



香港 **中旅** 國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Stock Code : 308)



2025

Annual Report



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CORPORATION INFORMATION

DIRECTORS

Mr. Wu Qiang (*Chairman*)
Mr. Feng Gang (*General Manager*)
Mr. Li Pengyu
Mr. Tsang Wai Hung[#]
Mr. Tao Xiaobin[#] (*Resigned on 20 August 2025*)
Mr. Zheng Jiang[#] (*Appointed on 22 July 2025*)
Mr. Fan Zhishi[#]
Mr. Tse Cho Che Edward* (*Resigned on 20 August 2025*)
Mr. Zhang Xiaoke* (*Resigned on 20 August 2025*)
Mr. Huang Hui* (*Resigned on 20 August 2025*)
Mr. Chen Johnny* (*Resigned on 20 August 2025*)
Mr. Song Dawei*
Ms. Fang Xuan* (*Appointed on 26 March 2025*)
Mr. Qian Jiannong* (*Appointed on 20 August 2025*)

[#] Non-Executive Director

* Independent Non-Executive Director

AUDIT COMMITTEE

Mr. Chen Johnny (*Chairman*)
(*Resigned on 20 August 2025*)
Mr. Tse Cho Che Edward (*Resigned on 20 August 2025*)
Mr. Zhang Xiaoke (*Resigned on 20 August 2025*)
Mr. Huang Hui (*Resigned on 20 August 2025*)
Mr. Song Dawei
Ms. Fang Xuan (*Appointed as a member of the*
Audit Committee on 26 March 2025 and the
Chairman of the Audit Committee on 20 August 2025)
Mr. Qian Jiannong (*Appointed on 20 August 2025*)

REMUNERATION COMMITTEE

Mr. Chen Johnny (*Chairman*)
(*Resigned on 20 August 2025*)
Mr. Tse Cho Che Edward (*Resigned on 20 August 2025*)
Mr. Zhang Xiaoke (*Resigned on 20 August 2025*)
Mr. Huang Hui (*Resigned on 20 August 2025*)
Ms. Fang Xuan (*Appointed as a member of the*
Remuneration Committee on 26 March 2025 and
the Chairman of the Remuneration Committee
on 20 August 2025)
Mr. Qian Jiannong (*Appointed on 20 August 2025*)

NOMINATION COMMITTEE

Mr. Wu Qiang (*Chairman*)
Mr. Tse Cho Che Edward (*Resigned on 20 August 2025*)
Mr. Zhang Xiaoke (*Resigned on 20 August 2025*)
Mr. Huang Hui (*Resigned on 20 August 2025*)
Mr. Chen Johnny (*Resigned on 20 August 2025*)
Mr. Song Dawei
Ms. Fang Xuan (*Appointed on 26 March 2025*)
Mr. Qian Jiannong (*Appointed on 20 August 2025*)

COMPANY SECRETARY

Mr. Lai Siu Chung

AUDITORS

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor under the
Accounting and Financial Reporting Council Ordinance

27/F One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

LEGAL ADVISORS

Jeffrey Mak Law Firm

REGISTERED OFFICE

12th Floor, CTG House

78-83 Connaught Road Central

Hong Kong

SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China Limited, Hong Kong Branch

Bank of China (Hong Kong) Limited

China Everbright Bank Co., Ltd., Hong Kong Branch

Bank of Communications Co., Ltd., Hong Kong Branch

DBS Bank (Hong Kong) Limited



FINANCIAL CALENDAR AND INVESTOR RELATION INFORMATION

Announcement of 2025 Final Results	31 March 2026
Announcement of 2025 Interim Results	28 August 2025
Announcement of 2024 Final Results	26 March 2025
Announcement of 2024 Interim Results	28 August 2024
Dividends	2025 Final 2025 Special
	HK1 cent per share payable on 30 June 2026 Distribution in Specie: 1 share of CTG Wellness Retreat Holding Ltd share for every 1 share held, with cash alternative of HKD 0.336 per share
	2025 Interim 2024 Final 2024 Interim
	Nil Nil HK1.5 cents per share paid on 15 October 2024
Closure of Register of Members for ascertaining shareholders' entitlement to attend and vote at the annual general meeting	Period from 22 May 2026 to 28 May 2026
Annual General Meeting in 2026	28 May 2026
Closure of Register of Members for ascertaining shareholders' entitlement to the proposed final dividend	Period from 4 June 2026 to 8 June 2026
Listing Date	11 November 1992
Issued Shares	5,536,633,709 (as at 31 December 2025)
Website address	irasia.com/listco/hk/ctii
Stock Code	308
Board Lot	2,000 shares
Financial Year End	31 December

MAJOR OPERATIONS

TOURIST ATTRACTION AND RELATED OPERATIONS

1. Theme parks

Shenzhen The World Miniature Co., Ltd.	51%
Shenzhen Splendid China Development Co., Ltd.	51%
CTS Southwest (Chongqing) Tourism Development Co., Ltd.	55%

2. Natural and Cultural Scenic Spot Destinations

CTS (Ningxia) Shapotou Tourist Spot Co., Ltd.	46%
CTS (Ningxia) Shapotou Cable Car Co., Ltd.	51%
Jiangxi Xing Zi Lu Shan Xiu Feng Passage Cable Car Co., Ltd.	80%
CTS Guangxi Detian Waterfall Tourism Development Co., Ltd.	70%
CTS Lugu Lake (Lijiang) Tourism Development Co., Ltd.	51%
CTS Xinjiang Tourism Operation Management Co., Ltd.	51%
CTS Bairui Xinjiang Tourism Development Co., Ltd.	61.33%
CTS (Zhejiang) Qiandao Lake Tourism Development Co., Ltd.	55%
CTS (Yunnan) Tourism Development Co., Ltd.	66%
China Heaven Creation International Performing Arts Co., Ltd.	78%
China Travel Zhiye Culture Development (Shenzhen) Co., Ltd.	51%
CTS Scenery (Beijing) Tourism Management Limited	100%
Non-controlling investments in scenic spots:	
Huangshan Yuping Cable Car Company Ltd.	20%
Huangshan Taiping Cable Car Co., Ltd.	30%
Changsha Colorful World Company Limited	26%
Changchun Jingyuetan Youle Co. Ltd.	30%
Hangzhou New Century Senbo Tourism Investment Co., Ltd.	34%
Changde City Taoxi Cultural Tourism Investment Company Limited	34%
Handhuvaru Ocean Holidays Private Limited	50%

3. Leisure Resort Destinations

Jilin Songhua Lake International Resorts Company Limited	100%
China Travel (Beijing) Ice and Snow Sports Development Co., Ltd.	100%
CTS (Hainan) Aerospace Tourism Development Co., Ltd.	51%
CTS Senbo (Shenzhen) Tourist Resort Co., Ltd.	51%
CTS Holiday Travel Management (Hainan) Co., Ltd.	100%

TRAVEL DOCUMENT AND RELATED OPERATIONS

China Travel Service Entry Permit Service Hong Kong Limited	
– Travel document business	100%
China Travel Hi-Tech Computer Hong Kong Ltd.	100%

HOTEL OPERATIONS

Metropark Hotel Mongkok	100%
Kew Green Hotel Wanchai	100%
Metropark Hotel Kowloon	100%
Metropark Hotel Causeway Bay	100%
Metropark Hotel Macau	90.29%
Metropark Hotel Hung Hom	90.29%
Green Residence Serviced Apartment	100%
Beijing Guang'anmen Grand Metropark Hotel Co., Ltd.	100%
CTS H.K. Metropark Hotels Management Company Limited	100%

PASSENGER TRANSPORTATION OPERATIONS

Shun Tak-China Travel Shipping Investments Limited	50%
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FINANCIAL RATIOS HIGHLIGHTS

FINANCIAL RATIOS HIGHLIGHTS

		2025	2024
Profit & loss account ratios			
Interest coverage ratio		-8.32	39.31
Earnings per share	HK cents	-5.09	1.91
Earnings per share (Diluted)	HK cents	-5.09	1.91
Dividend per share	HK cents	1	1.50
Dividend payout ratio	%	-19.65	78.37
Balance sheet ratios			
Current ratio		1.18	2.02
Quick ratio		1.14	0.87
Net assets value per share	HK\$	2.04	2.91
Net bank and other borrowings to equity		-0.07	-0.08
Debt to capital ratio	%	39.31	31.58
Rate of return ratios			
Return on average equity	%	1.47	1.12
Return on total capital and borrowings	%	-0.69	1.66
Market price ratios			
Dividend yield			
Year low	%	0.33	1.05
Year high	%	1.24	1.61
Price to earning ratio			
Year low		-15.87	48.59
Year high		-58.74	74.71

Formula for financial ratios:

Interest coverage ratio*	(Profit before taxation + Finance costs)/Finance costs
Net assets value per share	Net assets attributable to owners of the Company/Number of shares as at the end of the reporting period
Net bank and other borrowings to equity	(Bank and other borrowings – Cash and bank balances)/Total equity
Debt-to-capital ratio	Debt/Equity attributable to owners of the Company
Return on average equity	Profit for the year/Average total equity
Return on total capital and borrowings*	(Profit before taxation + Finance costs)/(Total liabilities + Total equity)

* Profit before taxation including continuing & discontinued operations

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements, is set out below.

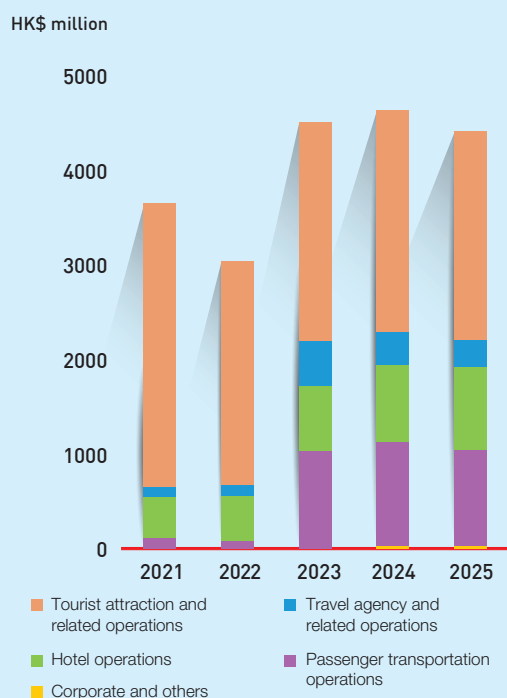
	2025 HK\$'000	2024 HK\$'000 (Restated)	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
RESULTS					
Continuing operations					
Revenue	4,076,499	4,168,838	4,494,211	3,031,936	3,647,829
Cost of sales	(2,864,395)	(2,664,184)	(2,979,093)	(2,723,527)	(3,123,661)
Gross profit	1,212,104	1,504,654	1,515,118	308,409	524,168
Other income and gains, net	205,738	98,944	153,940	238,613	540,412
Changes in fair value of investment properties	(183,136)	(222,092)	(19,126)	(90,724)	36,255
Selling and distribution costs	(214,289)	(200,702)	(273,259)	(331,653)	(350,467)
Administrative expenses	(711,592)	(700,245)	(813,264)	(798,627)	(858,304)
Finance income	26,364	48,032	65,308	53,216	74,787
Finance costs	(54,158)	(54,149)	(12,724)	–	–
Share of profits less losses of associates and joint ventures	93,079	85,918	86,011	(64,047)	48,580
Profit/(loss) before taxation	374,110	560,360	702,004	(684,813)	15,431
Taxation	(143,440)	(199,921)	(356,510)	19,197	(107,018)
Profit/(loss) for the year from continuing operations	230,670	360,439	345,494	(665,616)	(91,587)
Discontinued operations					
Loss for the period/year from discontinued operations	(502,892)	(156,801)	–	–	–
(Loss)/profit for the year	(272,222)	203,638	345,494	(665,616)	(91,587)
Attributable to:					
Equity owners of the Company	(282,070)	105,972	239,548	(355,792)	174,016
Non-controlling interests	9,848	97,666	105,946	(309,824)	(265,603)
	(272,222)	203,638	345,494	(665,616)	(91,587)
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
Total assets	18,325,399	24,531,934	25,014,439	23,763,327	25,808,398
Total liabilities	(5,057,876)	(6,400,041)	(6,762,389)	(5,785,714)	(6,687,158)
Non-controlling interests	(1,997,502)	(2,025,883)	(1,897,686)	(1,778,121)	(1,787,539)
Equity attributable to owners of the Company	11,270,021	16,106,010	16,354,364	16,199,492	17,333,701

Note: The Company completed the Distribution in Specie on 22 December 2025. As set out in the note 11 to the consolidated financial statements, the tourism property business was not previously classified as discontinued operations. The comparative consolidated income statement for the year ended 31 December 2024 has been re-presented to show the discontinued operations of the tourism property business separately from continuing operations. For the interests of the shareholders of the Company, the results for the years ended 31 December 2023, 2022 and 2021 are not restated in this respect. For details, please refer to the consolidated income statement in this report.

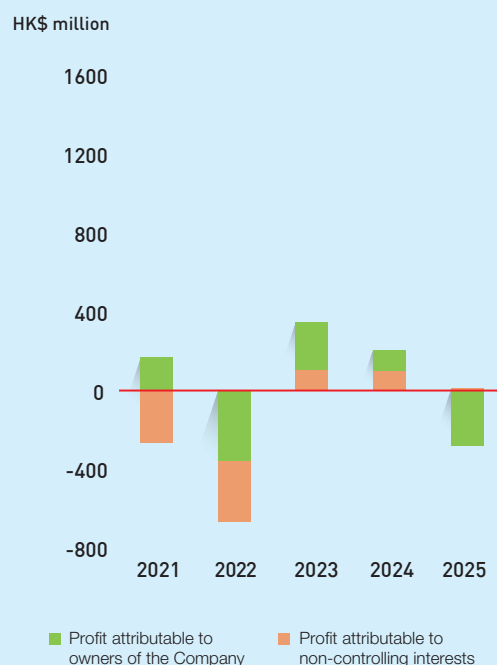


FINANCIAL REVIEW

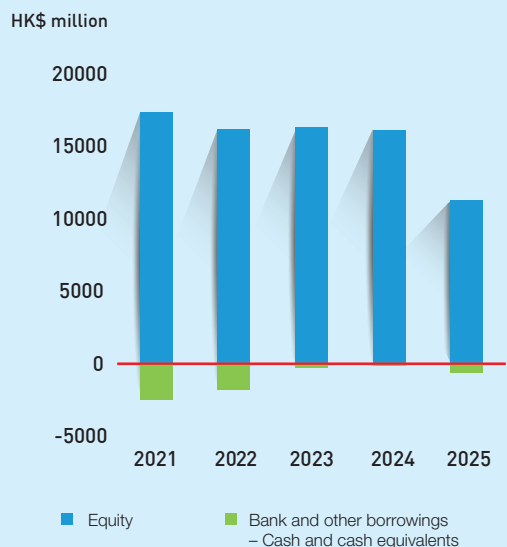
TURNOVER BY PRINCIPAL ACTIVITIES



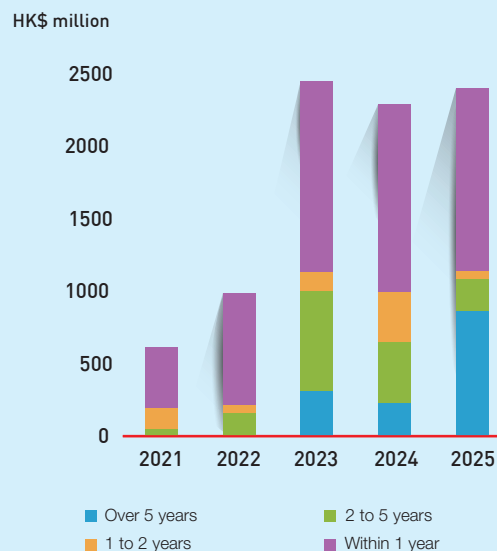
PROFIT FOR THE YEAR



NET BANK & OTHER BORROWINGS TO EQUITY



DEBT MATURITY PROFILE



BIOGRAPHIES OF DIRECTORS

MR. WU QIANG *Chairman & Executive Director*

Aged 54, was appointed as an executive Director and executive deputy general manager of the Company in March 2019, and the general manager of the Company in May 2020. He resigned as the general manager of the Company and was re-designated from an executive Director to a non-executive Director on 20 January 2022. Mr. Wu was re-designated from a non-executive Director to an executive Director, and appointed as the Chairman and the chairman of the Nomination Committee with effect from 9 November 2022. Mr. Wu is the deputy general manager of China Travel Service (Holdings) Hong Kong Limited (“**CTS (Holdings)**”) and a director of some of the subsidiaries of the Company. Mr. Wu was the general manager of the strategic development department of CTS (Holdings), and the deputy general manager in the corporate development and management department of CTS (Holdings). He was also a director and the executive deputy general manager of Shenzhen The World Miniature Co., Ltd., a subsidiary of the Company, and a director and the general manager of Shenzhen Splendid China Development Co., Ltd. Mr. Wu has extensive experience in investment planning and corporate and scenic spots management. Mr. Wu graduated from the School of Business, Nanjing University with a master’s degree in management.

MR. FENG GANG *General Manager & Executive Director*

Aged 52, was the deputy general manager of the Company from January 2019 to 8 November 2022, and appointed as the general manager and an executive director of the Company on 9 November 2022. He is a director of some of the subsidiaries of the Company. Mr. Feng was the president of China Travel Hong Kong (Zhuhai) Ocean Spring Co., Ltd. and a director and the executive deputy general manager of Shenzhen The World Miniature Co., Ltd., which are subsidiaries of the Company. Mr. Feng has extensive experience in investment planning, finance and business management. Mr. Feng obtained a master degree in accounting from Wuhan University in 2008 and a master of business administration degree from the Open University of Hong Kong (now known as Hong Kong Metropolitan University) in 2013.

MR. LI PENGYU *Executive Director*

Aged 48, appointed in November 2022, was the deputy general manager of the human resources department of CTS (Holdings). Mr. Li graduated from China Center for Economic Research in 2005 with a master’s degree in economics. Mr. Li has extensive experience in human resources and business management.

MR. TSANG WAI HUNG *Non-Executive Director*

Aged 67, appointed in June 2020, is an external director of CTS (Holdings). He currently serves as the Deputy Director of the National Narcotics Control Commission of the People’s Republic of China. Mr. Tsang has been an independent non-executive director of Transport International Holdings Limited (Stock Code: 62), the shares of which are listed on the Main Board of The Stock





BIOGRAPHIES OF DIRECTORS

Exchange of Hong Kong Limited (the “**Stock Exchange**”) and a director of its two subsidiary companies, namely, The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited with effect from 1 January 2018. On 23 September 2021, he was elected Vice President of the Police Association of China.

Mr. Tsang is a retired civil servant. Currently, he works as a management consultant and strategist for Chen Hsong Holdings Limited, a leading plastic injection moulding machine manufacturer in Hong Kong and listed on the Main Board of the Stock Exchange. He was the Commissioner of Police prior to his retirement in May 2015.

Mr. Tsang started his police career as an Inspector of Police in January 1978. He worked on secondment overseas as a Detective Superintendent of the Metropolitan Police in London from 1993 to 1995. He became a directorate officer in 1998 and worked in succession as District Commander, Wanchai; Chief Superintendent, Organised Crime and Triad Bureau; Assistant Commissioner, Information Systems; Director of Personnel and Training, Director of Operations; Deputy Commissioner, Management; Deputy Commissioner, Operations; and finally the Commissioner of Police from January 2011.

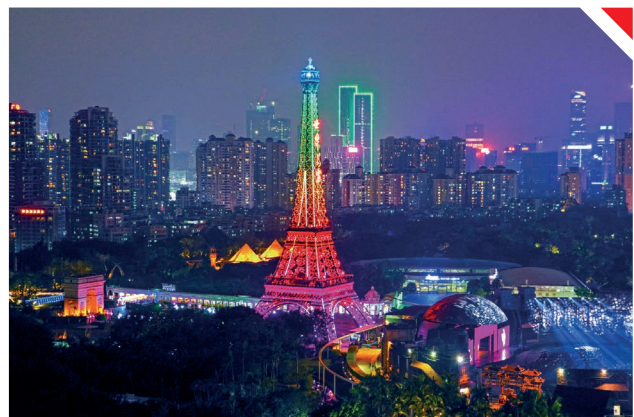
Mr. Tsang holds a Master of Business Administration degree from Leicester University, UK. He had also undertaken various courses at Tsinghua University; the Chinese Academy of Governance; Harvard Business School, and the Royal College of Defense Studies, UK.

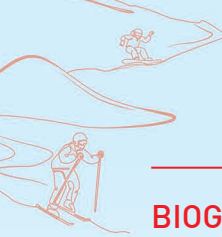


MR. ZHENG JIANG *Non-Executive Director*

Aged 55, appointed in July 2025, is currently a director of CTS H.K. Metropark Hotels Management Company Limited, a wholly-owned subsidiary of the Company. From December 2005 to September 2018, Mr. Zheng successively held the positions of deputy general manager (in charge of operations) of the finance department and the general manager of the finance department of CTS (Holdings) and deputy chief financial officer and assistant to the general manager of CTS (Holdings). From October 2016 to June 2025, he served as the general manager and the chairman of CTG Development Corporation Limited, a wholly-owned subsidiary of CTS (Holdings). From September 2010 to October 2016, Mr. Zheng successively served as the chairman of the supervisory committee and a director of CTS International Logistics Corporation Limited (a company listed on the Shanghai Stock Exchange, stock code: 603128). Mr. Zheng has solid experience in investment planning, finance, and corporate management.

Mr. Zheng received his bachelor's degree in engineering (mechanical design and manufacturing) from East China University of Science and Technology in July 1993. He received his master's degree in business administration (finance and strategic analysis of accounting information) from Indiana University Bloomington in May 2005. Mr. Zheng was accredited as a certified management accountant by the Institute of Certified Management Accountants of the Institute of Management Accountants of the United States of America in August 2012. He received the Certificate of Qualification for International Certified Senior Accountant (國際註冊高級會計師資格證書) awarded by the International Profession Certification Association (國際認證協會) in April 2013.





BIOGRAPHIES OF DIRECTORS

MR. FAN ZHISHI *Non-Executive Director*

Aged 56, appointed in November 2022, was a director of CTG Investment and Asset Management Corporation Limited, a subsidiary of China Tourism Group Corporation Limited (“CTG”). He was also a director of CTG Development Corporation Limited and the deputy general manager of CTG Travel Service Co., Ltd., which are subsidiaries of CTG, and the general manager of the information management department of CTS (Holdings). Mr. Fan has extensive experience in tourism industry, information management and corporation management. He obtained a bachelor’s degree in economics in 1993 and a master’s degree in economics in 2001 from Renmin University of China.

MR. SONG DAWEI *Independent Non-Executive Director*

Aged 70, appointed in August 2019, is a member of the Audit Committee, Remuneration Committee, and Nomination Committee of the Company. Mr. Song was a Supervisor and the chairman of the Supervisory Committee of China COSCO Holdings Company Limited (now known as COSCO SHIPPING Holdings Co., Ltd., the shares of which are listed on the Main Board of the Stock Exchange with stock code: 1919), a director and a member of the CPC committee of China Ocean Shipping (Group) Company and the head of its CPC Discipline Inspection Committee. Mr. Song was the director of Industrial Production Committee of Fuxin City, the deputy director of the Economic and Trade Commission of Liaoning Province, the deputy director of the General Office, the deputy secretary-general and the director of the Research Center of the Restructuring Economic Systems of Liaoning Provincial Government. He was also the director of the Research Department of Social Development, Comprehensive Research Department of the State Council of the PRC.

Mr. Song is a qualified Senior Economist and graduated from the Department of National Economy at the School of Economics and Management of Liaoning University with a master’s degree in economics.

MS. FANG XUAN *Independent Non-Executive Director*

Aged 55, appointed in March 2025, is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company and re-designated to the chairman of each of the Audit Committee and the Remuneration Committee in August 2025. Ms. Fang is currently an independent non-executive director of Xiaocaiyuan International Holding Ltd. (stock code: 00999) and China Development Bank International Investment Limited (stock code: 01062). Ms. Fang has extensive experience in the finance and treasury industry. She worked at Beijing Enterprises Holdings Limited (stock code: 00392), from June 2000 to July 2019, with her last position as a financial accounting manager of the Hong Kong capital finance department. She served as a financial director at CR Construction Group Holdings Limited (stock code: 01582) from August 2019 to May 2022 and has served as its chief financial officer since June 2022. Ms. Fang served as a finance director at Mingxi Charity Foundation from August 2016 to July 2019. Ms. Fang has been serving as a member of the consultative committee of the Liaison Office of the Association of Certified Public Accountants of China in Hong Kong and a member of the Standing Committee of the Shaanxi Provincial Committee of the Chinese People’s Political Consultative Conference since June 2022 and January 2023, respectively. She currently also serves at The Hong Kong Chinese Enterprises Association Financial & Accounting Affairs Steering Committee as the Executive Vice Secretary General, while serving at the Hong Kong Girl Guides Association and the Hong Kong Adventure Corps as a council member and a director, respectively.

Ms. Fang has been a member of the Association of International Accountants since June 2015 and a fellow member of the Association of International Accountants since September 2020. She has also been a member of China Association of Chief Financial Officers (CACFO) since December 2016. She became a Certified Management Accountant in October 2025.

Ms. Fang obtained her bachelor’s degree in accounting in October 2006 from University of Bolton in England. She also completed a senior program on public administration in Tsinghua University in Beijing, the PRC, in August 2022 and obtained an EMBA degree from the City University of Hong Kong in October 2021.

