 14 to the Accountants' Report set out in Appendix I to this document for details. We recognized unrealized loss from fair value changes of investment properties of HKD21.5 million, HKD206.7 million and HKD182.3 million in 2023, 2024 and 2025, respectively. The changes in the fair value losses of our investment properties during the Track Record Period were generally consistent with the prevailing market conditions and transaction evidence for comparable properties in the relevant property markets.

Selling and Distribution Costs

Our selling and distribution costs primarily consisted of (i) depreciation expenses; (ii) employee costs, primarily representing the salaries and welfare expenses for our sales and marketing personnel; (iii) property management expenses, representing property management fees and related expenses incurred for premises used in our travel-document and related services, and corporate and others; (iv) rents and rates incurred for premises leased for our travel-document and related services and corporate and others; (v) advertising and promotion expenses, mainly relating to our brand promotion and marketing campaigns for our hotels; (vi) operating costs for offices and vehicles, primarily representing office expenses, utilities and vehicle-related expenses incurred in connection with our travel-document and related services; and (vii) others, mainly including hospitality expenses, travel expenses and logistics expenses. The following table sets out a breakdown of our selling and distribution costs in an absolute amount and as a percentage of our total selling and distribution costs for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(HKD in thousands, except percentages)</i>					
Depreciation expenses	25,451	39.7	24,371	35.9	24,597	36.2
Employee costs	15,848	24.7	14,875	21.9	17,882	26.3
Property management expenses	3,859	6.0	4,593	6.8	4,653	6.9
Rents and rates	4,857	7.6	5,824	8.6	2,994	4.4
Advertising and promotion expenses	3,514	5.5	5,877	8.6	7,026	10.3
Operating costs for office and vehicles	6,536	10.2	5,155	7.6	5,834	8.6
Others	4,031	6.3	7,206	10.6	4,963	7.3
Total	64,096	100.0	67,901	100.0	67,949	100.0

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee costs, primarily representing the salaries and welfare expenses for our administrative personnel; (ii) depreciation expenses; (iii) rents and rates, representing rental expenses and government rates for premises leased for our hotel operations and travel-document and related services; (iv) administrative fees, mainly representing management fee paid to China Travel HK and Shun Tak Holdings Limited in connection with their designation of management personnel for our ferry and bus transportation business; (v) consulting expenses, mainly comprising

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fees paid to auditors and professional advisers; (vi) expenses relating to IT infrastructure, safety compliance, travel and insurance; (vii) tax, surcharge and bank charges; (viii) donation; and (ix) others, mainly comprising office expenses and hospitality expenses. The following table sets out a breakdown of our administrative expenses in an absolute amount and as a percentage of our total administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(HKD in thousands, except percentages)</i>					
Employee costs	148,715	58.0	144,799	55.8	131,610	48.1
Depreciation expenses	25,140	9.8	23,549	9.1	23,958	8.8
Rents and rates	10,116	3.9	12,738	4.9	11,670	4.3
Administrative fee	9,964	3.9	11,270	4.3	20,529	7.5
Consulting expenses	9,082	3.5	6,955	2.7	9,845	3.6
Expenses relating to IT infrastructure, safety compliance, travel and insurance	11,046	4.3	11,449	4.4	14,940	5.5
Tax, surcharge and bank charges	22,676	8.8	19,972	7.7	20,845	7.6
Donation	–	–	5,770	2.2	11,121	4.1
Provision for impairment of trade and other receivables, net	546	0.2	23	–	5,190	1.9
Others	19,124	7.6	23,038	8.9	23,772	8.6
Total	<u>256,409</u>	<u>100.0</u>	<u>259,563</u>	<u>100.0</u>	<u>273,480</u>	<u>100.0</u>

Finance Income

Our finance income represented interest income from bank deposits. We recorded finance income of HKD19.1 million, HKD12.4 million and HKD8.0 million in 2023, 2024 and 2025, respectively.

Finance Costs

Our finance costs mainly represented interest expenses from lease liabilities, as well as bank and other borrowings. We recorded finance costs of HKD31.0 million, HKD51.5 million and HKD38.7 million in 2023, 2024 and 2025, respectively.

Share of Profits and Losses of Associates

We hold equity interests in eight companies that primarily engage in passenger transportation and travel-related services. For details, see Note 18 to the Accountants' Report in Appendix I to this document. We recorded a share of profits of associates of HKD33.9 million, HKD46.7 million and HKD48.1 million in 2023, 2024 and 2025, respectively.

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Share of Profits and Losses of Joint Ventures

We participate in joint ventures that provide ferry terminal service or coach services. For details, see Note 19 to the Accountants' Report in Appendix I to this document. We recorded a share of losses of joint ventures of HKD3.6 million and HKD2.3 million in 2023 and 2024, respectively, and a share of profits of joint ventures of HKD4.1 million in 2025.

Tax Expense

We recorded tax expense of HKD88.5 million, HKD109.6 million and HKD78.8 million in 2023, 2024 and 2025, respectively. We are subject to income tax on profits arising in or derived from jurisdictions in which our subsidiaries are domiciled or have operations.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for each year of the Track Record Period. Taxes on assessable profits elsewhere have been calculated at the rates of tax prevailing in the jurisdictions where we operate. For details, see Note 10 to the Accountants' Report in Appendix I to this document.

During the Track Record Period and as of the Latest Practicable Date, we did not have any material dispute or unresolved issues with the relevant tax authorities.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue decreased slightly by 2.0% from HKD2,241.9 million in 2024 to HKD2,197.8 million in 2025, primarily due to (i) a decrease of HKD64.3 million in revenue from travel-document and related services; and (ii) a decrease of HKD46.6 million in revenue from passenger transportation, as partially offset by an increase of HKD66.9 million in revenue from hotel operations.

- **Passenger transportation.** Our revenue from passenger transportation decreased slightly from HKD1,053.4 million in 2024 to HKD1,006.8 million in 2025, primarily due to a decrease in revenue from ferry transportation services, mainly due to a further decline in passenger volume for our ferry services following a decrease in 2024 as cross-boundary passenger traffic gradually normalized following the initial post-pandemic recovery, with travelers continuing to have access to alternative of land-based transportation options, including routes via the Hong Kong-Zhuhai-Macao Bridge. Such decrease was partially offset by an increase in revenue from bus transportation as our bus transportation business continued to expand.
- **Hotel operations.** Our revenue from hotel operations increased by 8.2% from HKD820.6 million in 2024 to HKD887.5 million in 2025, primarily attributable to higher ADR at our four existing hotels, as well as the first full-year revenue contributions in 2025 from newly completed hotel and serviced apartment, namely Metropark Hung Hom and Wanchai Green Residence Serviced Apartment. The improvement in ADR was driven by stronger hotel demand resulting from increased visitor arrivals and accommodation needs associated with large-scale events held in Hong Kong in 2025, such as the Guangdong-Hong Kong-Macao Greater Bay Area National Games.
- **Travel-document and related services.** Our revenue generated from travel-document and related services where we mainly act as CTS (Holdings)'s agent and charge an agency fee, decreased by 18.7% from HKD343.9 million in 2024 to HKD279.6 million in 2025, primarily due to a decrease in our agency fee as driven by (i) policy measures effective from July 2025 that waived application

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fees for first-time applicants for Taiwan Compatriot Pass; and (ii) lower application volume in 2025 as demand further normalized following the surge in applications after the resumption of cross-boundary travel following the pandemic.