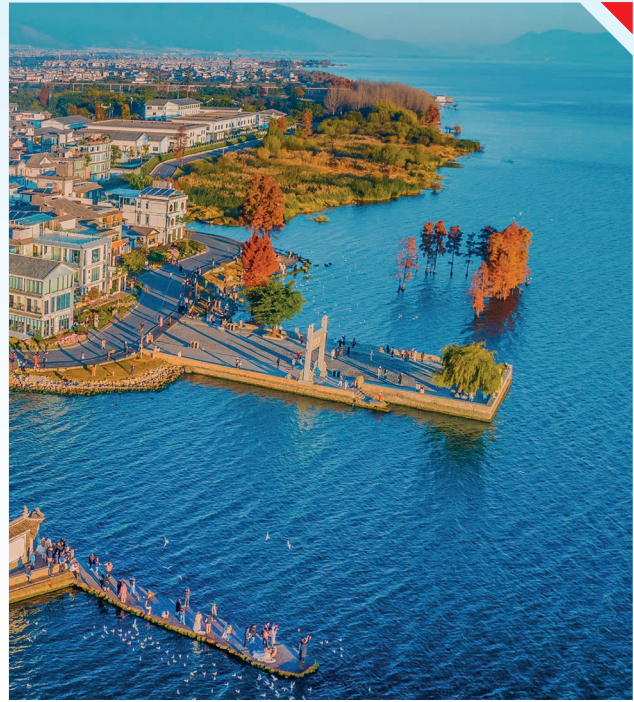


BIOGRAPHIES OF DIRECTORS

MR. QIAN JIANNONG *Independent Non-Executive Director*

Aged 63, appointed in August 2025, is a member of the Audit Committee, Remuneration Committee, and Nomination Committee of the Company. Mr. Qian joined Fosun Tourism Group ("**Fosun Tourism**", a company which was listed on the Stock Exchange (stock code: 1992.HK) and delisted on 19 March 2025) in October 2009, during which he served as chief executive officer from October 2009 to November 2022, the chairman from 30 September 2016 to 6 November 2022 and an executive director from 17 August 2018 to 6 November 2022. During his tenure of services at Fosun Tourism, Mr. Qian was appointed as the honorary chairman of the board for life and was re-designated as a non-executive director in November 2022. Mr. Qian resigned as a non-executive director of Fosun Tourism on 7 November 2024. Mr. Qian has over 20 years of experience in the tourism and retail industries.

Mr. Qian obtained a bachelor's degree in economics from Shandong University (山東大學) in July 1983. He received a master's degree in economics from the University of Essen (subsequently reorganised as the University of Duisburg-Essen) in Germany in July 1992 and was enrolled in the doctoral program in economics in the University of Duisburg from 1993 to 1997.





CHAIRMAN'S STATEMENT



MR. WU QIANG

Chairman and Executive Director

I am pleased to present my report to the shareholders:

BUSINESS REVIEW

On behalf of the Board of Directors (the “**Board**”) of China Travel International Investment Hong Kong Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), I am pleased to present the Group’s annual report for the year ended 31 December 2025.

In 2025, the Company’s consolidated revenue from continuing operations was HK\$4,076 million, a decrease of 2% compared with the previous year. Loss for the year was HK\$272 million, of which loss from discontinued operations for the year was HK\$503 million and profit from continuing operations for the year was HK\$231 million. The loss attributable to shareholders was HK\$282 million, compared with a profit attributable to shareholders of HK\$106 million in the previous year. Profit attributable to operating activities from continuing operations was HK\$264 million, a decrease of 43% compared with the previous year. The Group continues to enjoy a stable and sufficient cash flow, with debt levels remaining sound and manageable, and its financial position remains healthy. As of 31 December 2025, cash and bank balances stood at HK\$2,992 million, total assets at HK\$18,325 million, and debt-to-equity ratio at 39%.

The Board recommends payment of a final dividend of HK1 cent per share for the year ended 31 December 2025 (2024: Nil), to be paid to shareholders on 30 June 2026, subject to approval at the annual general meeting.

The year 2025 marked the conclusion of the national 14th Five-Year Plan and a pivotal year for laying the groundwork for the 15th Five-Year Plan. The Company has systematically refined its 15th Five-Year Plan strategy, with the vision of becoming a “world-class investment and operational service provider for tourist destinations”. It possesses a clear understanding of opportunities across the three key sectors of natural and cultural scenic areas, theme parks, and leisure resorts, and has developed a well-defined business plan. Anchored in its strategic development direction, the Company has focused on strengthening core functions and enhancing core competitiveness. It has coordinated the advancement of key tasks, including capital operations, expansion into new sectors, the upgrading of scenic areas, and IP incubation, as it strives to improve operational efficiency and market



CHAIRMAN'S STATEMENT

influence. The Company has achieved phased results in strategic implementation and project execution.

By the end of 2025, the Company had completed the spin-off of its tourism property business from the Group through a distribution-in-specie arrangement. This effectively optimised the business portfolio and strengthened the Company's risk resilience, laying a solid foundation for it to focus on its core business and concentrate resources on deepening its presence in key sectors. Following the announcement, capital markets showed significant interest, and market enthusiasm and recognition of the Company's investment value were markedly enhanced.

During the year, the Company successfully completed the acquisition of Jilin Songhua Lake International Resorts Development Company Limited and CTS (Beijing) Snow Sports Development Co., Ltd., thereby securing high-quality ski resort resources and a specialised operational team simultaneously, and formally entering the core sector of the winter sports industry, which serves as the new growth driver for the development of the Group. In terms of products and IP, the Company is in its early stages; IP products have already been launched in Anji, Window of the World and the OSR chain, whilst several influential IPs and new products are currently in the planning stage.



MR. FENG GANG

Executive Director and General Manager

EXTERNAL ENVIRONMENT

In 2025, the global economy demonstrated resilience amidst tariff disputes and the shadow of conflict, and the continual deepening of geopolitical tensions. Concurrently, the rapid development of artificial intelligence (AI) profoundly influenced global economic and social development models. Inflationary pressures in the United States eased somewhat, with the US Federal Reserve (the "**Federal Reserve**") cutting interest rates by a cumulative 75 basis points in the second half of the year, which was beneficial for global economic growth. China rolled out a "comprehensive package" of economic stimulus measures, introducing "trade-in" schemes to boost consumption and regulate market competition. Policy priorities centred on developing new quality productive forces, fostering emerging industrial capacity and driving industrial transformation and upgrading. Chinese mainland cumulatively reduced the Loan Prime Rate (LPR) by 10 basis points throughout the year, maintaining a moderately accommodative interest rate environment, whilst the Hong Kong Interbank Offered Rate (HIBOR) also showed a trend



CHAIRMAN'S STATEMENT

of fluctuating declines. According to data from the National Bureau of Statistics, China's gross domestic product (GDP) grew by 5.0% year-on-year in 2025, reflecting overall stability with progress. The Central Economic Work Conference held at the end of 2025 clarified the policy direction for 2026, advocating for a more proactive fiscal policy and a moderately accommodative monetary policy, whilst reaffirming the strategic focus on promoting domestic consumption to lay the foundation for sustained economic growth.

COMPANY DEVELOPMENT

In 2025, domestic tourist arrivals reached 6.522 billion, exceeding the 2019 figure of 6.006 billion, signalling that China's tourism industry has fully transitioned from a recovery phase to a growth phase. According to China Tourism Academy's data, following a three-year slump during the pandemic, domestic tourism has seen a rapid rebound. Even with relatively weak consumption, it has gradually returned to its pre-pandemic growth trajectory, with domestic tourism expenditure projected to reach US\$1.038 trillion by 2027. The underlying logic of the tourism sector is shifting from "single-site attractions" to "broad destinations", with cross-sector integration, emotional value and regional mobility as core directions, whilst investment strategies focus on traffic aggregation and deep integration of business formats. From the perspective of the industry chain, tourism destinations are the core link: they not only influence travellers' choices through their natural endowments and brand appeal, but also drive the formation of a closed-loop ecosystem encompassing catering and accommodation, thereby enhancing regional competitiveness. Furthermore, they can attract infrastructure investment, boost economic and cultural development, and elevate our soft power. Successful operation of these destinations can also increase regional prominence and asset value, making them key vehicles for capital deployment.

The Company will strengthen and optimise its core business segments. The natural and cultural scenic spot business will continue to cultivate the four major loop-line regional tourist destinations centred on Ningxia, Yunnan, Guangxi and Xinjiang. We will drive a transformation of business models, leading regional markets through chain-based and scaled operations, and achieve a shift from "managing resources and providing sightseeing" to "serving customers and creating value", while maintaining the

leading position in the number of 5A-rated scenic areas operated in Chinese mainland. Specifically, Shapotou Scenic Spot will, through business model upgrades and resource integration, link the Gansu-Ningxia-Inner Mongolia small loop with the Qinghai-Gansu large loop to create a one-stop international desert tourism and holiday destination. Detian Scenic Spot will tap into cultural resources along the China-Vietnam border, advance the development of a cross-border tourism cooperation zone, integrate regional resources and establish a vertical tourism platform to create a world-class cross-border tourism destination. Yunnan Company will take Dali's Erhai Lake as its core, combining light and heavy assets and linking projects such as Lugu Lake and Daocheng Yading to refine the layout of key nodes along the Great Dianxi (Western Yunan) Tourism Loop, thereby generating a regional spillover effect.

The theme park business will leverage IP to revitalise and upgrade Window of the World and Splendid China. Splendid China will focus on Chinese cultural IPs, actively collaborate with the Shenzhen Municipal Government and shareholders, and strive to achieve a project breakthrough. Windows of the World will focus on providing immersive experiences of classic cultures of the world, introducing top-tier IPs and utilise technology to create immersive environments. We will plan and advance the establishment of the Shanghai Aviation Theme Park, carrying out preliminary planning and organising. We will also continue to monitor investment and M&A opportunities within the industry.

The Company further strengthens the development of its Hong Kong and Hainan operations. Regarding Hong Kong, the tender for the Central Harbourfront project has been properly prepared, with an aim to making it an innovative addition to our Hong Kong portfolio and a platform for the operation and testing of our IP business. At the same time, we will promote coastal resorts, integration of bus and ferry services, and distinctive products such as eco-tourism, coastal tours and low-altitude flights. The Company will refine its regional layout strategy for Hainan while closely monitoring new developments in the construction and development of the Hainan Free Trade Port. We will prioritise upgrading and optimising the aerospace tourism experience in Wenchang, enriching distinctive offerings such as immersive launch viewing and aerospace science education, to establish a flagship cultural and tourism destination.



CHAIRMAN'S STATEMENT

The Company attaches great importance to the State's requirements regarding the improvement and strengthening of market capitalisation management for listed companies controlled by central state-owned enterprises. We aim to achieve breakthroughs in value creation and value realization. While driving performance growth, we will continue to explore measures such as asset revitalisation. Through regular engagement with investors, we will refine the mechanism for regular earnings briefings, diversify channels such as roadshows and reverse roadshows, engage key opinion leaders in the secondary market to enhance the quality of communication, and ensure effective feedback from the market to make assessment of strategic feasibility. We will examine and put forward various initiatives to enhance shareholder return, create synergies in resource allocation and facilitate the implementation of our strategy.

The Group continues to fulfil its corporate social responsibilities, undertaking paired assistance tasks in Shangri-La and Deqin, Yunnan, and successfully completing all assistance missions. We have completed the business format upgrade of the Xia Ruo Starry Sky project, introducing educational tourism programmes to fill the local gap, and creating a new revenue growth point for the project. We have driven the completion of the main building construction for the Tiger Leaping Gorge boutique homestay project and the Haba Snow Mountain boutique homestay project. We spearheaded the organisation of the "CITWarm Spring Assistance Tour: Welcoming the New Year, Promoting Revitalisation through Shopping" exhibition and sales event for agricultural specialties and intangible cultural heritage products. We coordinated effectively with all assistance sites, with participating regions covering 10 cities and counties across 6 provinces including Yunnan, Guizhou, Jiangxi, Sichuan, Gansu and Guangdong. Information regarding the event was featured and published on the official WeChat account of the Ministry of Agriculture and Rural Affairs, "China Rural Revitalisation". We facilitated the commencement of upgrading and renovation work for the Deqin Guzha Hot Springs Project and the Nanji Luo Resort Project. In 2025, 40 promotional articles from the two assisted cities and counties were republished by mainstream media outlets including China News Network, China News and Tencent News.

The Group has consistently prioritised corporate governance, promoting the development of governance frameworks and the refinement of governance mechanisms whilst continuously strengthening comprehensive risk management, internal control systems and compliance management. For key subsidiaries, we plan for both existing and future targets in terms of market and asset integration, with particular attention paid to sustainable development. We systematically advance and implement corrective measures to continuously enhance risk prevention and control capabilities.

LOOKING AHEAD

Looking ahead to 2026, geopolitical conflicts are intensifying, and the prospect of additional tariffs continues to overshadow multilateral trade. Artificial intelligence (AI) is flourishing driving economic and social changes. The complex interplay of factors influencing the Federal Reserve's monetary policy is undermining the certainty of the path to interest rate cuts. Despite a complex and volatile external environment, China continues to accelerate the development of new quality productive forces, supported by deepening supply side reforms to improve the business environment, with the aim of driving a high-quality transformation of the economic development model. Consequently, it is anticipated that China's industrial momentum will continue to shift towards new and high-quality sectors, whilst the economy maintains strong resilience and vitality. With the launch of the 15th Five-Year Plan, China's tourism industry is poised to progress towards the goal of being "tourism-empowered country," with its focus on the deep integration of culture and tourism, high-quality development and digital transformation. The domestic tourism sector is expected to grow continuously, though it will still be exposed to significant challenges.

Hong Kong's economy and stock market are expected to continue on a gradual recovery trajectory, as supported by Hong Kong's status as an international financial centre and its deep integration with the Chinese mainland economy, though still being exposed to relatively challenging conditions given the external environment. Under the 15th Five-Year Plan, Hong Kong will proactively align with national strategies, leverage its strengths as the "hub for cultural and artistic exchanges between East and West," promote the integrated development of "Tourism+" (such



CHAIRMAN'S STATEMENT

as cultural tourism, sports tourism, and sporting events), and build the Greater Bay Area into a world-class tourism destination. As tourism and business activities continue to recover, the tourism sector and private consumption are also expected to improve. Government policies aimed at attracting talent, promoting innovation, and developing emerging industries may provide additional impetus for medium-term growth.

The Group will implement its industry-leading plan to further enhance its competitive edge through measures such as benchmarking to identify gaps, improving key performance indicators, advancing the building of core capabilities, and optimising business competition strategies. Benefited from the strong start in 2026, the Company witnessed the increase in total visitor numbers and revenue from tourist attractions and related businesses by more than 20% in January and February 2026 as compared to the same period last year. The Group will spare no effort in implementing all tasks to maintain steady operational growth, accelerate the pace of overcoming development bottlenecks, and create greater value for shareholders. I would like to take this opportunity to express my sincere gratitude to the Board,



the management team and all staff for their unwavering dedication, loyalty and diligence, and for the valuable contributions they have made to the Group through their professional performance.

Wu Qiang
Chairman of the Board

Hong Kong, 31 March 2026





MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

In 2025, against a backdrop of ongoing geopolitical turbulence and mounting domestic pressures, the Chinese economy remained broadly stable. In Hong Kong, the government stepped up efforts to promote local events, resulting in continued growth in the number of inbound visitors. In 2025, the gross domestic product (GDP) of the People's Republic of China (“China”) grew by 5.0% year-on-year. This directly reflected the results of coordinated macroeconomic policies and demonstrated the strengthening of endogenous growth momentum driven by the gradual recovery of domestic demand and development of new-quality productive forces. According to forecasts by the International Monetary Fund, the Chinese mainland economy is expected to achieve steady and moderate growth of 4.5% in 2026. As this marks the inaugural year of the 15th Five-Year Plan, policy priorities are shifting toward addressing external challenges by boosting domestic demand and stabilising the property market. The Group will continue to pursue its corporate mission and objectives, striving to improve efficiency and reduce costs to further enhance operational performance.

During the year, the Group's the tourism property business was discontinued. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to reflect this change. For details, please refer to the paragraph headed “Business Development” below.

In 2025, the Group's consolidated revenue from continuing operations was HK\$4,076 million, a decrease of 2% compared with the previous year, whilst the pre-tax profit from continuing operations was HK\$374 million, compared with a pre-tax profit from continuing operations of HK\$560 million in the previous year. Loss for the year was HK\$272 million, of which loss from discontinued operations for the year was HK\$503 million and profit from continuing operations for the year was HK\$231 million. The loss attributable to shareholders was HK\$282 million, compared with a profit attributable to shareholders of HK\$106 million in the previous year. Profit attributable to operating activities from continuing operations was HK\$264 million, a decrease of 43% compared with the previous year. The loss for the year ended 31 December





MANAGEMENT DISCUSSION AND ANALYSIS

2025 was primarily attributable to the impairment provision made by the Group in respect of the distributed tourism property business assets, the reclassification of the one-off cumulative exchange differences associated with the distribution in specie of the tourism property business, and a decline in the fair value of investment properties due to market fluctuations.

The Group's financial position remains sound and robust. As of 31 December 2025, total assets stood at HK\$18,325 million, representing a decrease of 25% year-on-year; equity attributable to shareholders amounted to HK\$11,270 million, a decrease of 30% year-on-year; the total of cash and bank balances and pledged and restricted deposits stood at HK\$2,993 million, representing an increase of 22% year-on-year. After deducting total borrowings of HK\$2,402 million (comprising borrowings from the holding companies, loans from a fellow subsidiary, bank loans and other borrowings), net cash amounted to HK\$591 million, representing a decrease of 8% year-on-year.

DIVIDENDS

On 12 October 2025, the Board proposed a special dividend by way of distribution in specie of the shares of CTG Wellness Retreat Holding Ltd ("**CTG Wellness**") to the shareholders of the Company. A shareholder was entitled to one share of CTG Wellness for every one share of the Company held by them, with an alternative cash payment of HK\$0.336 per share. The distribution in specie was completed on 22 December 2025.

The Board recommends payment of a final dividend of HK1 cent per share for the year ended 31 December 2025

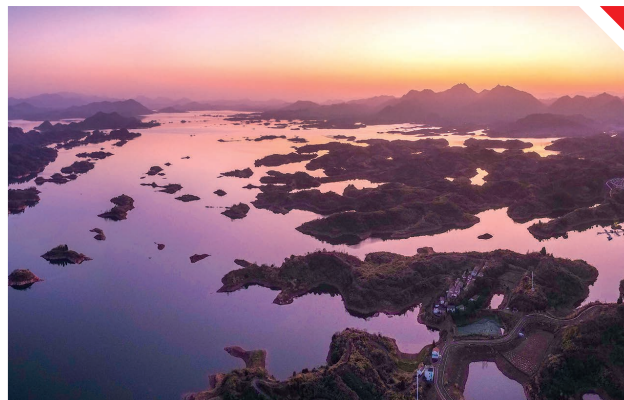
(2024: Nil), to be paid to shareholders on 30 June 2026, subject to approval at the annual general meeting.

BUSINESS REVIEW

(1) Tourist Attraction and Related Operations

The Group's tourist attraction and related operations primarily comprise:

1. Theme parks: Shenzhen The World Miniature Co., Ltd. ("**Window of the World**"), Shenzhen Splendid China Development Co., Ltd. ("**Splendid China**"), and CTS Southwest (Chongqing) Tourism Development Co., Ltd. ("**Chongqing Amusement Park**");
2. Natural and cultural scenic spots: CTS (Ningxia) Shapotou Tourist Spot Co., Ltd. and CTS (Ningxia) Shapotou Cable Car Co., Ltd. ("**Shapotou Scenic Spot**"), Jiangxi Xing Zi Lu Shan Xiu Feng Passage Cable Car Co., Ltd. ("**Xiufeng Cable Car**"), CTS Guangxi Detian Waterfall Tourism Development Co., Ltd. ("**Detian Scenic Spot**"), CTS Lugu Lake (Lijiang) Tourism Development Co., Ltd. ("**CTS Lugu Lake**"), CTS Xinjiang Tourism Operation Management Co., Ltd. ("**CTS Xinjiang**"), CTS Bairui Xinjiang Tourism Development Co., Ltd. ("**CTS Bairui**"), CTS (Zhejiang) Qiandao Lake Tourism Development Co., Ltd. ("**Qiandao Lake Company**"), CTS (Yunnan) Tourism Development Co., Ltd. ("**Yunnan Company**"), China Heaven International Performing Arts Production and Exchange Co., Ltd. ("**Heaven**");





MANAGEMENT DISCUSSION AND ANALYSIS

Creation Company”), China Travel Zhiye Culture Development (Shenzhen) Co., Ltd. (“**China Travel Zhiye**”), and CTS Scenery (Beijing) Tourism Management Limited (“**CTS Scenery**”).

Non-controlling investments in scenic spots: Huangshan Yuping Passenger Cable Car Company Ltd., Huangshan Taiping Cable Car Co., Ltd., Changsha Colorful World Co., Ltd., Changchun Jingyuetan Youle Co., Ltd., Hangzhou New Century Senbo Tourism Investment Co., Ltd. (“**New Century Senbo**”), Changde City Taoxi Cultural Tourism Investment Company Limited (“**Changde Taoxi**”, formerly known as “CTS Taohuayuan (Changde) Cultural Tourism Development Company Limited”) and Handhuvaru Ocean Holidays Private Limited (“**HOH Company**”).

3. Leisure resorts: Jilin Songhua Lake International Resorts Development Company Limited (“**Songhua Lake Company**”), CTS (Beijing) Snow Sports Development Co., Ltd. (“**Wan Bingxue Company**”, formerly known as “**Beijing Wanbingxue Sports Co., Ltd.**”), CTS (Hainan) Aerospace Tourism Development Co., Ltd. (“**CTS Hainan**”), CTS Senbo (Shenzhen) Tourism Resort Co., Ltd. (“**Dapeng Senbo**”), and CTS Holiday Travel Management (Hainan) Co., Ltd. (“**CTS Resort**”).
4. Tourism Property (discontinued operations): China Travel Hong Kong (Zhuhai) Ocean Spring Co., Ltd. (“**Zhuhai OSR**”), CTS (Xianyang) Ocean Spring Resort Co., Ltd. (“**Xianyang OSR**”), CTS (Anji) Tourism Development Co., Ltd. (“**Anji Company**”) and CTS (Shenzhen) City Development Co., Ltd. (“**CTS City**”).

In 2025, the scenic spot business was affected by factors such as the segmentation of consumer spending, a lack of new products and projects, and climate change, resulting in a decline in both overall revenue and profit compared to the previous year. In 2025, the Group’s continuing operations for tourist

attraction and related operations recorded total revenue of HK\$1,880 million, a decrease of 0.4% compared with the previous year. Attributable profit was HK\$87 million, whereas the attributable profit for the previous year was HK\$168 million.

Theme Parks

In 2025, theme park revenue stood at HK\$520 million, a decrease of 13% compared to the previous year. Attributable profit was HK\$12 million, a decrease of 81% compared to the previous year.

In 2025, Window of the World collaborated with the Tourism Authority of Thailand to launch “Thai-Land Style Season”, held a music festival during the May Day holiday, and introduced IPs such as “Egg Party” and “Nailoong” to celebrate Children’s Day on 1 June, thereby enriching its product offerings and visitor experiences. Splendid China launched upgraded performances featuring well-known IPs such as “Dream of Splendour” and “Lychees of Chang’an”, driving growth in evening visitor numbers and revenue. It will further explore ethnic cultural IPs and resources for the dynamic inheritance of intangible cultural heritage to create a differentiated product system integrating “culture, performance and technology”.

Natural and Cultural Scenic Spots

Revenue from natural and cultural scenic spots amounted to HK\$1,267 million, representing a year-on-year decrease of 2%. Attributable profit stood at HK\$65 million, a year-on-year decrease of 41%.

Revenue from Shapotou Scenic Spot amounted to HK\$445 million, a decrease of 4% year-on-year, whilst attributable profit was HK\$35 million, a decrease of 17% year-on-year. Shapotou Scenic Spot hosted the “Youth Desert Camp • Starry Sky Carnival” for the first time. Centred on the theme of “music+starry night+desert”, this successful event offered an immersive cultural and tourism experience. In response to market competition, Shapotou Scenic Spot has developed a multi-tiered hotel cluster and enriched its themed activities, striving to establish itself as a first-class desert tourism resort. Detian Scenic Spot discontinued its mountain climbing



MANAGEMENT DISCUSSION AND ANALYSIS

activities, with revenue maintaining at HK\$288 million, which is comparable with last year. Detian Scenic Spot implemented a series of distinctive marketing campaigns for events such as the March 3rd Festival, May Day and the summer holidays. These activities adopted an innovative integrated model of “scene creation+unique experiences+on-site sales”, combining folk cultural experiences with product sales and effectively boosted sales conversion. CTS Lugu Lake integrated tourist spot products, resulting in revenue growth. CTS Bairui primarily focuses on site selection and development in scarce core areas of Xinjiang’s 5A- and 4A-rated scenic spots and major tourist destinations. Revenue has increased compared to the previous year. CTS Bairui has launched its “one-stop holiday” programme and introduced customised hiking routes that incorporate local cultural elements and provide professional guide services. This has attracted outdoor enthusiasts, extended visitor stay time and encouraged recurring spending. The Kuerdening Scenic Area in Xinjiang has leveraged new media promotion to become a popular “viral” destination, with visitor numbers surging by 145%. Qiandao Lake Company, the unified operational management entity for the Qiandao Island Lake Scenic Area, saw revenue decrease by 2% compared to the previous year. Qiandao Lake Company is accelerating project renovations, strengthening marketing and expansion efforts for the scenic area, and increasing the number of both group and individual visitors. Yunnan Company is undertaking the full operation and maintenance of the Dali Erhai Ecological Corridor. As the Erhai Ecological Corridor project is a new tourism flagship being vigorously developed by Dali Prefecture, Yunnan Company’s participation in the investment and operation of local tourism resources will further enhance the Company’s brand influence in the southwestern region. In 2025, Yunnan Company launched a series of themed events including “Hello Dali 2025 Spring Festival Charm”, generating revenue of HK\$175 million, a 32% increase year-on-year, establishing itself as a benchmark for innovation and breakthroughs in ecological scenic areas. It will continue to expand its market reach and commercial approach, enriching the diversified commercial ecosystem of the Dali

Erhai Lake Ecological Corridor, and further enhancing the region’s commercial value and influence. Heaven Creation Company is engaged in creative planning and performing arts management. During the year, it successfully staged the production “Legend of Kung Fu: Southern Shaolin” at the Quanzhou Theatre in Fujian Province, with revenue increasing by 44% year-on-year. CTS Intelligence provides tourism planning services, with revenue decreasing by 4% year-on-year. CTS Intelligence remains committed to its overarching goal of becoming a first-class national tourism think-tank and will further enhance its capabilities in the three core business areas of planning, marketing and operations.