Cost of Sales

Our cost of sales increased by 5.4% from HKD1,493.2 million in 2024 to HKD1,573.9 million in 2025, primarily due to (i) an increase in employee costs of HKD45.5 million mainly due to an increase in the number of our employees and the upward adjustment of staff salaries; and (ii) an increase in vehicle leasing costs of HKD49.4 million mainly due to increased leasing of vehicles for our cross-boundary passenger transportation operations, as partially offset by (i) a decrease in supplies and consumables of HKD8.3 million mainly due to the decrease in procurement costs incurred for our ferry transportation business, which was generally in line with the decrease in revenue generated from this business segment; and (ii) a decrease in fuel costs of HKD22.6 million, primarily attributable to the more favorable fuel purchase prices obtained from our fuel suppliers.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 16.7% from HKD748.7 million in 2024 to HKD624.0 million in 2025, while our gross profit margin decreased from 33.4% in 2024 to 28.4% in 2025.

- ***Passenger transportation.*** Our gross profit margin for passenger transportation decreased from 7.7% in 2024 to 3.5% in 2025, primarily because revenue from ferry transportation decreased while certain fixed costs, such as depreciation, maintenance and other operating costs, did not decrease proportionately. The decrease was further affected by higher employee costs and vehicle leasing costs incurred to support the increased demand for bus transportation.
- ***Hotel operations.*** Our gross profit margin for hotel operations decreased slightly from 45.9% in 2024 to 42.8% in 2025, primarily due to the increase in operating costs and employee costs following the commencement of operations of one hotel and a serviced apartment.
- ***Travel-document and related services.*** Our gross profit margin for travel-document and related services where we mainly act as CTS (Holdings)'s agent and charge an agency fee, decreased from 77.6% in 2024 to 66.2% in 2025, primarily because revenue from this segment decreased while certain fixed costs, such as employee costs, did not decrease proportionately.

Other Income and Gains, Net

Our other net income and gains decreased by 11.2% from HKD83.9 million in 2024 to HKD74.5 million in 2025, primarily due to a decrease in net gain on disposal of property, plant and equipment from HKD23.6 million to HKD0.9 million mainly because we recorded a relatively higher gain from disposal of certain property, plant and equipment in 2024 primarily attributable to the disposal of two vessels.

Fair Value Loss of Investment Properties

The fair value loss on investment properties decreased by 11.8% from HKD206.7 million in 2024 to HKD182.3 million in 2025, primarily due to changes in fair value assessments of our investment properties, taking into account prevailing market conditions affecting investment properties located in Chinese Mainland, Hong Kong and Macao.

Selling and Distribution Costs

Our selling and distribution costs remained stable at HKD67.9 million in 2024 and 2025, primarily reflecting (i) an increase in employee costs of HKD3.0 million due to the increase in the number of sales staff and the salary adjustment for sales staff for our hotel business; and (ii) an increase in advertising and promotion expenses of HKD1.1 million due

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to promotional activities for the newly launched serviced apartment, namely Wanchai Green Residence Serviced Apartment, as partially offset by a decrease in rents and rates of HKD2.8 million due to the closure of one of our service outlets of the travel-document administration service.

Administrative Expenses

Our administrative expenses increased by 5.4% from HKD259.6 million in 2024 to HKD273.5 million in 2025, primarily due to (i) an increase in administrative fee of HKD9.3 million mainly due to the cessation in 2025 of the 50% management fee concession granted by China Travel HK and Shun Tak Holdings in 2024; (ii) an increase in donation of HKD5.4 million; (iii) an increase in net provision for impairment loss on trade and other receivables of HKD5.2 million mainly arising from the provision made in respect of trade receivables from one major customer; and (iv) an increase in expenses relating to computer systems, safety compliance and insurance, mainly due to the accrual of safety compliance fee in 2025, partially offset by a decrease in employee costs of HKD13.2 million mainly due to a decrease in the number of administrative employees, as we designated certain administrative personnel to a shared service center to conduct centralized management and procurement, with a view to reducing costs and enhancing operational efficiency in our hotel operations.

Finance Income

Our finance income decreased by 35.5% from HKD12.4 million in 2024 to HKD8.0 million in 2025, primarily due to a decrease in interest income from bank deposits due to lower average deposit balances and interest rates in 2025 as compared to 2024.

Finance Costs and Finance Costs, Net

Our finance costs decreased by 24.9% from HKD51.5 million in 2024 to HKD38.7 million in 2025. Accordingly, our net finance costs decreased by 21.4% from HKD39.1 million in 2024 to HKD30.7 million in 2025. The decrease was primarily due to lower interest expenses arising from reduced average bank and other borrowings and lower interest rate level from 2024 to 2025.

Share of Profits and Losses of Associates

Our share of profits from associates increased by 3.0% from HKD46.7 million in 2024 to HKD48.1 million in 2025, primarily due to improved operating performance of associates.

Share of Profits and Losses of Joint Ventures

Our share of profits from joint ventures amounted to HKD4.1 million in 2025, compared to a share of losses of HKD2.3 million in 2024, primarily due to improvement in operating performance of certain joint ventures.

Tax Expense

Our tax expense amounted to HKD109.6 million and HKD78.8 million in 2024 and 2025, respectively.

Profit for the Year

As a result of the above, our profit for the year amounted to HKD194.1 million and HKD117.5 million in 2024 and 2025, respectively.

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Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased slightly by 2.3% from HKD2,191.1 million in 2023 to HKD2,241.9 million in 2024, primarily due to (i) an increase of HKD126.0 million in revenue from hotel operations; and (ii) an increase of HKD64.7 million in revenue from passenger transportation, as partially offset by a decrease of HKD130.3 million in revenue from travel-document and related services.

- ***Passenger transportation.*** Our revenue from passenger transportation operations increased by 6.5% from HKD988.7 million in 2023 to HKD1,053.4 million in 2024, primarily attributable to an increase in revenue from our bus transportation as cross-boundary passenger traffic gradually increased following the easing of COVID-19-related restrictions. Such increase was partially offset by a decrease in revenue from our ferry transportation mainly driven by the decline in passenger volume, which was mainly due to the alternative land-based transportation options available to travelers, including the Hong Kong-Zhuhai-Macao Bridge.
- ***Hotel operations.*** Our revenue from hotel operations increased by 18.1% from HKD694.6 million in 2023 to HKD820.6 million in 2024, primarily attributable to revenue contributions from our newly completed hotel and serviced apartment, namely Metropark Hung Hom and Wanchai Green Residence Serviced Apartment, which commenced operations in May 2024.
- ***Travel-document and related services.*** Our revenue generated from travel-document and related services where we mainly act as CTS (Holdings)'s agent and charge an agency fee, decreased by 27.5% from HKD474.3 million in 2023 to HKD343.9 million in 2024, primarily due to the normalization of demand for travel document application services in 2024 following a post-pandemic surge in applications in 2023 after the lifting of COVID-19-related travel restrictions.

Cost of Sales

Our cost of sales increased by 7.8% from HKD1,385.2 million in 2023 to HKD1,493.2 million in 2024, primarily due to (i) an increase in employee costs of HKD39.5 million due to an increase in the number of our employees and the upward adjustment of staff salaries; (ii) an increase in vehicle leasing costs of HKD31.2 million due to the lease of additional vehicles for our passenger transportation business to meet the increased demand in our cross-boundary bus business; and (iii) an increase in depreciation expenses of HKD45.9 million mainly due to the completion of construction of Metropark Hung Hom.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 7.1% from HKD806.0 million in 2023 to HKD748.7 million in 2024, while our gross profit margin decreased from 36.8% in 2023 to 33.4% in 2024.

- ***Passenger transportation.*** Our gross profit margin for passenger transportation decreased from 11.6% in 2023 to 7.7% in 2024, primarily due to the increase in cost of sales, which was mainly attributable to the lease of additional vehicles and increase in employee costs.
- ***Hotel operations.*** Our gross profit margin for hotel operations increased from 44.0% in 2023 to 45.9% in 2024, primarily attributable to the increase in revenue, coupled with the lower-percentage increase in cost of sales, mainly due to lower depreciation expenses of certain hotels and the bonus adjustment.

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- **Travel-document and related services.** Our gross profit margin for travel-document and related services where we mainly act as CTS (Holdings)'s agent and charge an agency fee, increased from 74.3% in 2023 to 77.6% in 2024, primarily attributable to the decrease in cost of sales as a result of lower temporary staff costs and overtime expenses incurred in 2024 following the normalization of demand of travel document application.

Other Income and Gains, Net

Our other income and gains, net remained relatively stable at HKD85.3 million in 2023 and HKD83.9 million in 2024, reflecting a combined effect of (i) an increase in net gains on disposal of property, plant and equipment, arising from the disposal of two vessels in 2024; and (ii) decreases in net foreign exchange differences and government grants.

Fair Value Loss of Investment Properties

The fair value loss of our investment properties increased significantly by 861.4% from HKD21.5 million in 2023 to HKD206.7 million in 2024, primarily due to changes in fair value assessments of our investment properties, taking into account prevailing market conditions during the year.

Selling and Distribution Costs

Our selling and distribution costs increased by 5.9% from HKD64.1 million in 2023 to HKD67.9 million in 2024, primarily due to (i) an increase in advertising and promotion expenses of HKD2.4 million mainly due to increased marketing and promotional activities carried to promote our services and support customer acquisition for hotel operations and our increased participation in trade fairs and exhibitions; and (ii) an increase in rents and rates of HKD1.0 million mainly due to the lease of additional service outlets for our travel-document and related services.

Administrative Expenses

Our administrative expenses increased slightly by 1.2% from HKD256.4 million in 2023 to HKD259.6 million in 2024, primarily due to (i) an increase in rents and rates of HKD2.6 million mainly due to the lease of additional premises; and (ii) an increase in donation of HKD5.8 million, partially offset by (i) a decrease in employee costs of HKD3.9 million, mainly due to a decrease in variable employee compensation; (ii) a decrease in tax, surcharge and bank charges of HKD2.7 million, mainly due to lower property tax resulting from reduced rental income from our hotel in Beijing and higher stamp duty incurred in 2023 in connection with the acquisition of Green Residence; and (iii) a decrease in consulting expenses of HKD2.1 million mainly because we incurred more consulting fees in connection with certain proposed transactions in 2023.

Finance Income

Our finance income decreased by 35.1% from HKD19.1 million in 2023 to HKD12.4 million in 2024, primarily due to a decrease in interest income from bank deposits due to lower average deposit balances in 2024 as compared to 2023.

Finance Costs and Finance Costs, Net

Our finance costs increased by 66.1% from HKD31.0 million in 2023 to HKD51.5 million in 2024, while our net finance costs increased by 231.4% from HKD11.8 million in 2023 to HKD39.1 million in 2024. The increase was primarily due to higher interest expenses in 2024, as the interest exemption granted by the lender in respect of certain loans in 2023 did not recur in 2024.

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Share of Profits and Losses of Associates

Our share of profits from associates increased by 37.8% from HKD33.9 million in 2023 to HKD46.7 million in 2024, primarily due to improved operating performance of our associates during the year.

Share of Profits and Losses of Joint Ventures

Our share of losses from joint ventures decreased by 36.1% from HKD3.6 million in 2023 to HKD2.3 million in 2024, primarily due to improved results of certain joint ventures.

Tax Expense

Our tax expense amounted to HKD88.5 million and HKD109.6 million in 2023 and 2024, respectively.

Profit for the Year

As a result of the above, our profit for the year amounted to HKD479.3 million and HKD194.1 million in 2023 and 2024, respectively.

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DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE COMBINED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our combined statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(HKD in thousands)</i>		
Non-current assets			
Property, plant and equipment	5,230,210	5,156,799	5,002,140
Investment properties	3,312,483	3,097,458	2,918,329
Goodwill	1,292,923	1,292,923	1,292,923
Other intangible assets	112,734	121,301	121,301
Investments in associates	90,670	133,072	154,946
Investments in joint ventures	25,410	23,061	27,148
Equity investments	903	1,496	3,145
Deposits	1,556	1,351	1,998
Deferred tax assets	114,070	71,731	55,835
Total non-current assets	10,180,959	9,899,192	9,577,765
Current assets			
Inventories	133,497	129,553	118,845
Trade receivables	105,129	102,648	129,737
Deposits, prepayments and other receivables	174,373	144,972	162,922
Amounts due from holding companies	26,821	20,076	14,982
Amounts due from fellow subsidiaries	47,921	61,167	64,314
Pledged and restricted deposits	830	516	533
Cash and bank balances	541,344	508,873	467,890
Total current assets	1,029,915	967,805	959,223
Total Assets	11,210,874	10,866,997	10,536,988
Non-current liabilities			
Deferred income	7,823	2,572	460
Loans from a holding company	493,882	460,882	150,882
Lease liabilities	33,481	54,727	37,350
Other borrowings	183,882	150,882	150,882
Deferred tax liabilities	426,799	414,483	409,370
Total non-current liabilities	1,145,867	1,083,546	748,944
Current liabilities			
Trade payables	81,340	58,871	71,647
Other payables and accruals	507,518	491,633	661,357
Amounts due to holding companies	1,969,067	1,629,727	3,832,285
Amounts due to fellow subsidiaries	26,664	25,586	26,377
Loans from a holding company	204,869	237,869	499,869
Lease liabilities	24,501	35,546	35,811
Tax payables	62,629	32,332	30,458
Bank and other borrowings	327,500	233,000	213,000
Total current liabilities	3,204,088	2,744,564	5,370,804
Total liabilities	4,349,955	3,828,110	6,119,748
Total equity and liabilities	11,210,874	10,866,997	10,536,988