Leisure Resorts

Revenue from leisure resorts amounted to HK\$93 million. Attributable profit was HK\$10 million. Among these spots, Songhua Lake Company and Wanbingxue Company contributed HK\$78 million and HK\$10 million respectively to the Group’s revenue.

On 30 September 2025, CTS Scenery, a wholly-owned subsidiary of the Company, entered into a share transfer agreement with Changchun Vanke Real Estate Development Co., Ltd. (“**Changchun Vanke**”, a subsidiary of China Vanke Co., Ltd.) and Songhua Lake Company (a wholly-owned subsidiary of Changchun Vanke), pursuant to which the Company agreed to acquire 100% of the equity interest in Songhua Lake Company for a consideration of RMB295 million. Since the safety rectification costs plus the property registration fees as specified in the agreement exceeded RMB20 million, the fourth installment of payment was waived, thus resulting in the final consideration of RMB275 million. On 30 September 2025, the Company entered into a share transfer agreement with Vanke Hotel Management Co., Ltd. (a subsidiary of China Vanke Co., Ltd., “**Vanke Hotel Management**”) and Wan Bingxue Company (a wholly-owned subsidiary of Vanke Hotel Management), pursuant to which the Company agreed to acquire 100% of the equity interest in Wan Bingxue Company for a consideration of RMB5 million. The aforementioned acquisition was completed on 27 October 2025. Songhua



MANAGEMENT DISCUSSION AND ANALYSIS

Lake Company owns the Lake Songhua Resort in Jilin Province and operates the Lake Songhua Ski Resort, Seibu Prince Hotel, the Zhanyun Salomon Hotel, Qing Shan Apartment and a business town. The core businesses of Wan Bingxue Company comprise ski resort development and planning, construction consultation, operations management, marketing promotion, and ski coaching. It manages a total of eight well-known ski resorts and possesses extensive mountain teaching cooperation resources, demonstrating strong capabilities in the integration of the ski industry. This project is in line with the Company's development strategy for urban and leisure resort products. It represents a key strategic choice for the Company to seize opportunities, cultivate new growth drivers, and expand into the ice and snow economy. The project as a whole is of significant strategic importance. For further details, please refer to the Company's announcement dated 30 September 2025.

Tourism Property (Discontinued Operations)

Revenue from tourism property amounted to HK\$333 million, a decrease of 27% year-on-year, attributable loss amounted to HK\$346 million, an increase of 125% year-on-year. The widening of the loss was primarily attributable to as the impairment provisions made for assets in Zhuhai OSR and Xianyang OSR as well as the reclassification of cumulative exchange differences relating to the distribution in specie of the tourism property business during the year.

Revenue from Zhuhai OSR amounted to HK\$130 million, a decrease of 41% year-on-year, primarily due to a reduction in property revenue carried forward. Zhuhai OSR expanded into wellness and recuperation services, launching over 20 DIY itinerary products based on the "ORS Six-Wellness System", and secured major corporate clients such as China Southern Power Grid and Sun Yat-sen University. The "Laughing Bugs" themed area became operational in July 2025. Revenue from Xianyang OSR decreased by 35% year-on-year. Xianyang OSR introduced an innovative "Hot Springs+" composite product matrix, collaborating closely with leading local marketing teams to launch key products such as "Ticket+Accommodation" package and corporate membership cards to enhance market appeal and average spending per customer. Tailored pricing was designed for family and corporate team-building customer segments to maximise the fulfilment of the needs of diverse groups. Due to a significant reduction in property revenue carried forward, Anji Company's revenue decreased by 27% year-on-year. Anji Company introduced the "Cute Chicken Squad" IP and implemented more than 10 fantasy-themed scenes and amusement facilities to create a new integrated model for family-oriented cultural tourism combining "IP+Ecology+Experience". The associate, Zhuhai Evergrande Ocean Spring Land Co., Ltd., recorded an attributable loss of approximately HK\$13 million.



MANAGEMENT DISCUSSION AND ANALYSIS

(2) Travel Document and Related Operations

The Group's travel document and related operations comprise primarily of China Travel Service Entry Permit Service Hong Kong Limited and China Travel Hi-Tech Computer Hong Kong Ltd.

Benefiting from the relaxation of pandemic-related travel restrictions and social measures in Hong Kong and Chinese mainland, demand for travel document services grew significantly in 2023. In 2024, as the majority of travel documents expired during the pandemic had been renewed in 2023, demand for travel document services returned to normal levels. The National Immigration Service of China implemented a policy on concessionary document fees targeting Taiwanese residents applying for a Mainland Travel Permit for the first time, effective from 1 July 2025. In 2025, revenue from the Group's travel document and related services amounted to HK\$280 million, a decrease of 19% year-on-year. Attributable profit was HK\$111 million, a decrease of 37% year-on-year. China Travel Hi-Tech Computer Hong Kong Ltd. provides system maintenance and data security services for the Group's travel document business, continuously optimising travel document business systems and supporting the Group in advancing its digital transformation initiatives.

(3) Hotel Operations

The Group's hotel operations comprise:

1. Six hotels and one serviced apartment in Hong Kong and Macau.
2. Beijing Guang'anmen Grand Metropark Hotel Co., Ltd. ("**Beijing Metropark Hotel**").
3. CTS H.K. Metropark Hotels Management Limited.

The Hong Kong Government has organised a series of major events to boost visitor arrivals and revitalise the industry, helping to drive the performance of the hotel business. Despite competition from neighbouring cities, the Group's hotels recorded increases in occupancy rates along with revenue

growth. The Metropark Hotel Hung Hom and Green Residence serviced apartment commenced operations in May 2024, expanding the business' profit growth drivers, whilst the hotel operations in Chinese mainland maintained steady development. In 2025, revenue from the Group's hotel operations amounted to HK\$887 million, representing an increase of 8% year-on-year. Attributable profit was HK\$204 million, a decrease of 10% year-on-year.

Key Operating Data

	2025	2024
Six hotels and one serviced apartment in Hong Kong and Macau (<i>Metropark Hotel Hung Hom and Green Residence serviced apartment commenced operation in May 2024</i>)		
Average occupancy rate (%)	96	95
Average Room Rate (HK\$)	792	760
Beijing Metropark Hotel		
Average occupancy rate (%)	77	81
Average Room Rate (RMB)	700	706

(4) Passenger Transportation Operations

The Group's passenger transportation operations comprise bus and vessel businesses operated under Shun Tak-China Travel Shipping Investments Limited ("**Shun Tak-China Travel**").

In 2025, revenue from passenger transportation operations amounted to HK\$1,007 million, a decrease of 8% compared with the previous year. Attributable profit was HK\$2 million, compared with an attributable loss of HK\$11 million in the previous year.

Shun Tak-China Travel will capitalise on the market recovery following the reopening of border controls and seize on opportunities presented by the "Northbound travelling of Hong Kong residents" trend and the opening of the Shenzhen-Zhongshan Link to expand its market presence. It will launch dedicated post-concert shuttle services and concert shuttle



MANAGEMENT DISCUSSION AND ANALYSIS

services for events at Kai Tak Sports Park, aiming for a rapid recovery and business growth. Driven by positive factors such as the “Northbound travelling of Hong Kong residents” trend and the National Games, the bus service business achieved revenue of HK\$464 million, marking a five-year high. The ferry business, however, saw a decline in revenue due to competitors’ more aggressive ticket giveaway strategies.

BUSINESS DEVELOPMENT

Tourist Attraction and Related Operations

In line with its strategic position as a “world-class investment and operational service provider for tourist spots”, the Group primarily pursues a corporate mission of “appreciating the beauty of nature and enjoying the essence of culture” through two major business lines: Mainland scenic spot operations and Hong Kong-based operations. Driven by intellectual property and technological innovation, the Group focuses on three key sectors: theme parks, leisure resorts, and natural and cultural scenic spots. By gaining deep insights into customer needs and enriching their travel experience, it is expanding into new areas of business such as winter sports tourism, tourist homestays and scenic spot performances.

The Group remains committed to integrating the spirit of directives and instructions into its overall strategy, embedding them deeply into the formulation of the 15th Five-Year Plan. We are making solid plans for development over the next five years. Building upon a comprehensive review of the 14th Five-Year Plan and taking into account new circumstances and tasks, we have conducted in-depth research and thorough analysis to devise a strategic planning framework for the 15th Five-Year Plan. The plan proposes to consolidate our development foundations by focusing on theme parks and natural and cultural scenic areas as core businesses; utilising IP and technology as the two key drivers of innovation; and building a second growth pattern by entering the new winter sports sector, creating new IP content, and adopting new traffic operation models. Such plan will play a vital strategic guiding role in the Company’s future development.

Windows of the World and Splendid China will focus on rebuilding the core competitiveness of their IPs. By deeply exploring cultural connotations and precisely aligning with market demands, they aim to create an IP matrix with high recognition and strong appeal. Using the “Guochao Style” and “world culture” themes to form a virtuous cycle in which “IP empowers business formats and business formats nourish IP”, we will strengthen communication with local governments and other stakeholders to explore new avenues for collaborative development. Window of the World’s “LOVESHOW” delivers a brand-new visual experience, whilst Splendid China launched the “Green Lake Fantasy”, a new Peking Opera courtyard attraction, following the success of “Dream of Splendour”. The Company will use the renovation of Splendid China and Window of the World as an opportunity for cooperation with renowned IPs such as Harry Potter, building a theme park that brings together top-tier Chinese and global IPs. We will explore the establishment of an aviation-themed park integrating technology, education and entertainment, and strive to create first-class domestic theme parks on par with Disney and Universal Studios during the 15th Five-Year Plan period.

Shapotou Scenic Spot will pioneer a new “scenic area+boutique hotel” holiday model and establish a national-level tourist resort. The Desert Star Hotel has implemented lean management, whilst the Diamond Hotel, through unique product innovation and precise market positioning, has achieved differentiated revenue across various markets within the year. It will focus on expanding and penetrating market channels to ensure a stable client base. Detian Scenic Spot participated in the “China-Vietnam Year of Cultural Exchange” activities, welcoming 45,600 overseas visitors in 2025, a year-on-year increase of 41%. The People’s Daily dedicated a full page to the cultural and tourism cooperation story of the Detian Transnational Waterfall. The “CTS • China-Vietnam Detian (Banyue) Transnational Waterfall Cross-Border Run and 2025 Daxin Half Marathon” was successfully held, enhancing the profile and influence of the cooperation zone. To further ensure operational safety, Xiufeng Cable Car suspended operations in the first half of 2025 for refurbishment and equipment upgrades, with the work now completed. The Lanyue Hotel, operated by



MANAGEMENT DISCUSSION AND ANALYSIS

CTS Lugu Lake opened in September 2024. Offering a variety of immersive local cultural experiences tailored to the preferences of high-net-worth holidaymakers, the hotel has won multiple awards for its boutique resorts.

The Company operates a management outsourcing business for scenic areas and hotels, providing tourist spots with practical customised solutions and end-to-end operational services. Its subsidiaries, including CTS Scenery, China Travel Zhiye and CTS Resort, possess comprehensive capabilities for integrated management outsourcing across the entire industry chain. The Company currently runs 35 management outsourcing projects comprising six 5A-rated and 11 4A-rated attractions. During the 15th Five-Year Plan period, the Company will focus on strategic mergers and acquisitions, platform development and capacity building, streamlining standardised processes for scenic spot management, and establishing a replicable management outsourcing model.

The Company's development strategy involves the ongoing review of its business portfolio, and it may consider taking further actions deemed necessary to enhance the Group's core competitiveness and overall profitability with a view to maximising shareholder value. In the second half of 2025, the Company internally reorganised its tourism property business (primarily operated through Zhuhai OSR, Xianyang OSR, Anji Company, CTS City and CTS Haiquanwan Scenery (Chengdu) Real Estate Co., Ltd.) to being held by CTG Wellness, thereby establishing a restructuring of CTG Wellness and its subsidiaries (the **"CTG Wellness Group"**), and spinning off the CTG Wellness Group from the Group through the distribution in specie of CTG Wellness shares (**"Distribution in Specie"**). Shareholders may elect to receive CTG Wellness shares or a cash alternative in proportion to their shareholding in the Company. To facilitate the Distribution in Specie, the Company's controlling shareholder has undertaken to: (i) elect and hold all CTG Wellness shares under the Distribution in Specie (i.e. not to elect the cash alternative); and (ii) in respect to CTG Wellness shares not taken by shareholders electing the cash alternative (if any), to acquire or arrange for its wholly-owned subsidiary to acquire such shares from the Company

on or about the completion of the Distribution in Specie, and to pay to the Company consideration equivalent to the cash alternative payable or paid to the shareholders electing for the cash alternative. Upon completion of the Distribution in Specie, CTG Wellness will be ceased to be a subsidiary of the Company and will be held by the Company's controlling shareholder (or its wholly-owned subsidiary) and shareholders who opted for the Distribution in Specie. The financial results of the tourism property business are deconsolidated from the Group's consolidated financial statements commencing from the date of completion of the Distribution in Specie. Through the Distribution in Specie, the Group can reduce its overall debt levels and minimise its exposure to the volatile property market. The Distribution in Specie was completed on 22 December 2025, and the Company recorded a one-off loss of approximately HK\$152 million primarily attributable to the reclassification of cumulative exchange differences relating to the tourism property business. For further details, please refer to the Company's announcements dated 12 October 2025 and 14 November 2025, as well as the circular dated 28 October 2025.

Digital Transformation

The Company remains committed to innovation-driven development and the integration of digital and physical realms, comprehensively advancing digital transformation and the practical application of cutting-edge technologies to foster new quality productive forces and drive business growth. In 2025, leveraging the digital platform for tourist destinations, we continued to promote the online migration and integrated operation of our business, providing visitors with a "one-stop travel" experience. The platform has demonstrated significant benefits through repeated patronage, having cumulatively supported 31 projects. Both the platform's annual transaction volume and the number of new members reached record highs with significant year-on-year growth. The data platform has fully integrated core business systems, establishing a unified data foundation encompassing "collection, storage, management and utilisation". It integrates multi-tiered management dashboards covering customer reviews, operational analysis and real-time visitor flow, supporting





MANAGEMENT DISCUSSION AND ANALYSIS

data-driven insights and operational improvements. We employ AI technology, create immersive experiences and facilitate the low-altitude economy to foster new growth drivers. Based on large language models such as DeepSeek and Qwen3, the Group independently developed an AI agent development platform and launched the “Destination AI Tour Guide” agent, which was rolled out across 12 key scenic spots and recognised as a model case for “AI+Cultural Tourism” application scenarios in Guangdong Province. The Group also introduced the “AI Employee Assistant” and “Customer Review Analysis Agent”, which handled nearly 10,000 internal enquiries and automatically analysed over 450,000 review entries to generate in-depth user insight reports and provide data support for refined operations. Five XR/MR projects, including the Shenzhen Window of the World SpaceS Digital Immersion Pavilion, commenced operation, validating the commercialisation for technology-driven cultural tourism. We have proactively positioned ourselves in the low-altitude economy sector, with COHC’s operation established with Zhuhai OSR. The Company has signed a low-altitude economy cooperation agreement with China Telecom Shenzhen Branch to create an integrated “flight experience+ground-level consumption” model.

Looking ahead to 2026, the Company aims to reshape its business and management through AI, continue the large-scale application of AI agents, drive the comprehensive upgrade of the destination smart tourism platform, strengthen data insights to empower scientific decision-making, and expand new immersive experience formats, thereby driving the high-quality development of the Company’s business through technological innovation.

Passenger Transportation Operations

As for its bus services, in response to the “Northbound travelling of Hong Kong residents” market trend and coinciding with the opening of the Shenzhen-Zhongshan Corridor, we have adjusted relevant routes to provide passengers with a faster travel experience. In line with Hong Kong Government policies to reduce carbon emissions, we will accelerate the procurement of new energy vehicles to save fuel and maintenance costs

while seeking further partnership opportunities and striving to resolve operational challenges arising from insufficient quotas through mergers and acquisitions, thereby strengthening Shun Tak-China Travel’s leading position in the Greater Bay Area’s integrated cross-border transportation sector. The passenger ferry business will continue to implement effective cost controls, divest inefficient assets and low-yield routes, and increase market share in cross-border water transport.

Shun Tak-China Travel will explore the low-altitude economy and capitalise on the trend of Greater Bay Area connectivity to expand its passenger transport business. It will continue to rely on cross-border passenger transport as its revenue base, synergising with the passenger vessel business, seizing opportunities presented by various events and holiday peaks, and formulating diversified vehicle and ferry joint marketing strategies to expand brand influence as it strives to become “the largest cross-border passenger transport platform in the Guangdong-Hong Kong-Macao Greater Bay Area”. Furthermore, Shun Tak-China Travel plans to further expand its low-altitude cross-border passenger transport network between Greater Bay Area cities by flexibly utilising existing helicopter resources or introducing new passenger aircrafts. This initiative will not only promote interaction and exchange between the core cities of the Guangdong-Hong Kong-Macao Greater Bay Area but will also enrich the scope of Shun Tak-China Travel’s passenger transport services.

Hong Kong and Overseas Operations

The Group adheres to the strategy of “establishing a foothold in Hong Kong, deepening our presence in Hainan, expanding into the Chinese mainland, and refining our overseas operations”, and is exploring overseas markets positioning. HOH is making steady progress on the Maldives project, with land reclamation and shoreline protection work on Ambar Island having been completed, along with the design of various specialised schemes. The Group is committed to developing the project into a high-quality resort and will further refine HOH’s corporate governance framework.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group is researching revitalisation and optimisation plans for its existing assets, including properties in Hong Kong, to enhance asset management efficiency and unlock value. The Metropark Hotel Hung Hom officially commenced operations in May 2024. Positioned in the mid- to high-end market, the hotel is able to provide the Company with stable and competitive returns.

In 2024, the Group entered into a strategic cooperation agreement and service contract with a subsidiary of Sun Hung Kai Properties Limited, under which the Group provides consultancy and operational support services for the cultural and tourism business of Ma Wan Park Phase II. In 2025, the Group continued to advance the rebranding, promotional campaigns, visitor attraction and event organisation for Ma Wan Park Phase II, completing the launch of the “Ma Wan 1868” brand packaging, the filming and production of promotional videos, the October art exhibition and master workshop, and collaborating with China Travel Service (Hong Kong) to gradually attract visitors.

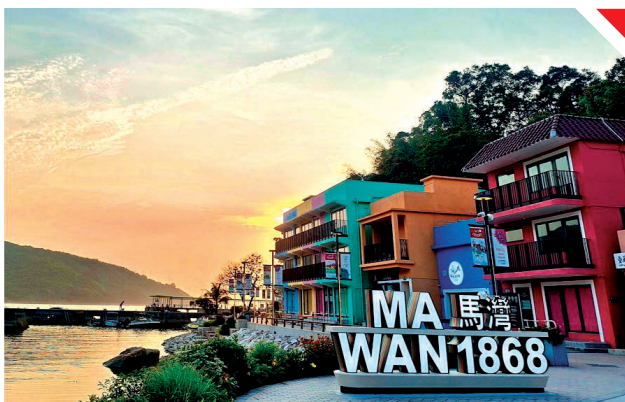
In February 2026, the Company and its joint venture partner established a joint venture to participate in the tender for the Central Harbourfront project in Hong Kong, aiming to create an innovative foothold for the Company in Hong Kong and expand its profit growth opportunities.

The Company has achieved notable results in the capital market, new media marketing and corporate social responsibility. The Company's shares were successfully listed on the Stock Connect scheme again, with both trading volume for the year and average share price showing significant increases compared to 2024.

INTERNAL MANAGEMENT

The Company has deepened operational control to enhance value creation, optimised and improved the corporate performance evaluation systems by refining assessment metrics and increasing the weighting of key indicators, strengthened its leading and exemplary role over subsidiary enterprises, and adhered to value-creation orientation to facilitate the implementation of the Company's strategy. We will continue to strengthen brand marketing, intensify brand promotion efforts, improve marketing conversion rates, and achieve mutual empowerment across brand-related businesses.

Whilst focusing on day-to-day operational management and striving to achieve expected performance targets, the Company will prioritise strengthening its four core competencies of investment capability, product capability, digital capability and operational capability to propel its development to a new level. We will fortify the safety production baseline, improve safety management structures and strengthen the dual-prevention system, as well as safety training and emergency drills for frontline staff.





MANAGEMENT DISCUSSION AND ANALYSIS

The Company fully complies with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and regulatory requirements. We will continue to optimise governance mechanisms and systems, maintain high standards of corporate governance, improve internal control management and strengthen institutional frameworks, enhance overall risk prevention and control capabilities, reinforce the management of operating cashflow and control of the debt-to-equity ratio, strengthen the governance of loss-making enterprises, relieve pressure on low-efficiency enterprises, and better control the management of the “two types of funds”.

EMPLOYEES AND REMUNERATION

As at 31 December 2025, the Group employed 7,009 staff. Employees are remunerated on the basis of work performance, professional experience and prevailing industry practices. The remuneration policy and packages for the Group’s employees are periodically reviewed by management. Apart from retirement benefits and in-house training programmes, discretionary bonuses and share options are awarded to certain eligible employees according to assessments of individual performance and the performance of the Group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group’s financial position remains strong. The Group generally finances its operations with internally generated cash flows and loan facilities from banks. As of 31 December 2025, the Group’s cash and bank balances, and pledged and restricted deposits amounted to HK\$2,993 million, while bank and other borrowings, loans from a fellow subsidiary and loans from the holding companies amounted to HK\$2,402 million. The debt-to-equity ratio was 39%. The debt included bank and other borrowings, lease liabilities, trade payables, other payables and accruals, borrowings from the holding company, loans from a fellow subsidiary and amounts due to the holding company and fellow subsidiaries.

FOREIGN EXCHANGE RISK

The Group has certain assets, borrowings and major transactions which are denominated in foreign currencies, and is thus exposed to foreign currency risk. The Group has not engaged in any particular hedge against foreign exchange risk. It will closely monitor and manage its foreign currency exposure and take appropriate measures as required.

PLEDGE OF ASSETS

As of 31 December 2025, certain of the Group’s bank deposits and land and buildings were pledged to secure bank guarantees given to suppliers in connection with credit facilities granted. Details are shown in note 33 to the consolidated financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND SIGNIFICANT INVESTMENTS

Save as disclosed in the “Management Discussion and Analysis” section, the Group did not engage in any material acquisitions and disposal of subsidiaries, associates and joint ventures or significant investments during the year ended 31 December 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the “Management Discussion and Analysis” section, the Group had no future plans for material investments or capital assets during the year ended 31 December 2025.

CONTINGENT LIABILITIES

As of 31 December 2025, the Group’s performance bond given to a customer for due performance of a sale contract was HK\$0.3 million (31 December 2024: HK\$0.3 million).



MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

In 2025, though the global and domestic landscape was becoming increasingly complex, China's economy demonstrated remarkable resilience whilst coping with significant pressures. Macroeconomic policies have been effectively coordinated, striking a balance between stabilising growth, adjusting the economic structure and managing risk. Driven by the dual engines of consumption and exports, and supported by the accelerated development of new quality productive forces, the economy has maintained overall stable operations. According to data released by the National Bureau of Statistics, China's GDP grew by approximately 5.0% year-on-year in 2025.

The international landscape remains complex and volatile, with persistent uncertainty and challenges. Against this backdrop, China has achieved the concluding targets of the 14th Five-Year Plan, with economic development characterised by "stable growth, improved quality and efficiency, and accelerated transformation". This year marks the start of the 15th Five-Year Plan and is a pivotal year for the Company to accelerate transformation and upgrading, comprehensively enhance quality and efficiency, and pursue high-quality and innovative development. We will fully implement all objectives and tasks of the 15th Five-Year Plan to ensure a strong start and a solid foundation.

The year 2026 has barely begun, yet it has already been met with even more explosive turmoil. The Russia-Ukraine conflict has dragged on for four years, the Gaza conflict has raged for nearly two and a half, and the latest hostilities in Iran may escalate into the most destructive turmoil in the Middle East, whilst Venezuela, Cuba and Greenland face a succession of threats. The US dollar is no longer a "safe haven", whilst gold prices have soared to unprecedented heights. The US Supreme Court's ruling on tariffs may trigger a series of potential crises and governance challenges.

The economies of Hong Kong and Chinese mainland are expected to maintain a slow growth trajectory in 2026, with the outlook remaining challenging due to the impact of geopolitical factors and international trade/tariff issues. Until the economic outlook becomes clearer, corporate business investment, expansion and personal consumption are expected to remain conservative in the short term.

In Hong Kong, the stock market has recorded steady growth over the past year, benefiting from robust initial public offerings, low borrowing costs, stable Hong Kong Interbank Offered Rates and favourable government policies.

Overall, the favourable conditions for China's development outweigh the adverse factors, and the trend of steady and positive development in the medium- to long-term will remain unchanged.

Looking ahead, geopolitical risks and trade tensions remain the primary variables affecting the global economic outlook. Hong Kong's recovery is progressing steadily. With the financial markets rebounding and sentiment improving, coupled with the possibility of US interest rate cuts, a more favourable business environment is expected to emerge. The Group remains cautiously optimistic about its business prospects whilst remaining vigilant regarding global economic volatility. Despite the challenges, the Group will remain steadfast in its corporate mission and objectives, and will continue to pursue long-term business and profit growth. The Group will persist in identifying diversified long-term value-enhancing opportunities for shareholders and is committed to strengthening its overall financial position to create even greater value. Whilst striving to achieve sustained growth in recurring profits, the Group also implements rigorous and prudent financial, liquidity and cashflow management to maintain a sound financial position.





REPORT OF THE DIRECTORS

The board (“**Board**”) of directors (“**Director(s)**”) of China Travel International Investment Hong Kong Limited (the “**Company**”) present their report together with the audited financial statements of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and the principal activities of the Group’s principal subsidiaries are set out in note 39 to the consolidated financial statements. There were no significant changes in the nature of the Group’s principal activities during the year. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of financial year 2025, an indication of likely future development in the Group’s business, and a discussion on the Company’s environmental policies and performance, can be found in the “Chairman’s Statement” section on pages 12 to 16, the “Management Discussion and Analysis” section on pages 17 to 28, the “Financial Review” section on page 7, the “Corporate Governance Report” section on pages 44 to 57, the “Environment, Social and Governance Report” section on pages 58 to 100 and note 44 to the consolidated financial statements on pages 203 to 207 of the Annual Report.

GROUP’S PROFIT

The Group’s profit for the year ended 31 December 2025 and the state of the Company’s and the Group’s financial affairs as at that date are set out in the consolidated financial statements on pages 107 to 210.

DIVIDENDS

The Directors does not recommend the payment of an interim dividend (2024: HK1.5 cents). On 12 October 2025, the Board proposed a special dividend by way of distribution in specie of the shares of CTG Wellness Retreat Holding Ltd (“**CTG Wellness**”) to the shareholders of the Company (the “**Shareholders**”), with an alternative cash payment of HK\$0.336 per share. The distribution in specie was completed on 22 December 2025. The

Directors recommend the payment of a final dividend of HK1 cent per share (2024: Nil) in respect of the year ended 31 December 2025 to shareholders whose name appear on the register of members of the Company on 8 June 2026.

As at the date of this annual report, the Board was not aware that any Shareholders had waived or agreed to any arrangement to waive dividends.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are shown in note 36 to the consolidated financial statements.

Details of movements in reserves of the Company and the Group during the year are set out in note 45 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as disclosed in the section headed “Share Option Scheme” below, no equity-linked agreements existed during the year. For the year ended 31 December 2025, the Company has not entered into any equity-linked agreements.

DISTRIBUTABLE RESERVES

At 31 December 2025, the Company’s reserves available for distribution, calculated in accordance with the provisions of Sections 291, 297 and 299 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), amounted to HK\$9,346,166,000.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year.

DONATIONS

During the year, the Group made charitable donations amounting to HK\$9,563,000.



REPORT OF THE DIRECTORS

SUMMARY FINANCIAL INFORMATION

A summary of the Group's results and assets and liabilities for the last five financial years is set out on page 6. The summary does not form part of the audited financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate turnover attributable to the five largest customers of the Group accounted for less than 30% of the Group's total turnover for the year and purchases from the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases for the year.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were as follows:

Executive directors:

Mr. Wu Qiang (*Chairman*)
Mr. Feng Gang (*General Manager*)
Mr. Li Pengyu

Non-executive directors:

Mr. Tsang Wai Hung
Mr. Zheng Jiang (*Appointed on 22 July 2025*)
Mr. Fan Zhishi
Mr. Tao Xiaobin (*resigned on 20 August 2025*)

Independent non-executive directors:

Mr. Song Dawei
Ms. Fang Xuan (*Appointed on 26 March 2025*)
Mr. Qian Jiannong (*Appointed on 20 August 2025*)
Mr. Tse Cho Che Edward (*resigned on 20 August 2025*)
Mr. Zhang Xiaoke (*resigned on 20 August 2025*)
Mr. Huang Hui (*resigned on 20 August 2025*)
Mr. Chen Johnny (*resigned on 20 August 2025*)

The Company considered all the Independent Non-Executive Directors to be independent based on the independence guidelines set out in Rule 3.13 of the Listing Rules.

In accordance with Article 99 of the Company's Articles of Association (the "**Articles**"), Mr. Wu Qiang, Mr. Li Pengyu and Mr. Song Dawei shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with Article 90 of the Articles, each of Mr. Zheng Jiang and Mr. Qian Jiannong, who has been appointed by the Board on 22 July 2025 and 20 August 2025 respectively, shall retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Biographical details of the Directors of the Company are set out on pages 8 to 11 of this report.

DIRECTORS OF SUBSIDIARIES

A list of names of all the directors who have served on the board of the Company's subsidiaries during the year and up to the date of this report is available on the Company's website at <http://www.irasia.com/listco/hk/ctii/>.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), there was no changes in Directors' information which need to be disclosed since the date of the 2025 Interim Report:

Mr. Qian Jiannong was appointed as an independent non-executive Director with effect from 20 August 2025. He confirmed that he has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 20 August 2025, and he understood his legal obligations as a director of the Company under the Listing Rules.



REPORT OF THE DIRECTORS

Mr. Zheng Jiang was appointed as a non-executive Director with effect from 22 July 2025. He confirmed that he has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 22 July 2025, and he understood his legal obligations as a director of the Company under the Listing Rules.

Ms. Fang Xuan was appointed as an independent non-executive Director with effect from 26 March 2025. She confirmed that she has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 26 March 2025, and she understood her legal obligations as a director of the Company under the Listing Rules.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings every year. Other emoluments are determined by the Board on the recommendation of the remuneration committee with reference to the Directors' duties, responsibilities and performance and the results of the Group. During the year ended 31 December 2025, there was no arrangement under which a Director has waived or agreed to waive any emoluments.

COMPETING BUSINESS

No directors are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

COMPENSATION POLICY

The Group's compensation policy comprises basic salary, annual bonus, benefits and long-term incentive award (including grant of share options under the share option scheme). The objective of the Group's compensation policy is to associate the interests of key employees with the performance of the Group and the interests of shareholders, as well as achieving a balance of short-term and long-term benefits through a reasonable system. Meanwhile, the Group also aims at maintaining the competitiveness of the overall compensation. The level of cash compensation varies with importance of duties, giving bonus in connection with performance directly proportional to the importance of duties, so as to ensure that the Group can recruit, retain and motivate high caliber candidates required for the development of the Group and avoid excess reward. The Group reviews its compensation policy annually and

engages professional intermediary if necessary so as to ensure the competitiveness of the compensation policy which, in turn, would support the business growth of the Group. No individual employee or director shall have the right to determine his/her own compensation.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the Directors' interests in the connected transactions and continuing connected transactions disclosed in this report, no transactions, arrangements or contracts (that are significant in relation to the Company's business), to which the Company or any of its holding companies or any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company or any entity connected with a Director had, directly or indirectly, a material interest, subsisted as at the end of the year or at any time during the year.

CONTRACTS OF SIGNIFICANCE

Save as the connected transactions and continuing connected transactions disclosed in this report, no contract of significance (including contract for the provision of services) between the Company or any of its subsidiary, and a controlling shareholder of the Company or any of its subsidiaries, subsisted as at the end of the year or at any time during the year.

RETIREMENT SCHEMES

Particulars of the retirement schemes of the Group are set out in note 2.4 to the consolidated financial statements

MANAGEMENT CONTRACTS

In 1992, the Company entered into a management service contract with China Travel Service Holdings (Hong Kong) Limited ("CTS (Holdings)"), the controlling shareholder of the Company (and is therefore a connected person of the Company), pursuant to which CTS (Holdings) has undertaken to provide or procure the provision of additional Executive Directors of the Company as and when required by the Company under the terms and conditions stipulated therein. The term of the agreement is for a period of 5 years from 25 September 1992 and will continue thereafter unless it is terminated by either party giving to the other one month prior written notice. No payment has been made during the year by the Group under such agreement.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2025 and up to the date of this report, the Group had the following connected transaction and continuing connected transactions, details of which are as follows:

Connected Transaction

On 12 October 2025, the Board proposed the implementation of the proposed distribution (the **“Proposed Distribution”**) in specie of the shares of CTG Wellness Retreat Holding Ltd. (the **“PrivateCo Shares”**) by the Company (the **“Distribution in Specie”**) and the provision of the cash alternative to the Shareholders. Under the Proposed Distribution, (a) the Distribution in Specie shall be conducted on the basis of one PrivateCo Share for every Share; and (b) a cash consideration of HK\$0.336 under the cash alternative shall be payable to the cash-electing Shareholders for every Share held by them. In order to facilitate the Proposed Distribution, China Tourism Group Corporation Limited (**“CTG”**) and China Travel Service (Holdings) Hong Kong Limited (**“CTS (Holdings)”**), the controlling Shareholders, have undertaken to (i) elect, accept and hold the PrivateCo Shares under the distribution in specie based on their shareholding level in the Company as of the record date in full (i.e., without electing for the cash alternative); and (ii) in respect of the PrivateCo Shares not taken on by the cash-electing Shareholders (if any), acquire or arrange for their wholly-owned subsidiary(ies) to acquire from the Company such PrivateCo Shares on or around the time of completion of the Proposed Distribution, by paying to the Company a consideration equivalent to the amount of the cash alternative payable/paid by the Company to the cash-electing Shareholders (the **“Possible Transaction”**).

CTS (Holdings) is interested in 61.15% of the issued share capital of the Company and is a controlling shareholder of the Company. CTG owns the entire issued share capital of CTS (Holdings). Each of CTG and CTS (Holdings) is a connected person of the Company. The Possible Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Possible Transaction to the largest extent exceed 5% but are less than 25%, the Possible Transaction also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Possible Transaction is subject to the reporting, announcement, circular and independent Shareholders’ approval requirements under Chapters 14 and 14A of the Listing Rules.

At the extraordinary general meeting of the Company held on 14 November 2025, the Company obtained the independent shareholders’ approval of the Proposed Distribution and Possible Transaction. For detailed information, please refer to the announcement of the Company dated 12 October 2025 and circular of the Company dated 28 October 2025.

Continuing Connected Transactions

- (i) On 12 November 2024, the Company and CTG Finance entered into a financial services framework agreement (the **“2024 Financial Services Framework Agreement”**) for a term commencing from 1 January 2025 and ending on 31 December 2027 in respect of the provision of deposit services, comprehensive credit line services, entrustment loan services and cross-border RMB cash pooling services by CTG Finance to the Group. Under the 2024 Financial Services Framework Agreement, the deposit caps for each of the three years ending 31 December 2027 was RMB1,500 million. At the extraordinary general meeting of the Company held on 23 December 2024, 50% or more of the votes were cast against the resolution in respect of the 2024 Financial Services Framework Agreement (including the deposit caps) and the resolution was not passed as an ordinary resolution of the Company. For detailed information, please refer to the announcement of the Company dated 12 November 2024 and 23 December 2024 and the circular of the Company dated 3 December 2024.



REPORT OF THE DIRECTORS

On 26 March 2025, the Company and CTG Finance entered into a financial services framework agreement (the “**2025 Financial Services Framework Agreement**”) for a term commencing from 26 March 2025 and ending on 31 December 2027 in respect of the provision of deposit services, comprehensive credit line services, entrustment loan services and cross-border RMB cash pooling services by CTG Finance to the Group. Under the 2024 Financial Services Framework Agreement, the deposit caps for each of the three years ending 31 December 2027 was RMB240 million. It is expected that the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the estimated transaction amounts in connection with the comprehensive credit line services (other than the loan services), the entrustment loan services and the cross-border RMB cash pooling services are on an annual basis less than 0.1%, the comprehensive credit line services (excluding the loan services), the entrustment loan services and the cross-border RMB cash pooling services are fully exempt from the reporting, announcement, annual review and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the highest of the deposit caps under the 2025 Financial Services Framework Agreement exceeds 0.1% but all are less than 5%, the deposit service (including the deposit caps) constitutes continuing connected transactions for the Company and is subject to the reporting, announcement and annual review requirements but is exempt from the circular (including independent financial advice) and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. The maximum daily deposit amount for the year ended 31 December 2025 was RMB238 million. For detailed information, please refer to the announcement of the Company dated 26 March 2025.

On 31 March 2026, the Company and CTG Finance entered into a financial services framework agreement (the “**2026 Financial Services Framework Agreement**”) in relation to the provision of financial services by CTG Finance to the Group for a term commencing from the effective date of the 2026 Financial Services Framework Agreement and ending on 31 December 2028, under which the existing deposit caps under the 2025 Financial Services Framework Agreement for each of the two years ending 31 December 2027 will be revised to RMB1.2 billion, and a new cap of RMB1.2 billion for the year ending 31 December 2028 in respect of the deposit services will be sought. The 2025 Financial Services Framework Agreement will be terminated at the effective date of the 2026 Financial Services Framework Agreement. CTG Finance is a subsidiary of CTG (a controlling shareholder of the Company) and is therefore a connected person of the Company. It is expected that the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the fees in connection with the comprehensive credit line Services (other than the loan services), the entrustment loan services and the cross-border cash pooling services will be on an annual basis less than 0.1%, the comprehensive credit line services (excluding the loan services), the entrustment loan services and the cross-border cash pooling services are fully exempt from the requirements under Chapter 14A of the Listing Rules. The Company will comply with the reporting, announcement, annual review and Independent Shareholders’ approval requirements under the Listing Rules, where applicable, if the transaction amount of such service exceeds the de minimis threshold under Rule 14A.76 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the highest of the deposit caps under the 2026 Financial Services Framework Agreement exceed 5% but all are less than 25%, the deposit

service (including the deposit caps) constitutes discloseable transaction and continuing connected transactions for the Company and is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14 and Chapter 14A of the Listing Rules. A circular containing, among others, the 2026 Financial Services Framework Agreement (including the deposit caps), the respective advice of the independent financial adviser and the independent board committee and the notice of the annual general meeting is expected to be despatched to the Shareholders on or before 30 April 2026.

- (ii) The Group in the past entered into certain ongoing connected transactions with CTS (Holdings) and its associates (collectively, the **"CTS (Holdings) Group"**) and CTG and its associates (collectively, the **"CTG Group"**) in the following categories:
- (a) Provision of Travel Permit Administration Services by China Travel Service Property Investment Hong Kong Limited (**"CTSPI"**) and China Travel Service Entry Permit Service Hong Kong Limited (**"CTSEP"**) (note (1));
 - (b) Lease arrangements with the CTG Group as lessor (note (2));
 - (c) Lease arrangements with the CTG Group as lessee (note (3));
 - (d) Lease of tourism management system to the CTG Group as lessee (note (4)); and
 - (e) Provision of entrusted procurement services in respect of Permit IC Cards to CTS (Holdings) (Note (5)).

Notes:

- (1) On 15 May 2001, CTSPI, an indirect non-wholly-owned subsidiary of the Company, entered into an agreement (the **"Agency Agreement"**) with CTS (Holdings), a controlling shareholder of the Company (and is therefore a connected person of the Company), to document the transactions relating to the general administration services provided in Hong Kong for application for tourist visas and travel permits for entry into the PRC for a fixed term up to 30 June 2047 (the **"Travel Permit Administration Services"**).

On 1 June 2020, CTSPI entered into a deed of novation in relation to the Agency Agreement with CTSEP, an indirect wholly-owned subsidiary of the Company, pursuant to which the parties agreed CTSEP to undertake and perform, on behalf of CTSPI, all its obligations under the Agency Agreement, and assume, on behalf of CTSPI, its rights and benefits under the Agency Agreement, for a term commenced from 1 June 2020 and ending on 30 June 2047.

CTSEP has continued to provide the Travel Permit Administration Services during its ordinary and usual course of business and in accordance with the terms of the Agency Agreement. At the extraordinary general meeting of the Company held on 23 December 2021, the Company obtained independent shareholders' approval of the maximum aggregate annual value of HK\$310 million for each of the three years ending 31 December 2024. For detailed information, please refer to the Company's announcement dated 16 November 2021 and the circular dated 7 December 2021.

Due to the increasing demand in the Travel Permit Administration Services following the relaxation of COVID-19 pandemic related travelling restrictions and social distancing measures on Hong Kong and the PRC, the aggregate annual value for the Travel Permit Administration Services for each of the two years ending 31 December 2024 is expected to be insufficient, at the extraordinary general meeting of the Company held on 9 October 2023, the Company obtained independent shareholders' approval of the revision of the annual caps for each of the two years ending 31 December 2024 from HK\$310 million to HK\$400 million. For detailed information, please refer to the Company's announcement dated 30 August 2023 and circular dated 20 September 2023.

CTS (Holdings) is a connected person of the Company by virtue of being a controlling shareholder under Chapter 14A of the Listing Rules.



REPORT OF THE DIRECTORS

Although the Agency Agreement has not expired and remains in force until 30 June 2047, the Annual Caps for the Travel Permit Administration Services for the three years ending 31 December 2024 are required to be renewed in order to comply with the Listing Rules.

At the extraordinary general meeting of the Company held on 23 December 2024, the Company obtained independent shareholders' approval of the maximum aggregate annual value of HK\$325.5 million for each of the three years ending 31 December 2027. For detailed information, please refer to the Company's announcement dated 12 November 2024 and the circular dated 3 December 2024.

- (2) On 31 December 2024, the Company entered into a master lease agreement (the **"2024 Master Lease Agreement"**) with CTG to obtain lease of office premise from the CTG Group for a term commencing from 1 January 2025 and ending on 31 December 2027. The annual caps for the total value of right-of-use assets related to the continuing connected transactions for the three years ending 31 December 2027 under the 2024 Master Lease Agreement are HK\$17,780,000, HK\$48,240,000 and HK\$33,350,000, respectively. For detailed information, please refer to the announcement of the Company dated 31 December 2024.
- (3) On 31 December 2022, the Company entered into a master lease agreement (the **"2022 Master Lease Agreement"**) with CTG for a term of three years commenced from 1 January 2023 and ending on 31 December 2025, where the Group will continue to lease its office premises and/or other properties to the CTG Group. The annual caps for the lease transactions under the 2022 Master Lease Agreement for each of the three years ending 31 December 2025 are HK\$14.6 million, HK\$16 million and HK\$17.6 million, respectively.

As CTG holds the entire issued share capital of CTS (Holdings) which is a substantial shareholder of the Company, CTG is therefore a connected person of the Company. For detailed information, please refer to the Company's announcement dated 30 December 2022.

- (4) On 14 July 2023, the Company entered into a tourism management system master lease agreement (the **"2023 Tourism Management System Master Lease Agreement"**) with CTG for a term commenced from 10 November 2023 and ending on 31 December 2025, pursuant to which the Group will continue to lease its tourism management systems and provide relevant maintenance services to the CTG Group.

As CTG holds the entire issued share capital of CTS (Holdings) which is a substantial shareholder of the Company, CTG is therefore a connected person of the Company under the Listing Rules. The entering into of the 2023 Tourism Management Services Master Agreement between the Company and CTG constitutes continuing connected transactions of the Company and are subject to the reporting, announcement and annual review requirements under the Listing Rules.

The annual caps for the lease transactions under the 2023 Tourism Management System Master Lease Agreement for each of the three years ending 31 December 2025 was HK\$4 million. For detailed information, please refer to the Company's announcement dated 14 July 2023.

- (5) On 30 August 2023, China Travel Hi-Tech Computer Hong Kong Limited (**"CTS Hi-Tech"**), an indirect wholly-owned subsidiary of the Company, entered into an entrusted procurement agency agreement (the **"Entrusted Procurement Agency Agreement"**) with CTS (Holdings) for a term commenced from 30 August 2023 and ending on 31 December 2025, pursuant to which CTS Hi-Tech (as agent) shall provide entrusted procurement agency services in respect of Permit IC Cards to CTS (Holdings)(as principal).

CTS (Holdings) is a connected person of the Company by virtue of being a controlling shareholder under Chapter 14A of the Listing Rules. The entering into of the Entrusted Procurement Agency Agreement between the CTS Hi-Tech and CTS (Holdings) constitutes continuing connected transactions of the Company and are subject to the reporting, announcement and annual review requirements under the Listing Rules.

The annual caps for the transactions under the Entrusted Procurement Agency Agreement for each of the three years ending 31 December 2025 was HK\$6 million. For detailed information, please refer to the Company's announcement dated 30 August 2023.

REPORT OF THE DIRECTORS

The maximum aggregate annual consideration for the above-said continuing connected transactions for the year ended 31 December 2025 and the actual amounts of such transactions for the year ended 31 December 2025 are as follows:

	Caps for the years ended/ending 31 December				Actual amounts for the year ended 31 December
	2024 '000	2025 '000	2026 '000	2027 '000	2025 '000
I. Continuing connected transactions with the CTS (Holdings) Group					
(a) Provision of Travel Permit Administration Services by CTSEP	HK\$400,000	HK\$325,500	HK\$325,500	HK\$325,500	HK\$214,762
(b) Provision of entrusted procurement services in respect of Permit IC Cards to CTS (Holdings) by CTS Hi-Tech	HK\$6,000	HK\$6,000	N/A	N/A	HK\$2,095
II. Continuing connected transactions with the CTG Group					
(a) Lease arrangements with the CTG Group as lessor	HK\$34,000	HK\$17,780	HK\$48,240	HK\$33,350	HK\$15,808
(b) Lease arrangements with the CTG Group as lessee	HK\$16,000	HK\$17,600	N/A	N/A	HK\$3,990
(c) Lease of tourism management system to the CTG Group as lessee	HK\$4,000	HK\$4,000	N/A	N/A	HK\$3,854

- (iii) On 10 November 2023, the Company entered into a property management services master agreement (the **"2024 Property Management Services Master Agreement"**) with CTG Investment Management Corporation Limited (**"CTG Investment"**), a direct wholly-owned subsidiary of CTS (Holdings), for a term commenced from 10 November 2023 and ending on 31 December 2025, pursuant to which CTG Investment and its subsidiaries and associates, excluding the Group, will continue to provide property management services to the Group.

CTS (Holdings) is a connected person of the Company by virtue of being a controlling shareholder of the Company. As CTS (Holdings) holds the entire issued share capital of CTG Investment, CTG Investment is a connected person of the Company under the Listing Rules. The entering into of the 2023 Property Management Services Master Agreement between the Company and CTG Investment constitutes continuing connected transactions of the Company and are subject to the reporting, announcement and annual review requirements under the Listing Rules.

The annual caps for the lease transactions under the 2023 Property Management Services Master Agreement for each of the three years ending 31 December 2025 are RMB3.43 million, RMB7.28 million and RMB8.29 million, respectively. The actual amount of the transactions for the year ended 31 December 2025 was RMB3.65 million. For detailed information, please refer to the Company's announcement dated 10 November 2023.



REPORT OF THE DIRECTORS

The above continuing connected transactions have been reviewed by the Independent Non-Executive Directors. The Independent Non-Executive Directors confirm that the continuing connected transactions for the year ended 31 December 2025 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole; and (iii) either on normal commercial terms or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions for the year ended 31 December 2025 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their report containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the year ended 31 December 2025. Save as disclosed above, for the year ended 31 December 2025, there was no connected transaction or continuing connected transaction (as the case may be) which is subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2025, the interests and short positions of the Directors and the Company's Chief Executive in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules, were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Interests in shares			Interests in underlying shares pursuant to share options	Aggregate interests	% of the issued share capital as at 31 December 2025
	Corporate interest	Personal interest	Family interest			
Mr. Feng Gang	–	250,000	–	557,600	807,600	0.01%
Mr. Li Pengyu	–	250,000	–	431,120	681,120	0.01%

Save as disclosed above, as at 31 December 2025, none of the Directors or the Company's Chief Executive, had, under Divisions 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) or any interests which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or any interests which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code in the Listing Rules.



REPORT OF THE DIRECTORS

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section “Share Option Scheme” below, at no time during the year was the Company or any of its subsidiaries a party of any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

PERMITTED INDEMNITY PROVISION

The Articles provides that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the extent permitted by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which he may sustain or incur or about the execution of the duties of his office or otherwise in relation thereto.

The Company has taken out and maintained directors’ liability insurance throughout the year, which provides appropriate cover for legal actions brought against the Directors of the Company. The level of coverage is reviewed annually.

SHARE OPTION SCHEME

On 20 January 2023, the Company passed the resolution in a shareholders’ meeting for the adoption of the 2023 Share Option Scheme (the “**2023 Share Option Scheme**”) for the purpose of providing the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the directors and employees of the Group and for such other purposes as the Board may approve from time to time. For detailed information, please refer to the circular of the Company dated 3 January 2023 and the announcement of the Company dated 20 January 2023.

The rules of the 2023 Share Option Scheme enable the Company to grant option(s) to any directors and employees of the Group who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries (the “**Participant(s)**”).

The total number of shares of the Company which may be issued in respect of all share options to be granted under the 2023 Share Option Scheme of the Company must not in aggregate exceed 10% of the shares of the Company in issue as at the date of adoption (the “**Scheme Mandate**”). The number of share options available for grant under the Scheme Mandate as at 1 January 2025 and 31 December 2025 were 514,241,910 shares and 538,476,250 shares, respectively. As at the date of this report, the total number of shares of the Company which may be issued under the 2023 Share Option Scheme is 553,663,370 shares, representing approximately 10% of the total number of shares of the Company.

The Board shall not grant any share options to any Participant which, if exercised, would result in such Participant becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued or to be issued to him under all share option or share awards granted to him (excluding any share option and awards lapsed in accordance with the terms of 2023 Share Option Scheme or other schemes) in the 12 month period up to and including the date of grant of the share option, exceed 1% of the shares in issue at such date (including cancelled, exercised and outstanding options) unless such grant has been duly approved by the shareholders in general meeting.