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Property, Plant and Equipment

Our property, plant and equipment consisted of (i) hotel properties; (ii) land and buildings; (iii) construction in progress, which primarily represented construction and renovation of our hotel buildings and complex building; (iv) right-of-use assets; (v) motor vehicles primarily used for our passenger transportation operations; and (vi) other owned fixed assets, which primarily represented office equipment, transportation equipment, furniture, fixtures and office instruments used in our day-to-day operations. The table below sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(HKD in thousands)</i>		
Hotel properties	2,448,256	3,433,675	3,360,780
Land and buildings	1,047,389	1,115,501	1,082,336
Construction in progress	1,001,072	4,231	50,309
Right-of-use assets	65,891	83,062	64,549
Motor vehicles	41,159	36,459	49,905
Other owned fixed assets	626,443	483,871	394,261
Total	5,230,210	5,156,799	5,002,140

Our property, plant and equipment decreased slightly from HKD5,230.2 million as of December 31, 2023 to HKD5,156.8 million as of December 31, 2024, primarily due to depreciation of HKD299.9 million in 2024, partially offset by additions of HKD274.9 million, mainly comprising construction in progress of HK\$150.8 million and right-of-use assets of HKD69.5 million in 2024. Our construction in progress decreased from HKD1,001.1 million as of December 31, 2023 to HKD4.2 million as of December 31, 2024, while our hotel properties increased from HKD2,448.3 million as of December 31, 2023 to HKD3,433.7 million as of December 31, 2024, primarily reflected transfer of relevant construction projects to hotel properties upon completion during the year. Our property, plant and equipment further decreased to HKD5,002.1 million as of December 31, 2025, primarily due to normal depreciation and disposals in the ordinary course of business, partially offset by an increase in construction in progress mainly attributable to the renovation of our complex building and additions of vehicles.

Investment Properties

Our investment properties were held for rental income and capital appreciation and comprised office premises, retail stores, residential flats, a serviced apartment and parking space located in Hong Kong, Macao and Chinese Mainland. The fair value of our investment properties has changed, and may continue to change based on property market conditions in Hong Kong, Macao and Chinese Mainland. Our investment properties decreased from HKD3,312.5 million as of December 31, 2023 to HKD3,097.5 million as of December 31, 2024 and further decreased to HKD2,918.3 million as of December 31, 2025, primarily due to changes in the fair value of our investment properties.

We measured our investment properties at fair value. The investment properties were revalued on December 31, 2024 and 2025 by Jones Lang LaSalle Limited and December 31, 2023 by RHL Appraisal Limited, both of which are independent professionally qualified valuers. For more details on the fair value measurement of properties, see Note 14 to the Accountants' Report included in Appendix I to this document.

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Goodwill

We recorded goodwill of HKD1,292.9 million as of each of December 31, 2023, 2024 and 2025. The carrying amount of goodwill was allocated to cash-generating units ("CGU") for impairment testing, including travel-document and related services and passenger transportation operations. The carrying amount of goodwill allocated to travel-document and related services was HKD1,244.8 million as of each of December 31, 2023, 2024 and 2025 and to passenger transportation was HKD48.1 million as of each of December 31, 2023, 2024 and 2025.

The recoverable amount of the travel-document and related services CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering through 2047 approved by our senior management. The discount rates applied to cash flow projections are 11.0%, 11.0% and 10.0% respectively during the Track Record Period. The recoverable amount of the passenger transportation operations was determined based on fair value less cost of disposal calculation using the replacement cost and market comparison approach performed by an external valuer, which is categorized within Level 3 of the fair value hierarchy at the end of each year of the Track Record Period. For more details, see Note 15 to the Accountants' Report included in Appendix I to this document.

Other Intangible Assets

Our other intangible assets included trademarks, and passenger service licenses and quota. Our other intangible assets increased from HKD112.7 million as of December 31, 2023 to HKD121.3 million as of December 31, 2024, primarily due to addition of passenger service licenses and quota. Our other intangible assets remained stable at HKD121.3 million as of December 31, 2025.

Investments in Associates

Our investments in associates primarily represented our investments in eight companies engaged in passenger transportation-related and other travel-related services. For more details, see Note 18 to the Accountants' Report included in Appendix I to this document.

Our investments in associates increased from HKD90.7 million as of December 31, 2023 to HKD133.1 million as of December 31, 2024 and further to HKD154.9 million as of December 31, 2025, primarily due to our shares of profit and additional investments in our associates during the respective years.

Deferred Tax Assets and Deferred Tax Liabilities

Our deferred tax assets arise when we have tax benefits that are expected to be utilized in future periods, including deductible temporary differences relating to provisions and accruals, depreciation in excess of related depreciation allowance and tax losses. Our deferred tax assets decreased from HKD114.1 million as of December 31, 2023 to HKD71.7 million as of December 31, 2024, and further decreased to HKD55.8 million as of December 31, 2025. The decreases primarily reflected reductions in deferred tax assets relating to tax losses, which decreased from HKD110.7 million as of December 31, 2023 to HKD66.9 million as of December 31, 2024 and further to HKD51.6 million as of December 31, 2025.

Our deferred tax liabilities arise when the tax treatment of certain items differs from their accounting treatment, mainly where tax depreciation allowances exceed the related accounting depreciation, properties are revalued upward for accounting purposes, or fair value adjustments are recognized upon the acquisition of subsidiaries. Our deferred tax

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liabilities decreased from HKD431.6 million as of December 31, 2023 to HKD417.2 million as of December 31, 2024, and further decreased to HKD412.5 million as of December 31, 2025.

Inventories

Our inventories primarily included (i) food and beverages; (ii) fuel; (iii) spare parts and consumables mainly used for our vessels; and (iv) general merchandise. The following table sets forth our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(HKD in thousands)</i>		
Food and beverages	17,760	5,681	4,106
Fuel	3,923	2,273	2,129
Spare parts and consumables	111,283	121,174	112,083
General merchandise	531	425	527
Total	133,497	129,553	118,845

Our inventories decreased from HKD133.5 million as of December 31, 2023 to HKD129.6 million as of December 31, 2024, then decreased to HKD118.8 million in 2025, primarily due to our enhanced cost control and inventory management measures, including maintaining lower inventory levels based on operational needs.