The share options granted under the 2023 Share Option Scheme may be exercised during a period to be determined and notified by the Board to the grantee, which period shall commence on the date of acceptance of the share options and expire in any event not later than the last day of the 10-year period thereafter (subject to the provisions for early termination).

The date or dates on which a share option vests will be set by the Board at the time of grant, which shall be not less than 12 months from the date on which the share option is accepted. The share options granted to the Participants will not be subject to a shorter vesting period.

Grantees are required to pay an amount of HK\$1.00 for each acceptance of an offer of the grant of share options payable on acceptance of such offer.





REPORT OF THE DIRECTORS

The exercise price will be determined by the Board and notified to a Participant and shall not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant, provided that in the event of fractional prices, the exercise price per Share shall be rounded upwards to the nearest whole cent.

Subject to the Board exercising its right under the rules of the 2023 Share Option Scheme to terminate the 2023 Share Option Scheme, the 2023 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date (i.e. 20 January 2023), after which period no further share options may be granted.

On 27 January 2023, the Company granted share options to certain directors and employees of the Group to subscribe for, in aggregate, up to 61,404,000 ordinary shares of the Company, subject to acceptance of the grantees under the 2023 Share Option Scheme at an exercise price of HK\$1.72. For detailed information, please refer to the announcement of the Company dated 27 January 2023.

On 19 January 2024, the Company granted share options to certain employees of the Group to subscribe for, in aggregate, up to 3,980,000 ordinary shares of the Company, subject to acceptance of the grantees under the 2023 Share Option Scheme at an exercise price of HK\$1.72. For detailed information, please refer to the announcement of the Company dated 19 January 2024.

Details of the movement in the share options granted under the 2023 Share Option Scheme during the year ended 31 December 2025 are set out below.

Name or category of participant	Balance as at 1 January 2025	Granted during the year	Number of share options			Balance as at 31 December 2025	Date of grant	Exercise period (Notes 1&6)	Exercise price (HK\$)
			Exercised during the year	Cancelled during the year	Lapsed during the year				
Directors									
Feng Gang	1,098,800	-	-	-	(541,200)	557,600	27 January 2023	27 January 2025 to 26 January 2032	1.72
Li Pengyu	849,560	-	-	-	(418,440)	431,120	27 January 2023	27 January 2025 to 26 January 2032	1.72
Sub-Total	1,948,360	-	-	-	(959,640)	988,720			
Other employees in aggregate									
	35,134,800	-	-	-	(21,929,200)	13,205,600	27 January 2023	27 January 2025 to 26 January 2032	1.72
	2,338,300	-	-	-	(1,345,500)	992,800	19 January 2024	19 January 2026 to 18 January 2033	1.72
Sub-total	37,473,100	-	-	-	(23,274,700)	14,198,400			
Total	39,421,460	-	-	-	(24,234,340)	15,187,120			

REPORT OF THE DIRECTORS

Note:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period as detailed in note 6 below. The options are exercisable in the following manner subject to the achievement of certain performance targets listed out in note 7 below.
2. No grantees were granted and are to be granted share options in excess of the 1% individual limit.
3. Related entity participants or service providers are not eligible participants under the 2023 Share Option Scheme.
4. Save as disclosed above, no share options were granted and to be granted to other Directors, chief executive or substantial shareholders of the Company, or their respective associates.
5. As for relevant accounting standard and policy adopted, please refer to Note 37 to the Consolidated Financial Statements.
6. The vesting period of the share options granted under the 2023 Share Option Scheme are set out as follows:

Date of Grant	The proportion of options exercisable	Exercise period	Vesting period
27 January 2023	First 33% of the share options	27 January 2025 to	27 January 2023 to
		26 January 2030	26 January 2023 to
		2030	2025 (a)
	Second 33% of the share options	27 January 2026 to	27 January 2023 to
		26 January 2031	26 January 2026 (b)
		2031	2026 (b)
	Remaining 34% of the share options	27 January 2027 to	27 January 2023 to
		26 January 2032	26 January 2027 (c)
		2032	2027 (c)
19 January 2024	First 33% of the share options	19 January 2026 to	19 January 2024 to
		18 January 2031	19 January 2026 (a)
		2031	2026 (a)
	Second 33% of the share options	19 January 2027 to	19 January 2024 to
		18 January 2032	19 January 2027 (b)
		2032	2027 (b)
	Remaining 34% of the share options	19 January 2028 to	19 January 2024 to
		18 January 2033	19 January 2028 (c)
		2033	2028 (c)

7. The performance targets to be fulfilled before vesting of the share options granted on 27 January 2023 and 19 January 2024 are as follows:

Vesting Period	Performance Targets
Vesting Period (a) –	Return on invested capital shall be no less than 1.0% in 2023 and no less than the 75th percentile of benchmarked companies;
	– Based on the net profit* of 2021, the compound growth rate of net profit of 2023 shall be no less than 5.0% and no less than the 75th percentile of the benchmark companies; and
	– In 2023, the Group's economic value added ("EVA") assessment target shall be achieved and the increase rate of the economic value added ("ΔEVA") shall be greater than 0.
Vesting Period (b) –	Return on invested capital shall be no less than 1.5% in 2024 and no less than the 75th percentile of benchmarked companies;
	– Based on the net profit of 2021, the compound growth rate of net profit of 2024 shall be no less than 5.0% and no less than the 75th percentile of the benchmark companies; and
	– In 2024, the Group's EVA assessment target shall be achieved and ΔEVA shall be greater than 0.
Vesting Period (c) –	Return on invested capital shall be no less than 2.0% in 2025 and no less than the 75th percentile of benchmarked companies;
	– Based on the net profit of 2021, the compound growth rate of net profit of 2025 shall be no less than 5.0% and no less than the 75th percentile of the benchmark companies; and
	– In 2025, the Group's EVA assessment target shall be achieved and ΔEVA shall be greater than 0.

* the net profit mentioned above refers to the profit attributable to shareholders of the Company.



REPORT OF THE DIRECTORS

The proportion of the share options to be vested in the grantees on each vesting date will be subject to the performance appraisal results of the grantees for the immediately preceding year, details of which are set out below:

Results of Personal Appraisal	% of the share options granted to the grantee to be vested on a vesting date
Excellent and Good	100%
Competent	90%
Basically Competent	60%
Incompetent	0%

The personal appraisal takes into account indicators including but not limited to qualitative and quantitative performance indicators, qualifications, education background, contribution, experience and loyalty.

8. The closing price immediately before the date on which the share options were granted, i.e. 19 January 2024, was HK\$1.28 per Share.

Save for the 2023 Share Option Scheme, the Company does not have other share schemes (as defined in Chapter 17 of the Listing Rules) nor other outstanding share option/award as at 31 December 2025.

The number of shares that may be issued in respect of the share options or awards granted under all schemes of the Company during the year divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the year is approximately 0.27%.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the following shareholders (other than Directors or Chief Executive of the Company) had interests, directly or indirectly, and short positions in the shares and underlying shares of the Company which were recorded in the register of interest required to be kept by the Company under Section 336 of the SFO:

Long positions in the ordinary shares of the Company

Name of shareholders	Capacity	Number of shares held	% of the issued share capital as at 31 December 2025
CTG	Interest of controlled corporation (Note 1)	3,385,492,610	61.15%
CTS (Holdings)	Interest of controlled corporation and beneficial owner (Note 1 and 2)	3,385,492,610	61.15%
Hongkong New Travel Investments Ltd.	Beneficial owner (Note 2)	1,136,254,901	20.52%
CTS Asset Management (I) Limited	Interest of controlled corporation (Note 2)	1,136,254,901	20.52%
Kwok Hoi Hing	Interest of controlled corporation (Note 3)	105,592,000	1.91%
	Beneficial owner	282,004,000	5.09%
Surpassing Investment Limited	Beneficial owner (Note 3)	105,592,000	1.91%



REPORT OF THE DIRECTORS

Note 1: The entire issued share capital of CTS (Holdings) is beneficially owned by CTG. CTS (Holdings) is the immediate holding company of the Company. Accordingly, CTG is taken to be interested in the shares in which CTS (Holdings) is interested pursuant to Part XV of the SFO.

Note 2: Of these 3,385,492,610 shares, 2,249,237,709 shares are held directly by CTS (Holdings). 1,136,254,901 shares are held directly by Hongkong New Travel Investments Ltd., which is owned directly as to 100% by CTS Asset Management (I) Limited. CTS Asset Management (I) Limited is 100% directly owned by CTS (Holdings), and CTS (Holdings) and CTS Asset Management (I) Limited are deemed to be interested in the shares in which Hongkong New Travel Investments Ltd. is interested pursuant to Part XV of the SFO.

Note 3: As Surpassing Investment Limited is owned directly as to 100% by Kwok Hoi Hing, Kwok Hoi Hing is deemed to be interested in the 105,592,000 shares in which Surpassing Investment Limited is interested pursuant to Part XV of the SFO.

Save as aforesaid, as at 31 December 2025, the Directors are not aware of any other person who had any interest, directly or indirectly, or short position in the shares, underlying shares or debentures of the Company recorded in the register required to be kept by the Company under Section 336 of the SFO.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 December 2025 are set out in note 33 to the consolidated financial statements.

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 2 February 2024, the Company, as one of the borrowers, and China Travel Service Property Investment Hong Kong Limited (“**CTSPI**”), a non-wholly owned subsidiary of the Company, as the other borrower, entered into a facility agreement with DBS Bank Limited, Hong Kong Branch (“**DBS**”) for an uncommitted revolving term loan facility in an aggregate amount of up to HK\$300,000,000. DBS may at any time immediately terminate, cancel or suspend the facility or any part of it. Pursuant to the terms of the facility agreement, the Company has undertaken to DBS that, inter alia, it will (i) ensure and procure that CTS (Holdings) holds not less than 40% of the share capital in the Company at all times; and (ii) ensure CTS (Holdings) shall remain to be under the direct or indirect management and 100% ownership of the State Council of the People's Republic of China. In the event of any breach of the undertaking provided by the Company, DBS may by notice to the Company and/or CTSPI terminate the facility and/or declare all amounts owing from the Company and CTSPI arising out of or in connection with the facility to be immediately due and payable to DBS.

On 21 March 2024, the Company (as borrower) and Industrial and Commercial Bank of China (Asia) Limited (“**ICBC**”) (as lender) have entered into a facility letter relating to an uncommitted revolving loan facility in an aggregate amount of up to HK\$500,000,000 (or its equivalent in RMB). All outstanding principal amount and accrued interest under the facility shall be repayable on or before the date of the first anniversary of the initial drawdown date. Pursuant to the terms of the facility letter, the Company has undertaken to ICBC that, inter alia, CTG and CTS (Holdings) shall remain to be the single largest shareholder of the Company during the term of the facility. Any breach of the above undertaking provided by the Company will constitute an event of default, in the event of which ICBC may declare all outstanding amounts of owing from the Company (regardless of actual or contingent, current or future) arising out of or in connection with the facility will become immediately due and payable, except as otherwise waived or demanded by ICBC.



REPORT OF THE DIRECTORS

On 17 October 2025, the Company (as borrower) and Bank of China (Hong Kong) Limited (as lender) have entered into a facility letter relating to an uncommitted revolving loan facility in an aggregate amount of up to HK\$500,000,000 (or its equivalent in certain other currencies). All amounts borrowed under the facility (including interest accrued thereon) shall be repaid or reborrowed at the end of each interest period but in any event that each advance must be repaid not later than one year from the date of the relevant drawdown by the Company's own source of fund. Notwithstanding the foregoing, all amounts borrowed under the facility (include interest accrued thereon) shall be repaid in full on demand. Pursuant to the terms and conditions of the facility letter, the Company has undertaken with the bank, among others, that: (1) CTS (Holdings), a controlling shareholder of the Company) shall hold, directly or indirectly, more than 40% of the issued share capital of the Company and maintain as a single largest beneficial shareholder of the Company; and (2) CTS (Holdings) shall be owned, indirectly or directly, by the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China (國務院國有資產監督管理委員會) and maintain as a single largest beneficial shareholder of the Company.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed the auditing, risk management, internal controls and financial reporting matters including a review of the final results of the Company for the year ended 31 December 2025.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 44 to 57.

AUDITORS

The financial statements of the Company for the year ended 31 December 2025 were audited by Ernst & Young. Ernst & Young will retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the 2026 annual general meeting to re-appoint them and to authorize the Directors to fix their remuneration.

KPMG has resigned as the auditor of the Company with effect from 11 July 2023. Ernst & Young has been appointed as the new auditor of the Company with effect from 11 July 2023 to fill the casual vacancy following the resignation of KPMG.

ON BEHALF OF THE BOARD

Wu Qiang

Chairman

Hong Kong, 31 March 2026



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Group is committed to maintain high standards of corporate governance to safeguard the interests of shareholders and other stakeholders and enhance shareholder value. The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance.

The Company has complied with the code provisions (the **"Code Provision(s)"**) of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the year ended 31 December 2025, except for the following deviations:

- Code Provision C.2.7 specifies that the Chairman should at least annually hold meetings with the Independent Non-Executive Directors without the presence of other directors. During the year, the Chairman did not hold any meeting with the Independent Non-Executive Directors without the presence of other directors because the Independent Non-Executive Directors of the Company may express their views directly to the Chairman from time to time via other means including correspondences and emails and the Chairman is also generally available to meet with the Independent Non-Executive Director(s) in private at reasonable notice. The Company is of the view that there is efficient communication between the Chairman and Independent Non-Executive Directors.
- Code Provision C.3.3 specifies that the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Mr. Tsang Wai Hung, Mr. Tao Xiaobin and Mr. Fan Zhishi. However, the said Directors are subject to retirement by rotation at least once every three years in accordance with the Company's articles of association. The key terms and conditions of the appointment of the Directors are subject to the determination and review of the Board (at the recommendation of the relevant

committees of the Board) from time to time, and are recorded in the relevant Board minutes/resolutions. In addition, the Directors are expected to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

- Code Provision F.1.3 specifies that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board was unable to attend the Company's annual general meeting held on 21 May 2025 (the **"AGM"**) due to his other business commitments. Mr. Feng Gang, an executive Director and the General Manager, took chair of the AGM. He, together with other members of the Board and committees of the Board who attended the AGM, were of sufficient calibre and knowledge for answering questions at the AGM, through which the Company maintained effective communication with its shareholders at the AGM.

THE BOARD

Composition

The Board currently comprises nine (9) Directors, being three (3) Executive Directors, three (3) Non-Executive Directors and three (3) Independent Non-Executive Directors. Further details of the composition of the Board are disclosed in the "Corporate Information" section on page 2 and the "Report of the Directors" section on page 29 to 43. The Non-executive Directors (including the Independent Non-Executive Directors) have not been appointed for a specific term but are subject to retirement by rotation at least once every three years in accordance with the Articles.



CORPORATE GOVERNANCE REPORT

The relationships among members of the Board (if any) are disclosed in the “Biographies of Directors” section on pages 8 to 11. There is no relationship (including financial, business, family or other material/relevant relationship(s)) between members of the Board, and in particular, between the Chairman and the General Manager.

The Independent Non-Executive Directors bring a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflicts of interest and serving on Board committees, all Independent Non-Executive Directors make positive contributions to the orderly management and effective operation of the Company.

The Company considers all Independent Non-Executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Chairman and General Manager

The Company supports the division of responsibility between the Chairman and the General Manager to ensure a balance of power and authority. The role of the Chairman of the Board is to provide leadership in order to enable the Board to discharge its function effectively, while the General Manager of the Company focuses on managing and controlling the business of the Group. Their respective responsibilities are clearly defined and set out in writing. Currently, Mr. Wu Qiang serves as the Chairman of the Board and Mr. Feng Gang serves as the General Manager.

Responsibilities

The Board provides leadership, approves policies, strategies and plans, and oversees their implementation to ensure the healthy growth of the Company, in the interests of the Company’s shareholders (“**Shareholders**”).

The Board takes responsibility for all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary, with a view to ensuring that the Board’s procedures and all applicable rules and regulations are followed. In general, each Director is able to seek independent professional advice in appropriate circumstances at the Company’s expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the General Manager and senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions (including notifiable and connected transactions) entered into by the Company and/or any decisions which may have a material effect on the Company. The Board has the full support of the General Manager and the senior management to discharge its responsibilities.

The Board is responsible for performing the corporate governance duties of the Company, including (a) to develop and review an issuer’s policies and practices on corporate governance; (b) to review and monitor the training and continuous professional development of Directors and senior management; (c) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and (e) to review the Company’s compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.



CORPORATE GOVERNANCE REPORT

Board Independence

The Company recognizes the Board independence is pivotal in good corporate governance and Board effectiveness. The Board has established mechanisms to ensure independent views and input from any Director.

The governance framework and the following mechanisms are reviewed annually by the Board, through its Nomination Committee, to ensure their effectiveness:

1. Three out of the nine (9) Directors are Independent Non-Executive Directors, which meets the requirements of the Listing Rules that the Board must have at least three Independent Non-Executive Directors and must appoint Independent Non-Executive Directors representing at least one-third of the Board.
2. The Nomination Committee will assess the independence, qualification and time commitment of a candidate who is nominated to be a new Independent Non-Executive Director before appointment and also the continued independence of existing Independent Non-Executive Directors and their time commitments annually. On an annual basis, all Independent Non-Executive Directors are required to confirm in writing their compliance of independence requirements pursuant to Rule 3.13 of the Listing Rules, and to disclose the number of nature of offices held by them in public companies or organizations and other significant commitments.
3. External independent professional advice is available as and when required by individual Directors and/or committee of the Board as prescribed in the terms of reference of such committees.
4. All Directors are encouraged to express freely and their independent views and constructive challenges during the Board/Board Committee meetings.
5. No equity-based remuneration with performance-related elements will be granted to Independent Non-Executive Directors.
6. A Director (including Independent Non-Executive Director) who has a material interest in a contract, arrangement or other proposal shall not vote or be counted in the quorum on any Board resolution approving the same.
7. Regular meetings will be held with Independent Non-executive Directors to enable them to share and express their views and inputs on key issues of the Group.

The Board has reviewed the implementation of the above mechanism(s) to ensure independent views and input are available to the Board for the year ended 31 December 2025 and is satisfied that such mechanisms remain to be effective.

Directors' Training

Directors are provided with monthly updates on the Company's performance and prospects to enable the Board as a whole and each Director to discharge their duties.





CORPORATE GOVERNANCE REPORT

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the year, the Directors participated in the following professional developments:

Name of Directors	Type of Trainings		
	Attending seminars and/or conferences and/or forums	Giving talks at seminars and/or conferences and/or forums	Reading newspapers, journals and updates relating to the economy, general business, tourism or Director's duties and responsibilities etc.
Executive Directors:			
Mr. Wu Qiang	√	√	√
Mr. Feng Gang	√	—	√
Mr. Li Pengyu	√	—	—
Non-executive Directors:			
Mr. Tsang Wai Hung	√	—	√
Mr. Zheng Jiang	√	√	√
Mr. Fan Zhishi	√	—	√
Mr. Tao Xiaobin	√	—	√
Independent Non-executive Directors:			
Mr. Song Dawei	√	—	√
Ms. Fang Xuan	√	√	√
Mr. Qian Jiannong	√	√	√
Mr. Tse Cho Che Edward	√	√	√
Mr. Zhang Xiaoke	√	√	√
Mr. Huang Hui	√	√	√
Mr. Chen Johnny	√	√	√

Note 1: Ms. Fang Xuan appointed as an Independent Non-Executive Director of the Company with effect from 26 March 2025.

Note 2: Mr. Zheng Jiang appointed as a Non-Executive Director of the Company with effect from 22 July 2025.

Note 3: Mr. Tao Xiaobin resigned as a Non-Executive Director of the Company with effect from 20 August 2025.

Note 4: Mr. Tse Cho Che Edward, Mr. Zhang Xiaoke, Mr. Huang Hui and Mr. Chen Johnny resigned as an Independent Non-Executive Director of the Company with effect from 20 August 2025.

Note 5: Mr. Qian Jiannong appointed as an Independent Non-Executive Director of the Company with effect from 20 August 2025.



CORPORATE GOVERNANCE REPORT

Board Meetings

During the year ended 31 December 2025, the Board held four (4) regular meetings and one (1) extraordinary meeting. Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board meetings and committee meetings, notice is generally given within a reasonable time.

An agenda and accompanying Board papers are sent to all Directors at least three days in advance of every Board meeting or committee meeting. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The company secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles also contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

BOARD COMMITTEES

The Board established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All the Board committees are empowered by the Board under their own terms of reference which are available to the Shareholders on the Company's website and the Stock Exchange's website.

Audit Committee

Members:

Independent Non-Executive Directors:	Ms. Fang Xuan (Chairman)
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Mr. Song Dawei

Mr. Qian Jiannong

The Audit Committee is responsible for the review of the Group's financial information, supervision of the Group's financial reporting, risk management and internal control systems, maintaining an appropriate relationship with external auditors and performing corporate governance functions.

The Audit Committee held two meetings during the year ended 31 December 2025 and reviewed the audited financial statements for the year ended 31 December 2024 and the unaudited interim financial statements for the six months ended 30 June 2025, and considered the declaration of final and interim dividends. The Audit Committee also reviewed internal audit reports (prepared by the internal audit department of the Group), internal control reports, corporate governance reports (including the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, and the Company's policies and practices on compliance with legal and regulatory requirements, etc.), the re-appointment of external auditors (including remuneration of the auditors), the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and reviewed and discussed with the management and external auditors the risk management and internal control system and accounting policies and practices.



CORPORATE GOVERNANCE REPORT

The Company's annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee.

Remuneration Committee

Members:

Independent Non-Executive Directors:	Ms. Fang Xuan (<i>Chairman</i>)
	Mr. Song Dawei
	Mr. Qian Jiannong

The Remuneration Committee is responsible for making recommendations on the Company's policy and structure on the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy for approval by the Board. It shall also assess performance of Executive Directors and make recommendations to the Board on the remuneration packages of individual Executive Director and senior management. Details of the remuneration paid to Directors and senior management for the financial year ended 31 December 2025 are disclosed in the notes to the consolidated financial statements.

The Remuneration Committee held two meetings during the year ended 31 December 2025 and reviewed the Directors' fees for 2025, the labour cost enforcement for year 2024 and the labour budgeting arrangement for the year. The Remuneration Committee also reviewed the bonus for management personnel and the lapse of share options following the non-fulfilment of certain performance targets. The Remuneration Committee, having reviewed the remuneration policy and package of the Group, including an assessment of individual performance, attractiveness of the rewards offered by the Company, talent retention and incentivization, the financial condition and performance of the Group, did not recommend the grant of any options during the year.

Nomination Committee

Members:

Executive Director:	Mr. Wu Qiang (<i>Chairman</i>)
Independent Non-Executive Directors:	Mr. Song Dawei
	Ms. Fang Xuan
	Mr. Qian Jiannong

The Nomination Committee was established in June 2012 with specific terms of reference in accordance with the Code Provisions. The Company has adopted a directors nomination policy (the "**Nomination Policy**") which sets out the approach and procedures that the Board adopts in respect of the nomination and selection of Directors. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board (including diversity of the Board in accordance with the Board Diversity Policy), making recommendations on any proposed changes to the Board and succession planning for directors to complement the Company's corporate strategy and refreshment of the composition of the Board to maintain independence and integrity in respect of the Board in accordance with the Nomination Policy. It shall identify suitable individuals qualified to become Board members through a number of established channels including internal referral, open sourcing and recruitment agencies and select or make recommendations to the Board on the selection of individuals nominated for directorships, and assess the independence of Independent Non-Executive Directors.



CORPORATE GOVERNANCE REPORT

In selecting new directors or filling casual vacancies, the Nomination Committee will consider the candidate's professional qualification and skill, integrity and reputation, achievement and experience in the industry in which the Company operates, as well as his time commitment. The committee will nominate candidates it considers appropriate with reference to the standards of the Board Diversity Policy and the procedures and principles set out in the Nomination Policy.

The Nomination Committee held one meeting in 2025 and reviewed the change of directors, re-election of retiring Directors at the 2025 annual general meeting and the structure, size and composition of the Board during the year.

The Nomination Committee believed that the retiring Directors will continue to contribute to the Board with their skills, experience and knowledge. It also noted that none of the independent non-executive Director of the Company is a long serving independent non-executive Director.

BOARD DIVERSITY POLICY

The Board Diversity Policy of the Company was adopted on 30 August 2013, aiming to set out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee is responsible for reviewing the policy and monitoring its implementation.

The Board has appointed a female Director on 26 March 2025 in compliance with the requirement under Rule 13.92 of the Listing Rules. As at the date of this report, the Board consists of eight (8) male Directors and one (1) female Director. The Board values gender diversity and will also attempt to take opportunities to increase the proportion of female members over time as and when suitable candidate(s) are identified. The Board is mindful of the objectives for the factors as set out in the Board Diversity Policy for assessing the candidacy of the Board members and will ensure that any successors to the Board shall follow the Board Diversity Policy and that diversity will be achieved in respect of the Board. Similar considerations will also be in place to assess the candidacy of the senior management team from time to time.

The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. The male to female ratio in the workforce of the Group including senior management as at 31 December 2025 was approximately 3:2 which is generally in line with the gender ratio in the tourism industry of Hong Kong and the PRC. The Group considers a number of factor when hiring employees including gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service. The Board considers that the gender diversity in workforce (including senior management) is currently achieved in the context of the background and operations of the Group.



CORPORATE GOVERNANCE REPORT

ATTENDANCE AT BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

The attendance record of each Director at the meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee and the Annual General Meeting and Extraordinary General Meeting(s) of the Company during the year ended 31 December 2025 are set out as follows:

Name of Directors	Number of Meetings Attended/Eligible to attend for the year ended 31 December 2025					
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting	Extraordinary General Meeting
Executive Directors:						
Mr. Wu Qiang	5/5	N/A	N/A	0/1	0/1	1/1
Mr. Feng Gang	5/5	N/A	N/A	N/A	1/1	1/1
Mr. Li Pengyu	5/5	N/A	N/A	N/A	1/1	1/1
Non-executive Directors:						
Mr. Tsang Wai Hung	5/5	N/A	N/A	N/A	1/1	0/1
Mr. Zheng Jiang (Appointed on 22 July 2025)	2/3	N/A	N/A	N/A	N/A	0/1
Mr. Fan Zhishi	5/5	N/A	N/A	N/A	1/1	1/1
Mr. Tao Xiaobin (resigned on 20 August 2025)	1/2	N/A	N/A	N/A	0/1	N/A
Independent Non-executive Directors:						
Mr. Song Dawei	5/5	2/2	2/2	1/1	1/1	1/1
Ms. Fang Xuan (Appointed on 26 March 2025)	4/4	1/1	1/1	N/A	1/1	1/1
Mr. Qian Jiannong (Appointed on 20 August 2025)	3/3	1/1	1/1	N/A	N/A	1/1
Mr. Tse Cho Che Edward (resigned on 20 August 2025)	1/2	1/1	2/2	1/1	0/1	N/A
Mr. Zhang Xiaoke (resigned on 20 August 2025)	2/2	1/1	2/2	1/1	0/1	N/A
Mr. Huang Hui (resigned on 20 August 2025)	2/2	1/1	2/2	1/1	1/1	N/A
Mr. Chen Johnny (resigned on 20 August 2025)	2/2	1/1	2/2	1/1	1/1	N/A

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code").

In response to a specific enquiry made by the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2025.



CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

During the year ended 31 December 2025, the remuneration to the Company's auditors, Ernst & Young is set out as follows:

Services rendered	Fees paid/payable HK\$'000
Audit services	
– Annual audit	4,478
– Other audit	5,015
Non-audit services	
– Internal control consultation fee	598
– Tax consultation fee	546
– Others	2,795
Total	13,432

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's accounts for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the consolidated financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on page 101 to 106.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

To provide sound and effective risk management, the Board has established a risk management system. The key elements of our risk management system include risk strategy, risk management policy and procedures, risk organisation, risk management process and other risk management supporting elements.



CORPORATE GOVERNANCE REPORT

Risk Governance Structure

The Group's risk governance structure and the main responsibilities of each level of the structure are summarised below:

Board

- Ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems, and review their effectiveness on an ongoing basis;
- Oversee management in the design, implementation and monitoring of the risk management and internal control systems.

The management of the Group

- Review the effectiveness of the Group's risk management and internal control systems at least annually and report the result to the Board, and such review should cover all material controls including financial, operational and compliance controls;
- Consider major findings on risk management and internal control matters, and report and propose the recommendations to the Board.

Legal and Compliance Department

- Facilitate the performance of risk assessment;
- Monitor the operation of risk management and review risk profile on a regular basis;
- Periodically report the risk management matters to the management of the Group.

The operating unit of the Group

- Identify, evaluate and manage the risks that may potentially impact the major processes of the operations;
- Monitor risks and take measures to mitigate risks in day-to-day operations.

Process Used to Identify, Evaluate and Manage Significant Risks

A robust risk management process is developed to identify, evaluate and manage significant risks. The risk management procedures include the following 5 steps:

Step 1: Risk identification – Identify the risks faced by the Company and its subsidiaries, including, amongst others, material risks relating to ESG.

Step 2: Risk analysis – Analyze the identified risks from two dimensions: potential impact and likelihood of occurrence; prioritize key risks and confirm top risks.

Step 3: Risk responses – Select an appropriate risk treatment and develop the relevant risk management strategies for identified key risks

Step 4: Risk monitoring – Perform ongoing and periodic monitoring of risks to ensure the risk management strategies are operating effectively.

Step 5: Risk reporting – Consolidate the results from the risk assessment; establish detailed action plan and report to the management of the Group and the Audit Committee.

We have established the risk management system and are endeavouring to improve the risk management system by continuously promoting the risk management culture, performing annual risk assessments and reviewing the measures of risk responses etc.



CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL

Main Features of the Internal Control System

The Group has established an internal control system which is referencing with COSO internal control framework. Our internal control system consists of 5 elements (e.g. control environment, risk assessment, control activities, information and communication, and monitoring) and 17 principles. To facilitate the achievement of the Company objectives, we are endeavouring to continually improve internal control system/policies for the increasing requirements from the business and regulators.

Internal Audit Department

The Group has established its in-house internal audit department. The internal audit department conducts audits in accordance with a risk-based annual audit plan. The internal audit reports, along with the key audit findings, prepared by the internal audit department were also reported to the Audit Committee and the Board on a regular basis. Management is obligated to address internal control deficiencies reported and the relevant recommendations proposed by the internal audit department in a timely manner to enhance the Group's internal control system.

Whistleblowing Policy

The Company is committed to achieving and maintaining the highest possible standards of openness, probity and accountability. A whistleblowing policy is in place to provide employees and those who deal with the Group (e.g. customers and suppliers) with guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the designated person. All reported matters will be investigated independently and, in the meantime, all information received from a whistleblower and its identity will be kept confidential.

The Board will regularly review the whistleblowing policy and mechanism to improve its effectiveness.

Anti-Corruption and Anti-Bribery Policy

The Board adopted an Anti-Corruption and Anti-Bribery Policy which outlined guidelines and the minimum standards of conducts, all applicable laws and regulations in relation to the anti-corruption and anti-bribery, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Group would not tolerate all forms of fraud and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealing with third parties.

The Board will review the Anti-Corruption and Anti-Bribery Policy and mechanism periodically to ensure its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

Inside Information

The Company regulates the handling and dissemination of inside information as set out in the Information Disclosure Policy and various subsidiary procedures to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. The Company's legal and compliance department assesses the likely impact of any unexpected and significant event that may impact the price of the shares of the Company or their trading volume and evaluates whether the relevant information is considered inside information and needs to be disclosed as soon as reasonably practicable pursuant to Rules 13.09 and 13.10 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.





CORPORATE GOVERNANCE REPORT

Reviews on Risk Management and Internal Control Systems

The Board has conducted an annual review over the effectiveness of the risk management and internal control systems by reviewing the work performed by management and internal audit department. Through the review of management's key risk and control assessment, the scope and quality of ongoing monitoring of risks and the internal control systems have been assessed. Findings and areas for improvement have been reported to the management of the Group and the Board. The Board therefore considered the risk management and internal control systems of the Group are effective and adequate. Management has also provided a confirmation to the Board on the effectiveness of the risk management and internal control systems for the year ended 31 December 2025.

During the review, the Board also assessed and considered the resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions adequate.

DIVIDEND POLICY

The Company adopts a dividend policy setting out the guidelines for the Board to determine (i) whether dividends are to be declared and paid, and (ii) the level of dividend to be paid to Shareholders. Normally, the Company pays dividends twice a year, which are the interim dividend and final dividend. The Board may declare special dividends in addition to such dividends as it considers appropriate. A summary of the policy is listed out below.

(1) Factors for consideration

In determining/recommending the frequency, amount and form of any dividend in any financial year/period, the Board shall consider the following factors:

- (i) the actual and expected financial performance of the Group;
- (ii) economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

- (iii) the Group's business strategies and operations, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;
- (iv) the current and future liquidity position and capital requirements of the Group;
- (v) any other factors that the Board deems appropriate; and
- (vi) 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.

(2) Form of Dividend

Subject to the Articles and the Companies Ordinance (Cap. 622 of the laws of Hong Kong), dividends may be paid in cash or be satisfied wholly or partly in the form of allotment of shares of the Company. The Board may also consider the issuance of bonus shares on a basis permitted by the applicable laws and regulations.

(3) Approval

The Board may determine and pay to the Company's shareholders such interim dividends as it considers appropriate, and recommend the payment of final dividends which are required to be approved by Shareholders in general meetings.

COMPANY SECRETARY

The Company Secretary of the Company is Mr. Lai Siu Chung. For the year, Mr. Lai Siu Chung has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.



CORPORATE GOVERNANCE REPORT

CONSTITUTIONAL DOCUMENTS

At the annual general meeting of the Company held on 21 May 2025, a special resolution was passed by Shareholders to approve the amendment of the Articles relating to reflect and align with the legal and regulatory requirements, including the relevant requirements of the Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). An updated version of the Articles is available on the websites of the Company and the Stock Exchange.

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meeting on requisition of Shareholders

Pursuant to Sections 566-568 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong), Shareholder(s) representing at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings of the Company, may require the Directors of the Company to convene an extraordinary general meeting ("EGM"). The written requisition must state the general nature of the business to be dealt with at the EGM and must be signed by the Shareholder(s) concerned and deposited at the registered office of the Company in hard copy form or sent to the Company in electronic form. The requisition may consist of several documents in like form, each signed by one or more of the Shareholders concerned.

If the Directors do not within 21 days after the date on which the written requisition is received by the Company proceed duly to convene an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given, the Shareholder(s) concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of three months from the date of the original requisition.

The EGM convened by Shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the Directors.

Procedures for directing Shareholders' enquiries to the Board

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that may have with respect to the Company. They can also send their enquiries to the Board through these means. Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 12/F., CTG House,
78-83 Connaught Road Central,
Hong Kong
Telephone: (852) 2853 3111
Fax: (852) 2543 7270
E-mail: ir@ctg.cn

Procedures for putting forward proposals at Shareholders' meetings

Shareholders representing at least 2.5% of the total voting rights of all the members having a right to vote, or, at least 50 shareholders who have a relevant right to vote, may:

- put forward proposal at general meeting;
- circulate to other shareholders written statement with respect to matter to be dealt with or other business to be dealt with at general meeting.

For further details on the shareholder qualifications, and the procedures and timeline, in connection with the above, Shareholders are kindly requested to refer to Sections 580 and 615 of the Companies Ordinance (Cap 622 of the Laws of Hong Kong).





CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

The Board recognizes the importance of good communications with Shareholders and investors and maintains a continuing dialogue with them through various channels in accordance with the Company's shareholders' communication policy. In 2025, the Company held press and analyst conferences following the release of its 2024 annual results and 2025 interim results announcement, attended various investor conferences, and arranged teleconference meetings for analysts and investors.

The Company's website offers timely access to the Company's financial information, announcements, circulars to Shareholders and information on the Company's corporate governance structure and practices. For efficient communication with Shareholders and in the interest of environmental protection, Shareholders are encouraged to elect to receive the Company's corporate communications by electronic means through the Company's website. In accordance with the Company's shareholders' communication policy, information about the Company is disseminated to Shareholders through various means including (i) delivery of interim and annual results and reports to Shareholders; (ii) arrange investor/analysts briefings and one-on-one meetings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums; (iii) publication of announcements on interim and annual results on the websites of the Company (www.irasia.com/listco/hk/ctii) and the Stock Exchange, and issuance of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and (iv) holding annual general meeting and EGM, which provide a valuable forum for the Board to communicate directly with Shareholders and to answer questions that Shareholders may raise. As such, the Board members attended the 2025 annual general meeting and other EGM during the year to provide Shareholders with opportunities to understand the latest development of the Group and raise questions. Separate resolutions are proposed at general meetings for each substantial issue, including the re-election and election of individual directors. The detailed procedures of conducting a poll are explained to Shareholders at the commencement of the general meetings, to ensure that Shareholders are familiar with such procedures.

The 2025 annual general meeting was held on 21 May 2025 and there was one EGM held on 14 November 2025. Details of the attendance of each director is listed under the section "ATTENDANCE AT BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS" in this Corporate Governance Report.

The Board has reviewed the implementation and effectiveness of the Company's shareholders' communication policy including steps taken at the general meetings the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered the Company's shareholders' communication policy has been properly implemented during the year and under review and is effective.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. INTRODUCTION

1.1 About this Report

China Travel International Investment Hong Kong Limited (hereafter referred to as the “**Company**” or “**we**”) is pleased to publish our tenth Environmental, Social and Governance (“**ESG**”) Report (“**ESG Report**”). This ESG Report should be read in conjunction with the “Corporate Governance Report” in this Annual Report to enable stakeholders to have a more comprehensive understanding of the Company’s ESG strategies, management practices and related performance in 2025.

1.2 Reporting Scope

This ESG Report covers the period from 1 January 2025 to 31 December 2025 (the “**Reporting Period**”), which is consistent with the 2025 Annual Report. By considering the Company’s sustainable development background, the scope of this ESG Report covers the Company’s principal business activities, which are travel destinations (“travel destinations” including hotels, theme parks, natural and cultural scenic spots and leisure resorts) and passenger transportation operations. The quantitative environmental performance of our operation is based on the data collected from the 17 operating units with a significant impact. The 17 operating units are listed in the table below:

Tourist attraction and related operations
Shenzhen The World Miniature Co., Ltd. (“ Window of the World ”)
Shenzhen Splendid China Development Co., Ltd. (“ Splendid China ”)
CTS (Ningxia) Shapotou Tourist Spot Co., Ltd. (“ Shapotou Scenic Spot ”)
China Travel Hong Kong (Zhuhai) Ocean Spring Co., Ltd. (“ Zhuhai OSR ”)

CTS (Xianyang) Ocean Spring Resort Co., Ltd. (“ Xianyang OSR ”)
CTS (Anji) Tourism Development Company Limited (“ Anji Company ”)
CTS Luzhou Laojiao Culture Tourism Development Co., Ltd. (“ CTS Luzhou Culture Tourism ”)
CTS Guangxi Detian Waterfall Tourism Development Co., Ltd. (“ Detian Scenic Spot ”)
Hotel operations
Metropark Hotel Mongkok
Kew Green Hotel Wanchai
Metropark Hotel Kowloon
Metropark Hotel Causeway Bay
Metropark Hotel Hung Hom
Metropark Hotel Macau
Beijing Guang’ anmen Grand Metropark Hotel (“ Beijing Metropark Hotel ”)
Green Residence Wanchai
Passenger transportation operations
China Travel Tours Transportation Services Hong Kong Limited (“ China Travel Tours Transportation Services ”)

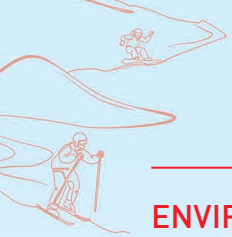


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.3 Reporting Principles

We have prepared this ESG Report in accordance with the *Environmental, Social and Governance Reporting Code* (the “Code”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “SEHK”). This ESG Report has complied with the mandatory disclosure requirements, the “comply or explain” provisions and climate-related disclosure set out in the Guide, and has been prepared in accordance with the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”. The appendix at the end of this ESG Report corresponds to our disclosure of the requirements set out in the Code.

Reporting Principles	Company's Response
Materiality	By analysing the opinions of the Company's stakeholders, the Company identified the environmental and social issues with higher materiality, and made key disclosures according to their rankings.
Quantitative	Collect data on environmental and social KPIs to monitor and evaluate our progress in fulfilling our environmental and social responsibility practices with relevant standards. These include, but are not limited to: • ISO 14064-1 <i>Greenhouse gases – Part 1: Specification with Guidance at Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals</i> • GB/T 32150-2015 <i>General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises</i> • <i>Guidelines for Accounting and Reporting Greenhouse Gas Emission from Other Industrial Enterprises (Trial)</i> • <i>Guidelines for Accounting and Reporting Approach of Greenhouse Gas Emission from Enterprises in Land Transportation (Trial)</i> • <i>Greenhouse Gas Protocol: Greenhouse Gas Emissions from Transport or Mobile Sources</i> • <i>How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs</i> • <i>Announcement on the Release of the Carbon Dioxide Emission Factor of Electricity in 2023</i> • <i>Manual of the Second National Pollution Source Census of Life Sources and Pollution Emission Factors (Trial)</i> • <i>Manual of Accounting Methods and Coefficients of Statistical Surveys on Pollution Sources</i> • <i>Technical Guidelines for the Compilation of Emission Inventory for Road Vehicles (Trial)</i> • <i>Technical Guidelines for the Compilation of Air Pollutant Emission Inventory for Non-road Mobile Sources (Trial)</i>
Balance	In addition to highlighting our ESG achievements, this report also addresses the challenges and solutions we faced.
Consistency	This report uses consistent statistical methodologies to allow for meaningful comparisons of ESG data over time. If there are changes in the methods used and reporting scope, we will explain through notes as reference for stakeholders.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.4 Board Participation

The Company has established an ESG management mechanism to improve the standardised and strategic management of the Company's sustainable development. The Board has overall responsibility for the Company's ESG strategy and reporting and is responsible for reviewing, putting decisions into practice and supervising our measures on ESG issues. The Board is responsible for overseeing the Company's risk management and internal control review systems on an ongoing basis and ensuring that a review of its effectiveness is conducted annually, which also covers ESG-related risks. The Legal and Compliance Department of the Company leads the management of each business unit to assist the Board in identifying, evaluating and managing potential risks and taking internal control measures to mitigate the risks. In order to ensure the effectiveness of the measures, the Board will closely monitor the implementation of risk response measures, and continue to listen to the opinions of various stakeholders to further improve the governance work. At the same time, we formulate corresponding policies according to the business of the operating units, and carry out corresponding work according to the business characteristics of the operating units.

During the Reporting Period, the ESG risks review was conducted based on the 2024 ESG risk assessment analysis results and benchmarking against industry peers. Key ESG risks, i.e., climate change acute risk, transition risks, infectious diseases, and cybersecurity risk were identified after the approval of the Board. In response to the identified key ESG risks, we reviewed the internal management gaps and continued to manage and enhance our practices.

In the future, the Company will further improve the ESG supervision responsibilities of the Board, including identifying the importance of ESG opportunities to the Company's development strategy and reviewing ESG-related targets to ensure that relevant measures have been taken to achieve the target progress.

2. OUR APPROACH TO SUSTAINABILITY

Our core development principles are built on sustainability and are closely linked to each of our operational decisions. By properly establishing corresponding management policies in each of our business operations, we believe that it can create long-term value for our shareholders. While raising employees' awareness of sustainability, we also encourage our employees to develop and implement environmental protection plans.





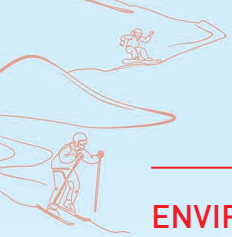
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.1 Our Communication with Stakeholders

The Company attaches great importance to the daily communication with stakeholders. By establishing a sound and effective communication mechanism, we are committed to establishing a good relationship with a wide range of stakeholders, including the government, investors, employees, customers, contractors and suppliers, and the community.



To better understand and respond to the expectations and concerns of stakeholders, the Company maintains communication with stakeholders through diversified channels. Meanwhile, we continue to communicate with representatives from different business units to identify, assess and manage ESG issues related to our business through internal discussions and other forms, so as to meet the expectations of stakeholders continuously.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The table below shows the communication methods and the corresponding main concerns of each stakeholder we have identified.

Stakeholders	Key Concerns	Communication methods
Government	❖ Alignment with national development plans and policies ❖ Legal compliance ❖ Anti-corruption ❖ Appreciation of state-owned assets ❖ Economic development	❖ Respond to national policies and plans ❖ Evaluate current operations according to updates in policies ❖ Respond to inquiries from government departments ❖ Fulfil social responsibility
Investors	❖ Performance growth and return on investment ❖ Information disclosure ❖ Business operation risks	❖ Convene annual general meeting and extraordinary general meeting ❖ Publish interim and annual results and reports ❖ Issue announcements and circulars ❖ Investor conferences, press conferences and roadshows
Employees	❖ Career development and promotion opportunities ❖ Remuneration and benefits protection ❖ Health and safety	❖ Internal and external employee training ❖ Employee caring activities ❖ Company Intranet ❖ Opinion surveys and feedback
Customers	❖ Product quality and customer safety ❖ Complaint handling ❖ Customer privacy protection	❖ Customer hotline ❖ Grievance mechanisms ❖ Social media and communication
Contractors and Suppliers	❖ Open, fair and just procurement ❖ Responsible procurement ❖ Integrity	❖ Open tendering ❖ Examination and evaluation ❖ Regular communication
Community	❖ Support community development ❖ Ecological conservation ❖ Urban greenhouse gas emissions ❖ Resource utilisation	❖ Supervise the construction process ❖ Examine Environmental Impact Assessment Report ❖ Set energy-saving and emission reduction targets ❖ Poverty alleviation projects





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

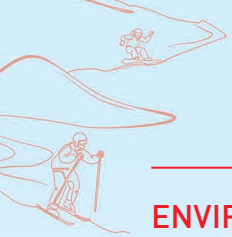
2.2 Materiality Assessment

Materiality assessment is an effective way for the Company to understand the expectations and concerns of stakeholders regarding our sustainable development. It is also an important reference when we re-confirm the direction of sustainable development. During the Reporting Period, we have commissioned a third-party professional organisation to conduct a comprehensive materiality analysis, which ranges from green operation, employee welfare and development, operating practices, social responsibility and other main aspects of our business.

Meanwhile, the Board and senior management have different levels of participation in the materiality assessment. By reviewing the material issues of the previous year, comprehensively analysing the external market, international standards and policy environment, and benchmarking industry practices, the Company updated the database of potential material issues; and combining the opinions of the Board and senior management, the Company reassessed the materiality of the major concerns of stakeholders and confirmed the material issues during the Reporting Period. The results of the materiality assessment are ranked into four categories: environment, employment and labour practices, operating practices and community.

During the Reporting Period, we finally identified 21 material issues to discuss in detail in this ESG Report. Identified material issues are listed in the table below:

ENVIRONMENT	SOCIETY		
	Employment and Labour Practices	Operating Practices	Community
1. Reduction of air pollution	9. Labour practices	14. Supply chain management	21. Contribution to community
2. Green operation	10. Occupational health and safety	15. Service responsibility	
3. Water utilisation	11. Training and development	16. Intellectual property	
4. Waste management	12. Prevention of child and forced labour	17. Information security and privacy protection	
5. Environmental management	13. Diversity and equal opportunities	18. Anti-corruption	
6. Climate change		19. Customer satisfaction	
7. Sustainable tourism		20. Health and safety of customers	
8. Biodiversity conservation			



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. OUR ENVIRONMENT

We understand the importance of environmental quality to the Company's daily operations and business, so we always advocate business practices that can achieve sustainable development. In response to the increasingly severe environmental risks, we are committed to promoting the realisation of green operation and sustainable tourism to apply the development principle of environmental responsibility throughout our business operations.

We strictly comply with applicable environmental laws and regulations, such as the *Environmental Protection Law of the People's Republic of China* and the *Regulations on the Administration of Construction Project Environmental Protection*, and have established internal policies, plans and systems to promote continuous improvement, standardise resource and emission management, air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. The Company has formulated the *Measures for Supervision and Management of Energy Conservation and Ecological Environment Protection*, which specifies requirements and measures relating to energy conservation, emission reduction and ecological environment protection, such as reducing emissions of pollutants and controlling greenhouse gas emissions.

To effectively promote sustainable development, the Company has established a leading group for energy conservation and ecological environment protection, headed by the chairman of the Board and the general manager. The leading group consists of the persons in charge of departments and subsidiary enterprises; an office has been established under the leading group to serve as the executive body; subsidiary enterprises have established their leading groups for energy conservation, emission reduction and ecological environment protection, headed up by the persons in charge. The duties of the Company's leading group for energy conservation and ecological environment protection mainly include:

- Organise and implement national guidelines, policies and targets for energy conservation, emission reduction and ecological environment protection tasks;
- Guide the establishment of medium- and long-term development plans for energy conservation and ecological environment protection of the Company;
- Guide the establishment of perfection of the Company's working targets and plan for carbon peaking and carbon neutrality, and ensure the implementation;
- Review the Company's management system and programmes related to energy conservation, emission reduction and ecological environment protection;
- Coordinate and solve major problems of the Company's subsidiary enterprises in energy conservation, emission reduction and ecological environment protection;
- Review and solve other major issues that may rise in the Company's energy conservation, emission reduction and ecological environment protection work.

The Company emphasises energy conservation, strives to reduce air pollutants and greenhouse gas emissions, reduces waste generation and plans to set targets for water efficiency in the future. The operating units of each business segment have also set relevant energy saving, emission reduction and waste reduction targets and adopted relevant measures in accordance with their own business and operating conditions as advocated by the Company, such as:



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- For the hotel business segment, Metropark Hotel Mongkok committed to reducing the hotel's energy consumption by 10%. To this end, various departments have adopted different energy-saving measures to reduce unnecessary energy consumption.
- For the scenic spot business segment, in 2025, Zhuhai OSR completed its annual energy consumption reduction target through technical upgrades such as switching from diesel to natural gas, installing photovoltaic power generation systems and implementing heat recovery measures, resulting in a 20% year-on-year reduction in energy expenditure compared to the previous year.
- In terms of the passenger transportation operations segment, China Travel Tours Transportation Services had implemented a phased plan to phase out ageing vehicles that no longer meet emission standards. In accordance with this plan, three ten-year-old petrol-powered coaches were replaced with electric coaches in 2025, which not only reduced fuel consumption but also decreased exhaust emissions.

The Company will continue to encourage its operations to set appropriate targets for energy saving, emission reduction, waste reduction and water conservation, and call on those operations that have set relevant environmental targets to regularly track and review the progress of their environmental targets in order to better implement the concept of sustainable development.

Besides, when carrying out construction projects for travel destinations, we conduct Environmental Impact Assessment (EIA) work to gain an in-depth understanding of any potential adverse impact of our business operations on the local environment and take actions to minimise our impact on the environment to ensure the sustainable and healthy development of the local tourism industry.

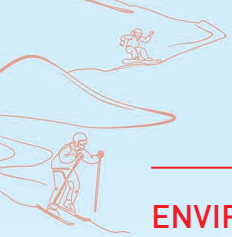
During the Reporting Period, there were no non-compliance cases noted in relation to environmental laws and regulations.