We have adopted disciplined procurement policies and inventory management measures to maintain appropriate inventory levels and improve inventory utilization efficiency. Our inventory turnover days, which are calculated by dividing the average of the beginning and ending inventory balances for the relevant year by the cost of sales for that year and multiplying the result by 365 days, decreased from 36 days in 2023 to 32 days in 2024 and further to 29 days in 2025. The decrease reflected faster inventory turnover during the Track Record Period, primarily as a result of our enhanced cost control and inventory management measures, which enabled us to better align procurement with operational needs.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(HKD in thousands)</i>		
Within 1 year	12,083	11,186	9,747
Over 1 year	121,414	118,367	109,098
Total	133,497	129,553	118,845

As of March 31, 2026, HKD113.8 million, or 95.8% of our inventories outstanding as of December 31, 2025 had been subsequently sold or utilized.

Trade Receivables

Our trade receivables mainly arose from our hotel operations, passenger transportation services and related business activities. The table below sets forth the details of our trade receivables as of the dates indicated:

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	As of December 31,		
	2023	2024	2025
	<i>(HKD in thousands)</i>		
Trade receivables	107,541	104,545	136,946
Less: Loss allowance	(2,412)	(1,897)	(7,209)
Total	105,129	102,648	129,737

Our trade receivables remained relatively stable at HKD105.1 million and HKD102.6 million as of December 31, 2023 and 2024, respectively, and then increased to HKD129.7 million as of December 31, 2025. The increase in 2025 was primarily attributable to the growth of our hotel operations and bus transportation services during the year. We measured the loss allowances for trade receivables at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. As of December 31, 2023, 2024 and 2025, our loss allowance for trade receivables amounted to HKD2.4 million, HKD1.9 million and HKD7.2 million, respectively. The increase in loss allowance in 2025 was primarily due to a full provision made by us in respect of trade receivables from one of our major customers in 2025, to which we provided leasing services during the Track Record Period. Such customer failed to settle the outstanding amounts which were HKD5.3 million as of December 31, 2025 and we commenced legal proceedings against such customer to recover the overdue receivables. Taking into account the aging of the receivables, such customer's settlement status, the status of the legal proceedings and our assessment of the expected recoverability of the outstanding balance, we recognized an impairment provision in respect of such receivables in 2025. Our Directors consider that the impairment provision was adequate and in accordance with our expected credit loss assessment under the applicable accounting standards, and such provision did not have a material adverse impact on our financial position or results of operations.

The table below sets forth the ageing analysis of trade receivables, based on the invoice date and net of loss allowance:

	As of December 31,		
	2023	2024	2025
	<i>(HKD in thousands)</i>		
Within 3 months	40,919	74,349	94,557
Over 3 months to 6 months	34,016	15,436	18,996
Over 6 months to 12 months	28,347	12,863	15,997
Over 1 year to 2 years	1,716	–	187
Over 2 years	131	–	–
Total	105,129	102,648	129,737

We generally grant our customers a credit term of 30 to 90 days from the date of billing. Our trade receivables turnover days, which are calculated as the average of the beginning and ending balance of trade receivables for the year divided by the revenue for that year and multiplied by 365 days, were 12 days, 17 days and 19 days in 2023 and 2024 and 2025, respectively. Our trade receivables turnover days increased from 12 days in 2023 to 17 days in 2024, primarily due to an increase in our average trade receivables balance as our business activities continued to recover after the pandemic. Our trade receivables turnover days remained relatively stable at 17 days in 2024 and 19 days in 2025, reflecting a broadly consistent collection cycle.

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As of March 31, 2026, approximately HKD93.3 million, or 71.9% of our trade receivables as of December 31, 2025, had been settled.

Deposits, Prepayments and Other Receivables

Our deposits, prepayments and other receivables primarily consisted of (i) current deposits, prepayments and other receivables, mainly representing rental, utility and other deposits, and prepayments for consumables used in hotel operations and prepaid tolls, fuel and service fees for our passenger transportation operations; (ii) amounts due from associates, mainly represented balances due from All China Express arising from the lease of vehicles; and (iii) non-current portion of deposits. The table below contains a breakdown of deposits, prepayments and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(HKD in thousands)</i>		
Deposits, prepayments and other receivables	161,889	128,765	153,458
Amounts due from associates	14,040	17,558	11,462
	175,929	146,323	164,920
Less: Non-current portion of deposits	(1,556)	(1,351)	(1,998)
Total	174,373	144,972	162,922

Our deposits, prepayments and other receivables decreased from HKD174.4 million as of December 31, 2023 to HKD145.0 million as of December 31, 2024, primarily attributable to a decrease in receivables related to insurance compensation in connection with our passenger transportation. Our deposits, prepayments and other receivables then increased to HKD162.9 million as of December 31, 2025, mainly reflected higher prepaid tolls and fuel balances for passenger transportation operations, in line with increased operating activity and revenue of our bus transportation services.

Amounts Due from Holding Companies

Amounts due from holding companies represented receivables from holding companies, which were in trade nature. Amounts due from holding companies decreased from HKD26.8 million as of December 31, 2023 to HKD20.1 million as of December 31, 2024, and further decreased to HKD15.0 million as of December 31, 2025, mainly reflecting the fluctuation of transaction amounts with holding companies.

Amounts Due from Fellow Subsidiaries

Amounts due from fellow subsidiaries primarily represented receivables from our fellow subsidiaries, comprising both trade and non-trade balances. The non-trade balances were unsecured, interest-free and repayable on demand. Amounts due from fellow subsidiaries increased from HKD47.9 million as of December 31, 2023 to HKD61.2 million as of December 31, 2024, and further increased to HKD64.3 million as of December 31, 2025, primarily attributable to the increase in non-trade balances due from fellow subsidiaries.

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Trade Payables

Our trade payables primarily related to the purchase of energy and petroleum products, public utilities and other operational services. Our trade payables decreased from HKD81.3 million as of December 31, 2023 to HKD58.9 million as of December 31, 2024, primarily due to the settlement of outstanding payables to our suppliers. Our trade payables then increased to HKD71.6 million as of December 31, 2025, primarily due to the increased purchases from suppliers to support the operational needs associated with the Guangdong-Hong Kong-Macao Greater Bay Area National Games. The credit period granted by our suppliers was generally between 30 to 90 days during the Track Record Period.

Our trade payables turnover days, which are calculated as the average of the beginning and ending balance of trade payables for the year divided by cost of sales for that year and multiplied by 365 days, remained relatively stable at 16 days in 2023, 17 days in 2024 and 15 days in 2025. The following table sets forth an aging analysis of our trade payables as of the dates indicated based on transaction date:

	As of December 31,		
	2023	2024	2025
	<i>(HKD in thousands)</i>		
Within 3 months	61,188	42,125	55,935
Over 3 months to 6 months	906	2,302	1,531
Over 6 months to 12 months	2,028	1,097	1,154
Over 1 year to 2 years	378	750	419
Over 2 years	16,840	12,597	12,608
Total	81,340	58,871	71,647

As of March 31, 2026, approximately HKD64.3 million, or 89.8% of our trade payables as of December 31, 2025, had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consisted of (i) construction in progress payables; (ii) accrued employee benefits; (iii) contract liabilities, mainly representing deposits from customers who purchased transportation tickets and hotel services. We recognize contract liabilities as revenue when the relevant services are provided to customers; (iv) amounts due to non-controlling shareholders, which were non-trade, unsecured, interest-free and with no fixed repayment term; and (v) other payable and accruals mainly including receipts in advance in connection with our membership program of our hotel operation, accruals, deposit and others. The following table sets out a breakdown of our other payables and accruals as of the dates indicated:

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	As of December 31,		
	2023	2024	2025
	<i>(HKD in thousands)</i>		
Construction in progress payables	40,744	145	21,632
Accrued employee benefits	114,291	104,063	101,255
Contract liabilities	13,319	15,608	21,788
Amounts due to non-controlling shareholders	34,001	31,580	168,347
Other payable and accruals	305,163	340,237	348,335
Total	507,518	491,633	661,357

Our other payables and accruals decreased from HKD507.5 million as of December 31, 2023 to HKD491.6 million as of December 31, 2024, primarily due to a decrease in construction in progress payables, following the completion and settlement of construction costs relating to the Metropark Hung Hom project, partially offset by an increase in receipts in advance mainly attributable to our business expansion of hotel operations. Our other payables and accruals increased to HKD661.4 million as of December 31, 2025, primarily due to (i) an increase in amounts due to non-controlling shareholders, mainly due to the dividends declared by our subsidiaries to their shareholders; (ii) an increase in construction in progress payables, mainly due to renovation of our complex building; and (iii) an increase in receipts in advance attributable to our business expansion of hotel operations.

Amounts Due to Holding Companies

Amounts due to holding companies primarily represented trade-related balances, intra-group funding arrangements and declared dividends payable to our holding companies. For details of amounts due to holding companies, see “—Related Party Transactions.” Amounts due to holding companies decreased from HKD1,969.1 million as of December 31, 2023 to HKD1,629.7 million as of December 31, 2024, and then increased to HKD3,832.3 million as of December 31, 2025, mainly due to the declared dividend by our subsidiaries in 2025.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund the daily operations of our business. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with cash generated from our operations and borrowings. Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities, and other future equity or debt financings. As of December 31, 2023, 2024 and 2025, we had cash and bank balances of HKD541.3 million, HKD508.9 million and HKD467.9 million, respectively.

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Net Current Assets

	As of December 31,			As of
	2023	2024	2025	March 31, 2026
	<i>(HKD in thousands)</i>			<i>(unaudited)</i>
Current assets				
Inventories	133,497	129,553	118,845	118,632
Trade receivables	105,129	102,648	129,737	69,754
Deposits, prepayments and other receivables	174,373	144,972	162,922	362,764
Amounts due from holding companies	26,821	20,076	14,982	86,518
Amounts due from fellow subsidiaries	47,921	61,167	64,314	71,578
Pledged and restricted deposits	830	516	533	533
Cash and bank balances	541,344	508,873	467,890	458,359
Total current assets	<u>1,029,915</u>	<u>967,805</u>	<u>959,223</u>	<u>1,168,138</u>
Current liabilities				
Trade payables	81,340	58,871	71,647	63,469
Other payables and accruals	507,518	491,633	661,357	746,007
Amounts due to holding companies	1,969,067	1,629,727	3,832,285	3,709,895
Amounts due to fellow subsidiaries	26,664	25,586	26,377	27,876
Loans from a holding company	204,869	237,869	499,869	499,869
Lease liabilities	24,501	35,546	35,811	56,248
Tax payables	62,629	32,332	30,458	43,012
Bank and other borrowings	327,500	233,000	213,000	213,000
Total current liabilities	<u>3,204,088</u>	<u>2,744,564</u>	<u>5,370,804</u>	<u>5,359,376</u>
Net current liabilities	<u>(2,174,173)</u>	<u>(1,776,759)</u>	<u>(4,411,581)</u>	<u>(4,191,238)</u>

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As of December 31, 2023, 2024 and 2025 and March 31, 2026, we recorded net current liabilities of HKD2,174.2 million, HKD1,776.8 million, HKD4,411.6 million and HKD4,191.2 million, respectively. Our net current liabilities position was primarily attributable to amounts due to holding companies and loans from a holding company. Amounts due to holding companies primarily represented trade-related balances, and other balances which are non-trade in nature, unsecured, interest-free and repayable on demand. The increase in our net current liabilities as of December 31, 2025 was mainly due to the increase in amounts due to holding companies as a result of the dividends declared by our subsidiaries to their shareholders, amounting to HKD2,625.0 million as of December 31, 2025. For details of amounts due to holding companies and loans from a holding company, see "—Related Party Transactions."

Our net current liabilities position has been improved since May 13, 2026 because non-trade amounts due to holding companies and loans from a holding company of HKD4,358.4 million as of December 31, 2025 were assigned to the Company on May 13, 2026, in consideration of which the Company allotted and issued a certain number of Shares to China Travel HK. Following the debt assignment and the share allotment, the amounts previously owed by us to China Travel HK were capitalized and extinguished. See "History and Development—Spin-off Reorganization" and Notes 2.2 and 25 to the Accountants' Report set out in Appendix I to this document for details.

Further, taking into account the financial resources available to us, including cash flows from operating activities, and cash and cash equivalents at the end of the Track Record Period, our Directors are of the view that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this document.

Cash Flows

The following table sets out our cash flows for the years indicated:

	For the Year ended December 31,		
	2023	2024	2025
	<i>(HKD in thousands)</i>		
Net cash flows from operating activities	825,659	675,489	560,880
Net cash flows used in investing activities	(1,589,673)	(147,754)	(39,004)
Net cash flows from/(used in) financing activities	528,230	(558,329)	(572,118)
Net decrease in cash and cash equivalents	(235,784)	(30,594)	(50,242)
Cash and cash equivalents at beginning of year	781,212	541,344	508,284
Effect of foreign exchange rate changes, net	(4,084)	(2,466)	9,259
Cash and cash equivalents at end of year	541,344	508,284	467,301

Net Cash Flows from Operating Activities

Our net cash flows generated from operating activities of HKD560.9 million in 2025 primarily reflect our profit before taxation of HKD196.3 million, as adjusted by (A) certain non-cash or non-operating items which mainly consisted of (i) depreciation of HKD300.4 million, (ii) fair value loss of investment properties of HKD182.3 million and (iii) share of profits of associates of HKD48.1 million; (B) changes in working capital which mainly

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consisted of (i) an increase in trade receivables, deposits, prepayments and other receivables of HKD44.1 million, (ii) a decrease in inventories of HKD10.7 million; and (iii) an increase in trade payables, other payables and accruals of HKD5.1 million; and (C) Hong Kong, PRC and Macao profits taxes paid of HKD72.5 million.