The Company's efforts in environmental protection have also been recognised externally and received awards. For example, Metropark Hotel Macau was awarded the Macao Green Hotel Bronze Award in 2023, which remained valid during the Reporting Period.



During the Reporting Period, Kew Green Hotel Wanchai was awarded "Excellence Level" Wastewise Certificates by the Hong Kong Environmental Campaign Committee.



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3.1 Green Operation

The Company adheres to the concept of green and low-carbon operation, and explores sustainable tourism by improving the efficiency of energy and resource use, reducing emissions, and responding to climate change, to enhance customer satisfaction while contributing to environmental protection. We take steps to ensure that our operations are in line with the environmental policies implemented by the government while improving our internal environmental management to minimise our use of energy and other resources. By taking unremitting efforts, we ensure our business operations make positive impacts on the environment.

In pursuit of sustainability and high energy efficiency, we have implemented the following initiatives:

- Carry out various employee education activities to enhance employees' awareness of environmental protection. For example, Kew Green Hotel Wanchai organised environmental workshops to raise employees' awareness of energy conservation and waste reduction;
- Strengthen the management of power saving in lighting facilities and require employees to turn off the lighting system, air conditioning, computers and other electronic equipment that are not in use when they leave the office;
- Adjust the output of lighting, air-conditioning mainframe and cooling source temperature flexibly according to the daily weather and temperature changes to reduce electricity usage. For instance, Window of the World optimised lighting in the waterfall and building exteriors according to daylight hours and visitor numbers; Zhuhai OSR adjusted the operation times of streetlights and power equipment based on weather conditions to minimise energy consumption;
- Each business segment has developed relevant energy management policies to gradually adopt more energy-efficient LED lights;





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- The energy-saving management system was improved in order to implement relevant measures. The Metropark Hotel Macau established an energy-saving and emissions-reduction management system and a checklist of environmental protection responsibilities, setting out specific targets, duties and control requirements for energy conservation, environmental protection and ecological conservation. In the scenic spot business segment, Zhuhai OSR implemented an annual cost-reduction plan to strengthen daily energy consumption management. In terms of the passenger transportation operations segment, China Travel Tours Transportation Services improved its energy-saving and environmental protection system and established a sound management network from the management level to the executive level; and
 - Encourage our scenic spots to minimise energy consumption and improve energy efficiency without affecting customers' experience. For instance, Splendid China adopted *Water and Electricity Consumption Data Collection Procedures and Energy-saving Measures*, and collected energy consumption statistics on a regular basis. Additionally, Splendid China applied various energy-saving measures to reduce energy consumption, such as dynamic management of the operating hours of lights in scenic spots at night based on nighttime visitor distribution.
- The operating units of the hotel business segment and the scenic spot business segment also used a small number of packaging materials, including Beijing Metropark Hotel, Anji Company and Detian Scenic Spot consumed approximately 0.02 tonnes, 0.10 tonnes and 3.75 tonnes of paper packaging such as cardboard boxes, cartons and bags respectively, while Kew Green Hotel Wanchai and Detian Scenic Spot consumed approximately 0.32 tonnes and 0.26 tonnes of plastic materials such as plastic bags, boxes and tapes respectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following table covers the information regarding our resource consumption during the Reporting Period:

	Energy and resource consumption ¹		Unit	Energy consumption intensity ¹		Unit
	2025	2024		2025	2024	
Electricity use	102,445.41	104,132.67	MWh ⁵	23.23	22.50	MWh/ million HK\$
Natural gas	18,161.98	15,403.43		4.12	3.33	
Gasoline	2,956.77 ²	3,481.48		0.67	0.75	
Diesel fuel	55,645.72 ³	71,930.91		12.62	15.54	
Liquefied petroleum gas	2,697.81	2,614.23 ⁴		0.61	0.56 ⁶	
Town gas	2,155.07	2,313.30		0.49	0.50	
Liquefied natural gas	361.65	503.64		0.08	0.11	
Total	184,424.41	208,758.63		41.83	43.30	
Refrigerant	1,238.00	2,200.10	kg	–	–	

Notes:

1. In 2025, data from all 17 operating units including eight hotels in Hong Kong, Macau and Mainland China, Shapotou Scenic Spot, Zhuhai OSR, Xianyang OSR, Window of the World, Splendid China, Anji Company, CTS Luzhou Culture Tourism, Detian Scenic Spot and China Travel Tours Transportation Services. Green Residence Wanchai was not included in 2024. We use the Group's consolidated revenue HK\$4,409.38 million in 2025 as the denominator for intensity calculation in 2025, and the Group's consolidated revenue HK\$4,627.43 million in 2024 as the denominator for intensity calculation in 2024, to reflect the energy consumption per million HK\$.
2. The reduction in gasoline consumption for the year was due to: (i) In accordance with the standardised requirements for carbon auditing, although China Travel Tours Transportation Services holds a 50% shareholding in CITS Coach (Macao) Limited, it does not exercise financial or operational control over the company, and therefore, CITS Coach (Macao) Limited's carbon emissions will no longer be included in the auditing scope from the 2025 carbon audit onwards, resulting in reduced gasoline consumption by China Travel Tours Transportation Services and lowered the Company's overall consumption; and (ii) reduced travel of on-road mobile source and usage of non-road mobile sources.
3. The reduction in diesel fuel consumption for the year was due to: (i) In accordance with the standardised requirements for carbon auditing, although China Travel Tours Transportation Services holds a 50% shareholding in CITS Coach (Macao) Limited, it does not exercise financial or operational control over the company, and therefore, CITS Coach (Macao) Limited's carbon emissions will no longer be included in the auditing scope from the 2025 carbon audit onwards, resulting in reduced diesel fuel consumption by China Travel Tours Transportation Services and lowered the Company's overall consumption; and (ii) reduced travel of on-road mobile source and usage of non-road mobile sources.
4. The liquefied petroleum gas consumption for the year of 2024 has been revised from 10,993.20 MWh to 2,614.23 MWh.
5. The calculation of energy consumption is based on the conversion factors in the *Guidelines for Accounting and Reporting Greenhouse Gas Emission from Other Industrial Enterprises (Trial)*.
6. The liquefied petroleum gas consumption intensity for the year of 2024 has been revised from 2.38 MWh/million HK\$ to 0.56 MWh/million HK\$.



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Energy consumption intensity of China Travel Tours Transportation Services:

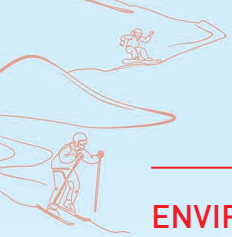
Energy consumption intensity	2025	Energy consumption source
Fuel used for operation/ Total vehicle mileage	7.81 GJ/thousand km	Gasoline, diesel fuel, purchased electricity

C A S E S T U D I E S

Sustainable Tourism at Zhuhai OSR

Zhuhai OSR adhered to the concept of green development and built a low-carbon holiday resort. During the Reporting Period, Zhuhai OSR completed a number of energy-saving and emission-reduction projects, including the conversion from coal to natural gas, and made full use of idle spaces such as office rooftops and dormitory rooftops to install distributed photovoltaic power generation projects. In addition, the resort actively promoted technical upgrades for the recovery of thermal energy from hot spring water, further enhancing energy efficiency. In 2025, the resort's energy costs decreased by 20% year-on-year, fully demonstrating Zhuhai OSR's outstanding achievements in the fields of green operations and sustainable development.





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3.2 Emission Reduction

We adhere to relevant laws and regulations for energy-saving and emission reduction and have developed a series of management systems to manage various emissions in a systematic way.

For the passenger transportation operations segment, China Travel Tours Transportation Services has appointed third-party consultants to audit its scope 1 and scope 2 greenhouse gas emissions in accordance with ISO 14064-1 *Greenhouse Gases – Part 1: Specification with Guidance at Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals*, 2006 IPCC *Guidelines for National Greenhouse Gas Inventory (2019 revised edition)*, GB/T 32150-2015 *General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises* and SZDB/Z 69-2018 *Specifications and Guidelines for Quantification and Reporting of Organisations' Greenhouse Gases Emissions*. China Travel Tours Transportation Services promised to formulate continuous improvement plans and measures based on the audit result and actively promote the reduction of various types of greenhouse gas emissions.

In terms of the scenic spot business segment, Window of the World has tailored its approach to gradually expand the use of green power by constructing photovoltaic power stations, so as to effectively reduce greenhouse gas emissions. Meanwhile, Detian Scenic Spot has set targets for reducing the intensity of greenhouse gas emissions. To ensure the achievement of targets, Detian Scenic Spot took measures such as signed responsibility statements on safety and environmental protection targets with relevant personnel at all levels, and established leadership groups for environmental protection work.

During the Reporting Period, the greenhouse gas emissions from the Company are shown in the table below:



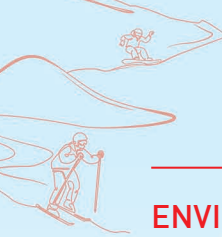


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Scope of Emissions	2025 ¹	2024 ¹	Unit ²
Scope 1 emissions and intensity ³	22,209.14	26,091.25 ⁴	tCO ₂ e
	5.04	5.64 ⁵	tCO ₂ e/million HK\$
Natural gas	3,631.31	3,079.77	tCO ₂ e
Gasoline	707.16	839.57	
Diesel fuel	14,357.43	18,577.79	
Liquefied petroleum gas	894.64	866.86 ⁶	
Town gas	415.01	445.20	
Liquefied natural gas	64.36	94.69	
Ethanol gasoline	0.24	0.54	
Refrigerant	2,138.98	2,186.83	
Scope 2 emissions and intensity ⁷	55,285.93	56,799.46	tCO ₂ e
	12.54	12.27	tCO ₂ e/million HK\$
Electricity use	55,197.35	56,704.36	tCO ₂ e
Town gas	88.58	95.10	
Scope 3 emissions ⁸	78.05	/	tCO ₂ e

Notes:

1. In 2025, data from all 17 operating units including eight hotels in Hong Kong, Macau and Mainland China, Shapotou Scenic Spot, Zhuhai OSR, Xianyang OSR, Window of the World, Splendid China, Anji Company, CTS Luzhou Culture Tourism, Detian Scenic Spot and China Travel Tours Transportation Services. Green Residence Wanchai was not included in 2024. We use the Group's consolidated revenue HK\$4,409.38 million in 2025 as the denominator for intensity calculation in 2025, and the Group's consolidated revenue HK\$4,627.43 million in 2024 as the denominator for intensity calculation in 2024, to reflect the energy consumption per million HK\$.
2. tCO₂e Definition: Tonnes of carbon dioxide equivalent, which describes how much global warming a given type and amount of greenhouse gas may cause, using the functionally equivalent amount or concentration of carbon dioxide (CO₂) as the reference.
3. Scope 1 direct greenhouse gas emissions are calculated based on the total consumption of natural gas, gasoline, diesel fuel, liquefied petroleum gas, town gas, compressed natural gas and refrigerant. Methodologies of calculation refer to: the *Guidelines for Accounting and Reporting Greenhouse Gas Emission from Other Industrial Enterprises (Trial)* and the *Guidelines for Accounting and Reporting Approach of Greenhouse Gas Emission from Enterprises in Land Transportation (Trial)* issued by the National Development and Reform Commission of PRC, the *Greenhouse Gas Protocol: Greenhouse Gas Emissions from Transport or Mobile Sources* issued by the World Resources Institute and the World Business Council for Sustainable Development, the *Sixth Assessment Report on Climate Change 2022: Mitigation of Climate Change* published by IPCC, and the *How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* issued by SEHK.
4. The Scope 1 emissions for the year of 2024 have been revised from 27,882.60 tCO₂e to 26,091.25tCO₂e.
5. The Scope 1 emission density for the year of 2024 have been revised from 6.03 tCO₂e/million HK\$ to 5.64 tCO₂e/million HK\$.
6. The liquefied petroleum gas emissions for the year of 2024 have been revised from 2,658.21 tCO₂e to 866.86 tCO₂e.
7. Scope 2 indirect greenhouse gas emissions are calculated based on the emission factors for purchased gas with reference to the information released by Towngas, and purchased electricity with reference to the information released by CLP, HEC, and CEM, and updated accordingly. The average emission factor of electricity use of operating units in mainland China in 2025 was updated (as 0.5306 tCO₂/MWh) in accordance with the *Announcement on the Release of the Carbon Dioxide Emission Factor of Electricity in 2023* issued by the Ministry of Ecology and Environment of PRC.
8. Scope 3 other indirect greenhouse gas emissions are calculated based on total waste paper consumption. The calculation is based on the *How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* issued by SEHK.



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The use of vehicles is the source of air pollutant emissions in the daily operations of our business segments. The Company conducted statistics on carbon monoxide (CO), hydrocarbons (HC), nitrogen oxides (NO_x), particulate matter (PM) and other harmful solid particles.

During the Reporting Period, we covered the data of 208 operating vehicles from China Travel Tours Transportation Services and operating vehicles from other operating units, in addition to the equipment, including stoves and diesel generators of the scenic spot business segment to calculate air pollutants. The results are shown in the following table:

Air Pollutant	Total Air Pollutants Generated ¹ (tonnes)
Carbon Monoxide	179.82
Hydrocarbon	46.88
Nitrogen Oxide	193.33
Particulate Matter	15.70

Notes:

1. Emission data of China Travel Tours Transportation Services was the audited figure, whose calculation is based on the operation fuel consumption and relevant vehicle emission standards. Emissions of air pollutants of operating units in Hongkong and Macau are calculated based on the *How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* issued by SEHK. For operation units in China mainland, calculations of air pollutants emission refer to the *Technical Guideline for the Compilation Emission Inventory for Road Vehicle (Trial)* and, the *Technical Guide for the Preparation of Air Pollutant Emission Inventory for Non-road Mobile (Trial)*, the *Manual of the Second National Pollution Source Census of Domestic Pollution Sources and Emission Factors (Trial)*, and the *Manual of Accounting Methods and Coefficients of Statistical Surveys on Pollution Sources*.

3.3 Water Resources Conservation

Although the Company has no difficulty in sourcing water, the Company actively practices water conservation measures to promote sustainable development, and to achieve goals of efficient use of resources and environmental protection. In the Reporting Period, our operating units have formulated different water resource management plans that work with their operations, installed and upgraded water-conserving facilities to reduce water consumption and enhance the usage rate of recycled water. For example, Metropark Hotel Kowloon and Metropark Hotel Macau have also adopted water-saving showerheads in guest rooms to reduce water usage.

The total water consumption of the Company in 2025 was 2,488,068.83 cubic meters ¹. The intensity is 564.27 cubic meters/million HK\$.



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C A S E S T U D I E S

Water Supply System Upgrade

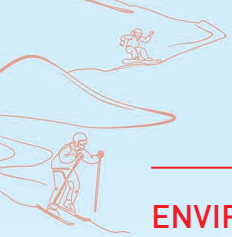
Metropark Hotel Macau has completed renovations to its drinking water supply system, resulting in a 10.56% reduction in the hotel's overall water consumption compared to 2024.

Rainwater Collection and Utilization

Window of the World collects rainwater and channels it into the scenic spot's water systems for reuse, and significantly improving water resource efficiency.

Notes:

1. In 2025, data from all 17 operating units including eight hotels in Hong Kong, Macau and Mainland China, Shapotou Scenic Spot, Zhuhai OSR, Xianyang OSR, Window of the World, Splendid China, Anji Company, CTS Luzhou Culture Tourism, Detian Scenic Spot and China Travel Tours Transportation Services.



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3.4 Waste Management

In our daily operations, the wastes are primarily generated from our travel destinations, which include domestic waste, food waste and waste from offices. Based on the *Waste Disposal Ordinance*, the *Legislative Proposals on Regulation of Edible Fats and Oils and Recycling of "Waste Cooking Oils"*, each operating unit develops an appropriate waste management plan to reduce waste generation and recycle waste in a reasonable and scientific way.

To this end, each of our operating units actively cooperates with qualified third-party environmental protection service providers, to oversee and manage the entire process of waste classification, collection, transportation and disposal. In the hotel business segment, Metropark Hotel Macau, Metropark Hotel Mongkok, Metropark Hotel Kowloon, Metropark Hotel Causeway Bay and Beijing Metropark Hotel have partnered with third-party environmental organisations to collect waste oil from the restaurant kitchen on a regular basis. In terms of the scenic spot business segment, Window of the World and Splendid China implement waste classification in accordance with the *Regulations of Shenzhen Municipality on Supervision of Household Waste Sorting*, to place separation bins in scenic spots, and authorize professional recycling companies to properly dispose of waste by category; Zhuhai OSR and Anji Company have signed agreements for the recycling of chemical substances and waste batteries, with third-party organizations conducting specialized

processing. For the passenger transportation operations segment, China Travel Tours Transportation Services has arranged for professional recycling companies to uniformly recycle hazardous waste like waste engine oil from its affiliated repair shops, reducing secondary storage and transportation pollution.

We advocate paperless offices, manage consumable office supplies and promote the use of recycled paper to reduce the generation of discarded office supplies. Therefore, our operating units have set up various management policies to achieve paperless offices, such as the *Environmental Management Policy* from Metropark Hotel Causeway Bay and the *Paperless Office Policy* from Beijing Metropark Hotel. In accordance with the above policies, our operating units encourage employees to use portable storage tools and electronic files in the office, and provide wastepaper recycling points for employees to discard. Through our collaboration with qualified professional service providers to recycle wastepaper, we have effectively reduced our indirect greenhouse gas emissions that resulted from excessive paper consumption.

The wastes generated from our operation are listed below. Some waste is recycled by third-party recycling companies:





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Waste Disposed (by types) ¹	2025		Unit	Intensity of waste generated
Non-hazardous waste	Generated	Recycled	tonnes	Tonne/million HK\$
Total	15,965.43	3,848.89		3.62
Food waste	10,142.00	3,275.00		2.30
Domestic waste	1,182.30	460.00		0.27
Paper	16.26	1.13		0.00 ²
Metal	0.50	0.50		0.00 ³
Plastic	6.85	6.20		0.00 ⁴
Glass	5.50	5.00		0.00 ⁵
Construction waste	4,611.00 ⁶	100.00		1.05
Other non-hazardous waste	1.06	1.06		0.00 ⁷
Hazardous waste	Incurred	Recycled		kg/million HK\$
Total	0.94	0.79		0.21
Chemical waste	0.15	—		0.03
Hazardous chemicals	0.70	0.70		0.16
Printer cartridges	0.02	0.01		0.00 ⁸
Used batteries	0.08	0.08		0.02

Notes:

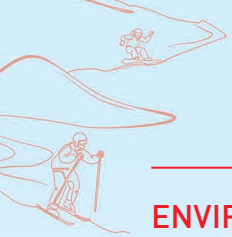
1. In 2025, data from all 17 operating units including eight hotels in Hong Kong, Macau and Mainland China, Shapotou Scenic Spot, Zhuhai OSR, Xianyang OSR, Window of the World, Splendid China, Anji Company, CTS Luzhou Culture Tourism, Detian Scenic Spot and China Travel Tours Transportation Services. We use the Group's consolidated revenue HK\$4,409.38 million in 2025 as the denominator for all intensity calculations in 2025.
2. The data is rounded to two decimal places and the actual value is 0.004.
3. The data is rounded to two decimal places and the actual value is 0.0001.
4. The data is rounded to two decimal places and the actual value is 0.002.
5. The data is rounded to two decimal places and the actual value is 0.001.
6. The increase in construction waste for the year was due to the construction waste generated from the new hotel project in the scenic spot.
7. The data is rounded to two decimal places and the actual value is 0.0002.
8. The data is rounded to two decimal places and the actual value is 0.005.

C A S E S T U D I E S

Recycle Waste Cooking Oil

During the Reporting Period, Metropark Hotel Mongkok collected a total of 498 litres of used cooking oil with qualified contractors.

Besides, Metropark Hotel Macau signed a "Waste Cooking Oil Recycling Agreement" with a third party, which stipulates that the recycling of waste cooking oil must comply with the national and industry environmental protection management system and that the residues left after the recycling of waste cooking oil must be disposed of in accordance with the relevant laws and regulations.



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3.5 Response to Climate Change

The Company is fully aware that part of its business is closely related to climate change, and extreme weather caused by global warming has significant impacts on the Company's business. We have actively identified the risks and opportunities arising from climate change, and have established action plans to cope with the relevant risks, in order to avoid losses in all aspects caused by climate change. To effectively manage climate-related risks and capitalise on opportunities arising from the transition, the Company continues to advance infrastructure upgrades to address the challenges posed by climate change and extreme weather events. At the same time, it is actively seizing opportunities for low-carbon transition by investing in the installation of solar power facilities, replacing its fleet with new energy electric buses, and conducting energy-saving awareness and education campaigns. As of the end of the Reporting Period, the Group's capital expenditure and related investments in these areas totalled RMB2,540,599.00.

To this end, Beijing Metropark Hotel has formulated the *Emergency Plan for Water Leakage in Store* and the *Emergency Plan for Flood Control* to cope with the flooding caused by extreme weather. The plan stipulates the division of responsibilities and operation procedures of employees in handling relevant matters, such as discussing countermeasures and arranging preventive measures, checking the water level of hotel sewage wells and municipal sewage pipelines, preparing water pumps, etc. Metropark Hotel Macau has also formulated the *Typhoon Emergency Plan* to provide employees with a specific and systematic framework of action in response to physical risks. In the plan, it is stipulated that under various typhoon signals, employees of various departments (front desk, housekeeping, food and beverage, security and engineering departments) should take action, and after the typhoon, the safety production team will prepare a report to the administrative office on the losses and accidents caused by the typhoon.

In terms of the scenic spot business segment, Shapotou Scenic Spot has prepared the *Emergency Plan for Sudden Bad Weather* to deal with the physical risks caused by strong wind (including sandstorms), thunderstorms, heavy rainstorms and heavy snowstorms respectively. Shapotou Scenic Spot has also formulated the relevant emergency handling work requirements and workflow. Zhuhai OSR has also prepared the *Emergency Plan for Typhoon and Rainstorms* to cope with meteorological disasters efficiently and orderly. This plan aims to enhance the overall management level and emergency response capabilities for such disasters, minimising or avoiding casualties and property damage caused by extreme weather events. Furthermore, Anji Company updates and supplements its existing standard operating procedures in response to typhoons, floods, snowstorms and other disasters, and carries out disaster prevention and other countermeasures in accordance with the corresponding standard operating procedures. Detian Scenic Spot has also formulated the *Forest Fire Prevention System of Detian Transnational Waterfall Scenic Spot*, the *Emergency Response Plan for Natural Disasters* and other policies to prevent and respond to the risks from extreme weather caused by climate change.

4. OUR EMPLOYEES

Employees are our most valuable asset and the core force driving the Company's high-quality development. We consistently adhere to the people-oriented philosophy, cherish the value and contributions of our employees, and endeavour to create a fair, open inclusive working environment for employees. We provide employees with broad development opportunities and a high-quality career experience.

We adhere to the principles of openness, fairness and responsibility in the recruitment process to ensure that every candidate has equal opportunities. We believe that business success depends on a good business team, so we are committed to providing employees with competitive remuneration and benefits and establishing sound training and development plans to help employees grow.



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During the Reporting Period, we optimised the recruitment process, further regulated recruitment standards and procedures, and strengthened the recruitment and employment management of the Company's cadres and employees of the headquarters. Meanwhile, we stepped up our efforts in open recruitment, actively broadening our horizons in attracting talent. We signed cooperation agreements with several headhunters so as to expand the scope of resume research and enrich the channels for attracting talent. Besides, in accordance with the *Implementation Rules for the Rank Management (Trial)*, the Company completed the 2025 rank promotion of employees in the headquarters, and established the professional sequence and management sequence development path of employees.

4.1 Equal Opportunities and Treatment

Sound human resources policies are crucial to the development of the Company, therefore attracting and retaining talents is the key to ensuring the sustainable development of the business. We have created significant employment opportunities in the places where we operate, and we also strictly comply with local laws and regulations. In order to protect the rights and interests of employees, the Company complies with the *Measures for Administrative Recruitment* and employment-related laws and regulations. The Company has also established regulations such as the *Measures for the Administration of Remuneration*, the *Provisions on the Administration of Employee Leave*, and the *Measures for the Administration of Employee Attendance* to manage compensation and dismissal, recruitment and promotion, working hours and rest period.

We are committed to eliminating employment discrimination due to factors such as gender, disability, pregnancy, race, religion, age or family status, creating a fair and just working environment and promoting a diverse and inclusive corporate culture. We have zero

tolerance for any form of discrimination or harassment and expect all employees to appreciate, care and respect each other.

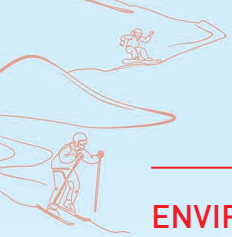
The Company strictly abides by the *Labour Law of the People's Republic of China*, the *Provisions on the Prohibition of Using Child Labour*, the *Regulation on Labour Security Supervision* and other regulations to address employment risk. We use a public security system to undertake strict censorship on new employees to verify their identity and age to ensure compliance with our recruitment process. Any form of child and forced labour in the Company is strictly prohibited. If any such cases are found, we will arrange for the relevant departments to conduct investigations in a timely manner and deal with them in accordance with the relevant laws and regulations. We also provide relevant training on labour law to inform employees of their rights.

During the Reporting Period, there was no case of discrimination, child and forced labour, or any other violations against labour law.

4.2 Employee Benefits, Occupational Safety and Health

The Company attaches great importance to the health and well-being of its employees and has established an internal regulation, the *Detailed Rules for the Administration of Headquarters Personnel*, ensuring that employee welfare practice and care initiatives are effectively implemented. Through these efforts, the Company strives to enhance employee cohesion and provide a work environment that is conducive to their work.