Our net cash flows generated from operating activities of HKD675.5 million in 2024 primarily reflect our profit before taxation of HKD303.7 million, as adjusted by (A) certain non-cash or non-operating items which mainly consisted of (i) depreciation of HKD299.9 million, (ii) fair value loss of investment properties of HKD206.7 million and (iii) gain on disposal of property, plant and equipment of HKD23.6 million; (B) changes in working capital including (i) a decrease in trade receivables, deposits, prepayments and other receivables of HKD38.2 million, and (ii) a decrease in trade payables, other payables and accruals of HKD23.2 million; and (C) Hong Kong, PRC and Macao profits taxes paid of HKD108.1 million.

Our net cash flows generated from operating activities of HKD825.7 million in 2023 primarily reflect our profit before taxation of HKD567.8 million, as adjusted by (A) certain non-cash or non-operating items which mainly consisted of (i) depreciation of HKD256.7 million, (ii) share of profits of associates of HKD33.9 million, (iii) finance costs of HKD31.0 million and (iv) fair value loss of investment properties of HKD21.5 million; (B) changes in working capital which mainly consisted of (i) an increase in trade payables, other payables and accruals of HKD148.9 million; and (ii) an increase in trade receivables, deposits, prepayments and other receivables of HKD131.1 million; and (C) Hong Kong, PRC and Macao profits taxes paid of HKD12.9 million.

Net Cash Flows Used in Investing Activities

Our net cash flows used in investing activities in 2025 were HKD39.0 million, primarily attributable to purchases of property, plant and equipment and other intangible assets of HKD57.5 million and purchase of an investment property of HKD17.8 million, partially offset by dividends received from associates of HKD30.4 million.

Our net cash flows used in investing activities in 2024 were HKD147.8 million, primarily attributable to purchases of property, plant and equipment and other intangible assets of HKD223.3 million, partially offset by proceeds from disposal of property, plant and equipment of HKD65.7 million.

Our net cash flows used in investing activities in 2023 were HKD1,589.7 million, primarily attributable to acquisition of a subsidiary, net of HKD897.9 million, purchases of property, plant and equipment and other intangible assets of HKD663.8 million, and purchase of an investment property of HKD31.5 million.

Net Cash Flows from/(Used in) Financing Activities

Our net cash flows used in financing activities in 2025 were HKD572.1 million, primarily attributable to repayment to a holding company of HKD421.6 million, repayment of bank and other borrowings of HKD50.0 million, payment of principal element of lease rental of HKD43.8 million and payment of finance costs of HKD36.7 million.

Our net cash flows used in financing activities in 2024 were HKD558.3 million, primarily attributable to repayment to a holding company of HKD335.4 million, repayment of bank and other borrowings of HKD172.5 million, payment of finance costs of HKD54.2 million and payment of principal element of lease rental of HKD37.2 million.

Our net cash flows from financing activities in 2023 were HKD528.2 million, primarily attributable to advances from a holding company of HKD298.4 million, partially offset by repayment of bank and other borrowings of HKD40.0 million, payment of finance costs of HKD29.3 million and payment of principal element of lease rental of HKD26.7 million.

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INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31, 2026
	<i>(HKD in thousands)</i>			<i>(unaudited)</i>
Current				
Bank and other borrowings	327,500	233,000	213,000	213,000
Lease liabilities	24,501	35,546	35,811	56,248
Loans from a holding company	204,869	237,869	499,869	499,869
Non-current				
Other borrowings	183,882	150,882	150,882	150,882
Lease liabilities	33,481	54,727	37,350	11,525
Loans from a holding company	493,882	460,882	150,882	150,882
Total	1,268,115	1,172,906	1,087,794	1,082,406

Bank and Other Borrowings

As of December 31, 2023, 2024 and 2025, all our bank and other borrowings were unsecured. The following table sets forth our borrowings as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31, 2026
	<i>(HKD in thousands)</i>			<i>(unaudited)</i>
Current				
Bank loan	327,500	200,000	180,000	180,000
Other loan	–	33,000	33,000	33,000
Non-current				
Other loan	183,882	150,882	150,882	150,882
Total	511,382	383,882	363,882	363,882

Our bank and other borrowings during the Track Record Period were primarily used to supplement our working capital and meet our capital expenditure requirements. During the Track Record Period, the effective interest rate for our interest-bearing borrowings ranged from 2.19% to 6.37%. As of March 31, 2026, we had interest-bearing borrowings of HKD363.9 million. As of March 31, 2026, we had unutilized bank facilities of HKD120.0 million.

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Lease Liabilities

Our lease liabilities increased from HKD58.0 million as of December 31, 2023 to HKD90.3 million as of December 31, 2024, primarily due to an increase in our leased properties, in line with our business expansion. It then decreased to HKD73.2 million as of December 31, 2025, primarily due to the lease payments made during the year. Our lease liabilities decreased from HKD73.2 million as of December 31, 2025 to HKD67.8 million as of March 31, 2026, primarily due to the expiry of certain lease agreements.

Loans from a Holding Company

As of December 31, 2023, 2024 and 2025 and March 31, 2026, we had certain loans from our holding company China Travel HK. These loans were made to us to support our operations and working capital requirements. As part of the Spin-off Reorganization, such loans were assigned to the Company, in consideration of which the Company allotted and issued a certain number of Shares. See "History and Development—Spin-off Reorganization" and Note 25 to the Accountants' Report set out in Appendix I to this document for details.

Indebtedness Statement

Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

As of March 31, 2026, being the most recent practicable date for purposes of the indebtedness disclosures in this document, except as discussed above, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Since March 31, 2026, and up to the date of this document, there had been no material adverse change to our indebtedness.

CAPITAL EXPENDITURES

Our capital expenditure primarily consisted of additions of property, plant and equipment (including right-of-use assets), investment properties and assets from the acquisition of a subsidiary. We funded our capital expenditure primarily with cash generated from operating activities and borrowings.

Our total capital expenditure was HKD1,644.8 million, HKD281.5 million and HKD115.1 million in 2023, 2024 and 2025, respectively.

We plan to finance our future capital expenditures primarily with available financial resources, including cash generated from operations, and potential future financing.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had capital commitments of HKD149.6 million, HKD84.1 million and HKD27.7 million, respectively, primarily related to (i) property projects, land and buildings, and (ii) the acquisition of plant and equipment and motor vehicles.

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CONTINGENT LIABILITIES

We had a performance bond of HKD0.3 million as of each of December 31, 2023, 2024 and 2025, which was provided by us to secure our obligations in connection with the lease of one sales stand.

Except as discussed above, we did not have any material contingent liabilities as of December 31, 2023, 2024 and 2025. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIOS

The table below sets forth the key financial ratios of our Group as of the dates indicated:

	As of December 31,		
	2023	2024	2025
Current ratio ⁽¹⁾	0.3	0.4	0.2
Quick ratio ⁽²⁾	0.3	0.3	0.2
Gearing ratio ⁽³⁾	17.6%	15.4%	23.0%

Notes:

- (1) Current ratio represents current assets divided by current liabilities as of the same date.
- (2) Quick ratio represents current assets less inventories, divided by current liabilities as of the same date.
- (3) Gearing ratio represents total borrowings divided by total equity as of the same date.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. The following table sets forth a breakdown of our amounts due to and amounts due from as well as loans from related parties, classified as trade and non-trade balances, as of the dates indicated:

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	As of December 31,		
	2023	2024	2025
	<i>(HKD in thousands)</i>		
Amounts due from holding companies			
trade nature	26,821	20,076	14,982
Amounts due from fellow subsidiaries			
trade nature	31,134	22,646	23,231
non-trade nature	16,787	38,521	41,083
	47,921	61,167	64,314
Amounts due to holding companies			
trade nature	5,935	1,970	1,200
non-trade nature	1,963,132	1,627,757	3,831,085
	1,969,067	1,629,727	3,832,285
Amounts due to fellow subsidiaries			
trade nature	1,669	5,358	1,658
non-trade nature	24,995	20,228	24,719
	26,664	25,586	26,377
Loans from a holding company			
non-trade nature	698,751	698,751	650,751

During the Track Record Period, our related party transactions of a trade nature primarily arose from the provision of travel-document and related services, hotel operation services and passenger transportation services. Our Directors are of the view that each such transaction was conducted in the ordinary course of business on an arm's length basis and on normal commercial terms between the relevant parties. Our Directors are also of the view that these transactions did not distort our results during the Track Record Period or render our historical results non-reflective of our future performance.

Our non-trade balances with related parties primarily represented intra-group funding arrangements, dividends payable and shareholder loans. Our non-trade amounts due from and due to fellow subsidiaries primarily represented intra-group funding arrangements, which were unsecured, interest-free and repayable on demand.

Our non-trade amounts due to holding companies primarily represented (i) intra-group funding arrangements, which were unsecured, interest-free and repayable on demand; and (ii) dividends declared by our subsidiaries to their shareholders, amounting to HKD2,625.0 million as of December 31, 2025. Loans from a holding company represented shareholder loans from China Travel HK. As part of the Spin-off Reorganization, non-trade amounts due to holding companies and the loans from China Travel HK of HKD4,358.4 million as of December 31, 2025 were assigned to the Company on May 13, 2026, in consideration of which the Company allotted and issued a certain number of Shares to China Travel HK. Following the debt assignment and the share allotment, the amounts previously owed by us to China Travel HK were capitalized and extinguished. See "History and Development—Spin-off Reorganization" and Notes 2.2, 11 and 25 to the Accountants' Report set out in Appendix I to this document for details.

MARKET RISK DISCLOSURE

Liquidity Risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. Our objective is to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain a contingency plan for funding to ensure that we maintain sufficient cash to meet our liquidity requirements.

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Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade and other receivables and balances with group companies. Our exposure to credit risk arising from cash and cash balance is limited because the counterparties are banks and financial institutions with sound credit ratings, for which we consider to have low credit risk.

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. As our trade and other receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Foreign Currency Risk

The monetary assets and transactions of several subsidiaries of us are principally denominated in foreign currencies, which exposes us to foreign currency risk. We currently have no particular hedging vehicles to hedge the exposure to foreign exchange risk. It is our policy to monitor foreign exchange exposure and to make use of appropriate hedging measures when required.

For detailed discussion of these risks, see Note 39 to the Accountants' Report set out in Appendix I to this document.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Our exposure to changes in interest rates relates primarily to our bank loans. We do not use financial derivatives to hedge against the interest rate risk. For details, see Note 39 to the Accountants' Report set out in Appendix I to this document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

DIVIDEND

In 2023, 2024, and 2025, no dividends were declared or distributed by our Company.

Currently, we do not have a formal dividend policy or a fixed or predetermined dividend distribution ratio. In determining or recommending the frequency, amount and form of any dividend in any financial year, the Board shall consider factors including, but not limited to, our actual and expected financial performance of our Group, economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of our Group, our business strategies and operations, including future cash commitments and investment needs to sustain the long-term growth aspect of the business, the current and future liquidity position and capital requirements and any other factors that the Board deems appropriate. The dividend payout ratio will vary from year to year. There is no assurance that dividends will be paid in any particular amount for any given period. As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will be subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits and/or share premium account, and provided always that in no circumstances may a dividend be paid out of share premium if this would result in our

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Company being unable to pay its debts as they fall due in the ordinary course of business. Our future declarations of dividends may or may not reflect our historical declarations of dividends.

[REDACTED] EXPENSES

The total [REDACTED] expenses for the [REDACTED] are estimated to be approximately HKD[REDACTED] million, including (i) professional fees of the professional parties for their services rendered in relation to the [REDACTED], including sponsor fees, fees for legal advisors, reporting accountants, the internal control consultant and the independent industry consultant of approximately HKD[REDACTED] million; and (ii) other fees and expenses of approximately HKD[REDACTED] million. No [REDACTED] expenses has been charged to our combined income statements and [REDACTED] expenses of HKD[REDACTED] million is expected to be charged to our combined income statements for the year ending December 31, 2026.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

For details, see "Appendix II—Unaudited [REDACTED] Financial Information."

PROPERTY INTERESTS AND VALUATION

Jones Lang LaSalle Limited, an independent property valuation company, has valued our property interests of our properties as of February 28, 2026 and is of the opinion that our property interests were valued at an aggregate amount of approximately HKD5,178.4 million as of February 28, 2026. Texts of its letter, valuation report and valuation certificate in connection with such property interests are set out in Appendix III to this document.

The table below sets forth the reconciliation between the net book value of our property interests as of December 31, 2025 reflected in our combined statements of financial position as set out in the Accountants' Report in Appendix I to this document and the market value as of February 28, 2026 as stated in the property valuation report in Appendix III to this document:

(HKD in thousands)

Net book value of the property interests as of December 31, 2025	4,377,176
Less: Depreciation for the two months ended February 28, 2026 ⁽¹⁾	(10,882)
Exchange realignment	(10,933)
Net book value of the property interests as of February 28, 2026 ⁽¹⁾	4,355,361
Valuation surplus ⁽¹⁾	823,015
Valuation of the property interests as of February 28, 2026 ⁽¹⁾	<u>5,178,376</u>

Note:

- (1) For illustration purposes only, Renminbi amounts have been translated into Hong Kong dollar at the rate of RMB0.8848 to HK\$1.00, being the exchange rate published by the People's Bank of China on February 27, 2026, the business day immediately preceding February 28, 2026.

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this document, there had been no material adverse change in our financial condition, operations, or prospects since December 31, 2025, being the latest balance sheet date of our combined financial statements as set out in the Accountants' Report included in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.