We continue to invest in employee protection and benefits, providing comprehensive medical and life insurance and formulating retirement



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plans. Considering that employees may experience different situations and challenges outside of work, we emphasise and encourage employees to seek a work-life balance, hoping that our employees can better engage in work and pursue their own goals. To this end, we have been providing different support. We have implemented the following family-friendly measures in all our operations:

- Paid maternity leave is granted to female employees, and the corresponding paid paternity leave for male colleagues is also provided;
- Our city hotel business combines the needs of post-natal women to work and feed their children, and is equipped with lactation rooms to assist working mothers who return to work after childbirth.

The Company's headquarter and all business segments actively launched welfare activities for their employees. Based on the labour union, the Company's headquarter carries out daily diversified caring activities for employees, including the organisation of various interest groups, purchase of gifts as welfare and consolation on important festivals, and the launch of a series of activities based on actual circumstances. In addition to our daily and holiday welfare activities, we also care about our employees and their families in need to understand their practical needs and provide them with assistance as far as possible. During the Reporting Period, Zhuhai OSR and Xianyang OSR provided cooling and heatstroke prevention supplies to frontline employees during the high-temperature period in the summer, demonstrating care and support for their well-being. At the same time, these three operating units provided labour protection appliances, such as safety helmets and gloves, according to the needs of different job types, to ensure the safety and health of employees at work.

We acknowledge that continuous improvement of employee-related policies relies on hearing more feedbacks from employees from time to time, and we expect more employees can feel free to share their thoughts or give their opinions to their immediate supervisors or the Company's management. For this purpose, we have established an employee communication channel to obtain genuine feedback to help us improve our decision-making and working methods.

The Company understands that the health of our employees is closely linked to the development of the Company. In order to safeguard the health of employees, reduce the risk of injury and effectively prevent occupational diseases, the Company is committed to creating a safe, healthy and friendly workplace environment for employees.

In accordance with the *Measures for Salary Management*, the *Measures for Employee Allowance Standards and Distribution of the Company*, and the *Measures for Salary and Welfare Management*, operating units such as Zhuhai OSR, Window of the World, Kew Green Hotel Wanchai, Beijing Metropark Hotel and Anji Company arrange professional clinics to provide free health checks for employees every year. Window of the World launched a comprehensive checking to identify occupational health hazards, while systematically inspecting the risks of occupational diseases across all roles. Based on the assessment results, the company optimised the working environment and protective measures, thereby striving to eliminate health risks and implementing the philosophy of prioritising prevention into practice. Through concrete actions, the company safeguarded the physical and mental wellness of its employees, in order to reflect its commitment to their well-being. At the same time, the Company's headquarter has a consolation and subsidy system for sick and needy employees. In accordance with the *Implementation Rules on Welfare Management*



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for Employees at Headquarter, the Company has defined the standards of consolation fees for hospitalisation, major illnesses, and hardship subsidies for sick and needy employees.

In terms of providing a safe working environment, Metropark Hotel Mongkok, Metropark Hotel Kowloon and Metropark Hotel Macau implemented internal management in accordance with the Occupational Safety and Health Ordinance and other laws, regulations and standards, and formulated the *Emergency Plan for Work Safety Accidents*, the *Occupational Safety and Health Policy* and the *Employee Work Safety Code*. Beijing Metropark Hotel arranges annual environmental testing by qualified professional companies

for workplaces with potential occupational hazards. We regularly organise safety work meetings and conduct self-examination and self-inspection on fire firefighting, public health, engineering, public security and other key aspects. At the same time, we provide safety guidelines and training for employees in various fields, requiring employees to sign and abide by safety rules to prevent work-related injuries caused by accidents.

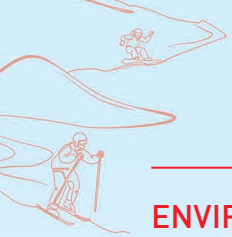
In the past three years (including the Reporting Period), there was no serious work-related injury or fatality in all business segments of the Company. During the Reporting Period, 40 employees were injured by accidents and the lost working days due to work injury amounted to 1,530.

C A S E S T U D I E S

Support Employees in Need at Xianyang OSR

On 23 January 2025, the management team and labour union of Xianyang OSR organised a symposium for employees facing financial difficulties, implementing initiatives to care for staff and convey the warmth of the CTS family.





C A S E S T U D I E S

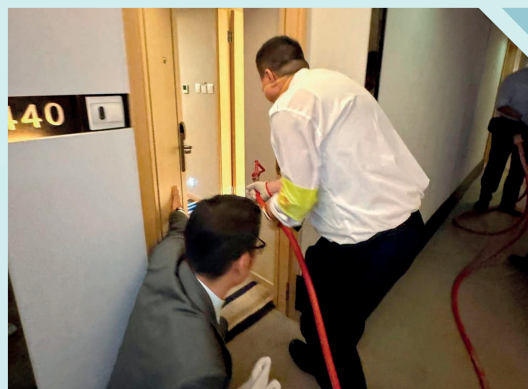
Zhuhai OSR Running and Tree-planting Event

On 12 March 2025, Zhuhai OSR organised a running and tree-planting event under the theme “Building a Green Home, Sharing a Better Life”. Employees ran together and then joined efforts to plant trees; this not only helped them stay fit but also translated the concept of green development into concrete action, as they worked hand in hand to safeguard a healthy ecological environment.



Series of Activities on “Work Safety Month” Launched by Metropark Hotel Mongkok

During National Fire Safety Awareness Month in June 2025, the Metropark Hotel Mongkok organised activities under the theme “Everyone talks about safety, everyone knows how to respond to emergencies – Keep Escape Routes Clear” while initiating activities such as “Fire safety-themed Inspections” and “Drills and Trainings on Fire Safety”, as well as co-organising awareness and education activities on fire safety with Kew Green Hotel Wanchai. Through initiatives such as fire safety inspections, fire safety drills and training, screening safety awareness videos and creating fire safety posters, the hotel sought to heighten staff awareness and emphasise fire safety, thereby further enhancing the fire safety consciousness of all staff members.





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4.3 Training and Development

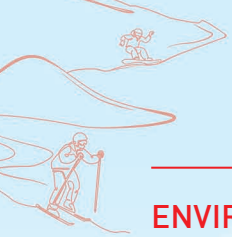
Building an excellent team is a key step in promoting the Company's sustainable development, and employees' career development is the foundation of team building. To this end, we closely integrate individual career needs and corporate development goals to achieve the goal with a sound talent cultivation and development mechanism. We provide various types of tailored training, improve the quality of employees, and broaden the employee career development path to support employees' growth.

The Company encourages the mobility of employees in each business segment and has established a rotation system to provide hands-on learning opportunities for different employees. Grassroots employees are provided with a more convenient platform for learning and exchange, while headquarters employees are able to train their abilities at the grassroots level.

The Company's headquarter and business segments place emphasis on employee training and development. During the Reporting Period, the Company's headquarter organised training for outstanding young talents. These programs, tailored to the requirements of their positions, focused on strengthening ideological conviction, enhancing job performance capabilities, and promoting integrity in the workplace. The aim was to improve the comprehensive capabilities of outstanding young talents and further refine the Company's talent system. In the hotel business segment,

training was provided through the "E+People" system at Metropark Hotel Kowloon, Kew Green Hotel Wanchai, Metropark Hotel Hung Hom and Metropark Hotel Macau. For the scenic spot business segment, Window of the World has established the *Corporate Employee Training Management System*, and provides comprehensive orientation for new employees in accordance with the *Provisional Human Resource Management System*, helping employees to get acquainted with the corporate culture, the scenic environment and operational details, and helping them to adapt to the new working environment smoothly. Anji Company also attaches importance to the continuous development of talents. During the Reporting Period, Anji Company continued to carry out the talent succession plan of "Key GO/GE" to provide employees with a clearer career plan, and also provided specialised training to enhance the overall capability of employees. Zhuhai OSR has established a three-level training system, formulated and implemented annual training plans, and provided various training activities to employees.

During the Reporting Period, we provided training activities to employees including orientation for new employees, finance and taxation enhancement training, fire training, first aid knowledge and skills training, service etiquette training, invitation of expert scholars and advisory bodies to host training seminars, and management skills training for executive employees. During the Reporting Period, the total training hours of our employees exceeded 514,932 hours.



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C A S E S T U D I E S

Management Skills Training for the “Golden Managers” Class at the Detian Scenic Spot

In April 2025, the Detian Scenic Spot organised a “Golden Manager” training programme, delivering a three-day course aimed at high-potential staff and managers within the scenic spot. The curriculum focused on mindset transformation, management development, identifying customer needs and practical business operations, and the purpose is to continuously empower frontline staff and enhance their revenue-generating capabilities.



Skills Training for Chinese Banquet Services at Xianyang OSR

In June 2025, Xianyang OSR organised a training programme on Chinese banquet service skills for developing “all-rounder” capabilities among its staff, thereby further enhancing service standards, strengthening standardised service management, and comprehensively improving the quality of service.





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4.4 Employee Management Performance Indicators

Basic data of employees		2025
Total number of employees ¹		5,460
By gender	Male	3,109
	Female	2,351
By employment type	Full-time	5,283
	Part-time	177
By age	Under 30 years old	1,154
	30-50 years old	3,055
	Over 50 years old	1,251
By region	Hong Kong	688
	Macau	39
	Mainland China	4,735
	Other regions/countries	18

Notes:

1. The data for 2025 regarding the number of employees at the end of the Reporting Period covers all 17 operating units including eight hotels in Hong Kong, Macau and Mainland China, Shapotou Scenic Spot, Zhuhai OSR, Xianyang OSR, Window of the World, Splendid China, Anji Company, CTS Luzhou Culture Tourism, Detian Scenic Spot and China Travel Tours Transportation Services.

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Employee turnover rate¹

Employee turnover rate ¹		2025
By gender	Male	18.21%
	Female	22.25%
By age	Under 30 years old	44.63%
	30-50 years old	14.30%
	Over 50 years old	10.95%
By region	Hong Kong	20.21%
	Macau	30.77%
	Mainland China	19.89%
	Other regions/countries	—

Notes:

1. Employee turnover rate = number of resigned employees by category/number of employees by category at the end of the Reporting Period*100%

Employee training data

Employee training data			2025
Total number of employees trained		Number	5,070
Percentage of employees trained			
By gender	Male	Percentage ¹	57.08%
	Female	Percentage	42.92%
By employee category	Senior management	Percentage	2.11%
	Middle management	Percentage	10.57%
	General employees	Percentage	87.32%
Average hours of employees trained			
By gender	Male	Average hours ²	91
	Female	Average hours	116
By employee category	Executive management	Average hours	172
	Middle management	Average hours	76
	General employees	Average hours	103

Notes:

1. Percentage of employees trained in relevant categories = number of employees trained by category/total number of employees trained*100
2. Average training hours for employees in relevant categories = total training hours by category/number of employees trained by category



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5. COMPLIANCE OPERATION

We adhere to the philosophy of standardised operating practices, which serves as the most stringent guidance for our conduct. As a responsible company, we must strictly abide by laws and regulations, to be ethical and transparent. We believe that responsible business practices not only help our business and long-term development but also have a positive impact on the environment and society in which we operate. We ensure our operations comply with all laws, build sustainable partnerships with stakeholders, constantly improve the quality of our services, ensure that we serve our customers responsibly and maintain business growth at a steady pace.

5.1 Supply Chain Management

During the Reporting Period, we worked with more than 2,529 suppliers in total, including 604 from Hong Kong, 145 from Macau, 1,773 from Mainland China and 3 from other countries/regions. In addition, during the Reporting Period, the Company amended the *Procurement Management Rules* to further clarify and standardise the management of procurement methods and procedures for suppliers.

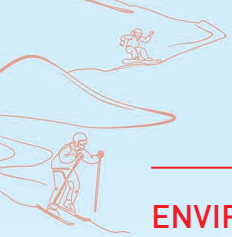
In order to reduce the potential risks related to the supply chain, all suppliers are evaluated strictly internally before cooperation. For example, in response to quality control issues, Anji Company, Metropark Hotel Mongkok, Metropark Hotel Causeway Bay, Metropark Hotel Kowloon and Metropark Hotel Hung Hom conducted comprehensive evaluations on various suppliers through “annual supplier evaluation” and signed documents including safety agreements, and terminate the cooperation relationship with unqualified suppliers. We strictly require suppliers who provide us with some high-risk food and goods to ensure the safety of food and products. For

example, suppliers of high-risk food products such as salmon, sushi, bread crab and mussels are required to provide a qualified hygiene certificate before they are hired, meanwhile, we also conduct audits of each supplier from time to time. During the Reporting Period, we evaluated over 1,514 suppliers in terms of quality of supply, delivery time, quality of service, etc.

We abide by the *Food Safety Law of the People's Republic of China*, the *Food Safety Law* in Macao and the *Food Safety Ordinance in Hong Kong* and other relevant laws. Our hotels in Hong Kong also conduct on-site reviews of the supply quality and the status of suppliers, sample and send the food to the laboratory for testing, while requiring suppliers to provide relevant hygiene certificates for each batch upon delivery.

In terms of energy efficiency and environmental protection aspect, Metropark Hotel Macau takes into consideration whether the supplier takes actions on energy efficiency and environmental protection without polluting the environment when purchasing, and uses it as a condition for approval, so as to promote suppliers to pay more attention to environmental protection requirements and avoid relevant environmental risks. The procurement principle of Shapotou Scenic Spot for equipment, which includes air conditioners, computers, printers and copiers, has changed from giving priority to more environmentally friendly ones among the same products to mandatory ones with high energy efficiency and environmental protection labels.

The Company strictly manages the cooperation with suppliers and identifies and corrects any potential problems in a timely manner. During the Reporting Period, no supplier violated any laws or regulations regarding business ethics, environmental protection, human rights, labour practices or other relevant issues.



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C A S E S T U D I E S

Supplier Evaluation and Supply Chain Risk Management

Metropark Hotel Kowloon held semi-annual procurement meetings to evaluate suppliers' purchase prices, quality of goods, etc. Metropark Hotel Kowloon will sign a business ethics agreement with suppliers who have passed the assessment and will not cooperate with suppliers who do not meet the requirements.

In order to effectively manage food-related supply chain risks, Metropark Hotel Kowloon required suppliers of high-risk food products to submit relevant food import hygiene certificates in compliance with Hong Kong legislation and to send kitchen samples for testing.

5.2 Service Responsibility

Customer Health and Safety

We adhere to the operating principle of "People-oriented, Safety First". The Company has formulated the *Measures for the Supervision and Management of Safe Production*, which clarified the organisation and responsibility system for the management of safe production in the Company and its subsidiaries. Each of our operating units is committed to strengthening production safety supervision and risk prevention, improving employee training, raising safety awareness and emergency management ability, and reducing potential safety risks. For example, Metropark Hotel Mongkok, Metropark Hotel Kowloon, Metropark Hotel Hung Hom and Metropark Hotel Macau hold safety meetings on a regular basis, while providing employees with fire safety training by familiarising themselves with safety rules, conducting evacuation drills, and inviting experts. Metropark Hotel Macau also provides training or safety drills to employees in different departments according to their job requirements. For example, food poisoning drills are provided to employees in the Food and Beverage Department, and emergency

drills are arranged for employees in the Engineering Department in case of unexpected incidents such as electric shock, power supply failure, water failure, etc., in order to provide a safe and secure environment for guests in all aspects.

We also ensure the functionality of our infrastructure to provide our customers with outstanding and guaranteed service. Metropark Hotel Macau and Anji Company carry out daily inspection, cleaning, disinfection and maintenance for all kinds of equipment and water supply pools to ensure equipment operation and water quality. The hotel also arranges regular patrols by security guards and carries out monitoring and security screening in the security room. The security department keeps instant contact with the police to ensure the safety of all guests.

During the Reporting Period, no major safety accidents occurred in any business segments.





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C A S E S T U D I E S

Detian Scenic Spot Conducts Training on the “Criteria for Identifying Major Accident Hazards”

During the Reporting Period, Detian Scenic Spot has organised a training session on “Criteria for Identifying Major Accident Hazards”, providing a systematic interpretation of the relevant regulations and key points for hazard identification. Through the analysis of case studies, the session aims to strengthen risk identification capabilities, enhance the standard of hazard identification and management, and reinforce safety measures.



Customer Satisfaction

To optimise service standards and promote reputation management, each of our operating units has formulated customer complaint management policies, and regularly conducts customer service training for employees to ensure that complaints from customers can be addressed in a timely and proper manner. During the Reporting Period, we received 1,734 complaints about our products and services.

For the hotel business segment, Metropark Hotel Mongkok and Metropark Hotel Macau conduct training for all employees regarding service attitude, communication and reception skills, and invite customers to write comments on their services in order to find out the shortcomings of their service for improvements. In accordance with the internal policy of the

hotel, the manager on duty must deal with complaints immediately to make the guests feel respected and cared for. Through internal management and improvement, Metropark Hotel Mongkok won praise from customers, its service rating ranks 95th in Hong Kong on TripAdvisor and scores 4.39 on Ctrip. Metropark Hotel Macau scores 4.66 on Ctrip. In addition, we also actively carry out various customer satisfaction surveys and review the quality of our services. For example, during the Reporting Period, Metropark Hotel Macau conducted a GSS guest satisfaction survey and collected 462 valid questionnaires, with an overall satisfaction score of 98.02. Kew Green Hotel Wanchai also holds monthly “Case Analysis + Service Quality Analysis Meetings” to analyse, follow up and improve on the written and online feedback from guests, and to continuously optimise service quality.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In terms of the scenic spot business segment, Xianyang OSR has also drawn up an annual service improvement plan to implement the “Heartfelt Travel Service” standards, rolling out the “Golden Button One-Stop Service” in the hotel and the “Red Vest One-Stop Service” at the hot springs. The Detian Scenic Spot has established a three-tier supervision mechanism comprising “weekly mandatory post inspections, monthly comprehensive inspections, and irregular mystery shopper

visits”; any issues identified are reviewed at weekly and monthly meetings, with corrective actions required within a specified timeframe. During the Reporting Period, CTS Luzhou Culture Tourism received 3,218 positive reviews throughout the year, with a customer satisfaction rate of 96.70%; according to customer comments management dashboards, Detian Scenic Spot achieved annual visitor service satisfaction rates of 96.90%; Xianyang OSR achieved an online satisfaction rate of 93.60% in 2025.

C A S E S T U D I E S

Quality Management System Certification

The quality management system established by the Window of the World and Detian Scenic Spot of the Company has passed the audit of a third-party institution and obtained the certification, which remains valid for the Reporting Period.



Popular Hotel of the Year

During the Reporting Period, Metropark Hotel Mongkok was awarded the “Influential Hotel of the Year” by Meituan Hotel in 2024.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

C A S E S T U D I E S

Listed in the Annual Selection of Multiple Online Platforms

During the Reporting Period, Zhuhai OSR was named on the 2024 Ctrip Reputation List – Luxury Hotels category, the Top 50 Hot Spring Destinations in China, and received the Annual Popularity Award.



Exemplary Cases of High-Quality Development in Guangdong's Tourism Industry

During the Reporting Period, Splendid China was awarded the “Exemplary Cases of High-Quality Development in Guangdong's Tourism Industry” by the Guangdong Tourist Attraction Association.



C A S E S T U D I E S

President Unit of the 5th Session of the Guangdong Hot Spring & Spa Association

During the Reporting Period, Zhuhai OSR served as the president unit of the 5th session of the Guangdong Hot Spring & Spa Association.



Cases of tourism groups empowering destinations for innovative development

During the Reporting Period, sited within Detian Transnational Waterfalls along the China-Vietnam border as the collaborative tourism area, Detian Scenic Spot, adhering to innovation-led and demonstration-driven development, has been successfully selected as a “Case of Tourism Groups Empowering Destinations for Innovative Development.” This provides a practical model for sustainable, high-quality, and standardised cross-border cultural and tourism exchanges and cooperation between China and Vietnam.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.3 Intellectual Property Rights

We are fully aware that respecting intellectual property is a crucial foundation for corporate compliance and sustainable development. The Company strictly adheres to relevant laws and regulations, including the *Copyright Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, and the *Trademark Law of the People's Republic of China*, to ensure full respect for others' intellectual property rights in business operations and contributing to the creation of a fair competitive market environment.

In terms of the scenic spot business segment, Window of the World strictly reviews the music materials used in the scenic spot in advance. Window of the World signed contracts with copyright owners for all music material, and the use of relevant music materials abide by the specified terms in laws and contracts, which effectively avoids potential intellectual property disputes. Splendid China has also signed a music copyright license agreement with the Music Copyright Society of China to use the relevant music within the scope of the law and the contract.

During the Reporting Period, we were not aware of any events of intellectual property infringement concerning our business operations. We consistently respect and protect intellectual property, ensuring that we fulfil our responsibilities in safeguarding intellectual property rights across product and service provision, as well as in market promotion. We also actively promote the dissemination and implementation of intellectual property culture.

5.4 Information Security and Privacy Protection

For us, operating with integrity is based on the security and confidentiality of customer information, and the Company is committed to safeguarding the privacy of our customers and employees to ensure the security of relevant data.

Since our business has potential privacy risks, we have established the *Regulations on the Management of Business Secrets Protection* and the *Regulations on File Management* to guard against such risks. We classify our customers' information as business secrets and keep them strictly confidential. Relevant operating units strictly protect the privacy of customers as required by relevant

confidentiality rules, and sign confidentiality agreements with employees. We also train employees in accordance with BSA standards. Window of the World standardises its ticketing platform to authorise its information centre to manage ticket information of tourists and restrict access, ensuring that the information of tourists will not be disclosed and protecting privacy and rights of tourists. Splendid China has also signed confidentiality agreements with personnel of the relevant departments. Detian Scenic Spot has established the *Digital Transformation Office Management System* which includes management requirements for data backup and recovery, as well as electronic information security.

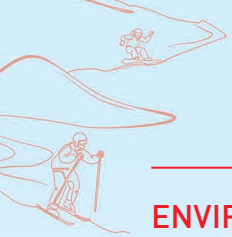
In Hong Kong and Macau, we strictly abide by the *Personal Data (Privacy) Ordinance*, developed and strictly enforced policies and management practices to protect customer privacy to prevent unauthorised use of customer data. Metropark Hotel Mongkok regularly shreds customer documents to ensure customer information safety.

During the Reporting Period, we were not aware of any events of non-compliance with regulations and policies concerning the provision and use of our products and services, including but not limited to, product and service information and labelling, marketing communications including advertising, promotion and sponsorship that have a significant impact on us.

5.5 Whistleblowing Policy

The Company is committed to achieving and maintaining the highest possible standards of openness, probity and accountability. A whistleblowing policy is in place to provide employees and those who deal with the Group (e.g. customers and suppliers) with guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the designated person. All reported matters will be investigated independently and, in the meantime, all information received from a whistleblower and its identity will be kept confidential.

The Board will regularly review the whistleblowing policy and mechanism to improve its effectiveness.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.6 Anti-corruption

We attach great importance to corporate probity and operating with integrity. In order to prevent corruption, we have built a line of defence against corruption. The Company have formulated the Anti-corruption and Anti-bribery Policy in strict compliance with the relevant laws and regulations such as the *Anti-Unfair Competition Law* and the *Prevention of Bribery Ordinance*, and has zero tolerance for any form of corruption, bribery, extortion and money laundering. In accordance with the *Prevention of Bribery Ordinance*, Metropark Hotel Kowloon formulates the *Employee Code of Responsibility for Integrity*, and requires every new employee to sign relevant documents. Metropark Hotel Macau also signs the *Employee Code of Conduct* for employees at Level B and above, and explains the code of conduct and potential risks to employees. This is to ensure that relevant information is clearly understood, and to prevent corruption and fraud. Detian Scenic Spot has established the *Management Measures for Integrity Risk Prevention and Control of Company Positions (Trial)*, and organised all employees to sign the *Integrity Responsibility Letters*.

For the hotel business segment, Metropark Hotel Macau requires employees from all departments to strictly comply with the *Notice on Eight Provisions and Preventing Four Styles* issued by the China Tourism Group (Hotel) Co., Ltd., and signed the *Employee Code of Conduct* for employees at Level B and above. We strictly and actively follow the anti-corruption requirements and guidelines proposed by the central government of the PRC to achieve improvised investigation, simplified reception, streamlined meetings and briefings, standardised visits, and practiced diligence and frugality. We are committed to integrity, have formulated and strictly implemented the supervision rules and regulations, carried out integrity education and anti-corruption work internally, formulated risk prevention and control plans and policies for each business, conducted daily monitoring of key risks and regularly reported to strictly deal with various violations of laws and regulations such as corruption, bribery and abuse of power,

strengthened the management and control of the procurement process, and adjusted the internal structure so as to maintain the independence of each department.

In terms of the scenic spot business segment, Window of the World conducts business integrity risk identification and prevention in accordance with internal policies and systems such as the *Work System for Anti-corruption Supervision Information Personnel*, the *Work Plan for Integrity Risk Identification and Prevention and Control*, and the *Measures for the Registration and Handling of Gifts Received by Employees through Work or Business Activities*. Splendid China launches the integrity risk identification check around its positions and formulates an integrity risk prevention and control map. Besides, Splendid China also launches a specific business supervision check and inspection on the entire ticketing process to identify risk points. During the Reporting Period, Zhuhai OSR signed *Anti-Corruption and Integrity Responsibility Letters for 2025* with all department heads and also issued the *Family Integrity Advocacy Letter* to 227 cadres and employees in key positions.

In order to further enhance the anti-corruption awareness of the Board and employees at all levels, the Company organised an annual warning education conference in 2025, attended by over 670 individuals, including the Directors, cadres, and key personnel. Additionally, anti-corruption education was integrated into various training programs for new employees, management trainees, high-potential young talent. These efforts have continuously reinforced the awareness of integrity among the company's managers and employees and strengthened their commitment to resisting corruption and preventing misconduct.

During the Reporting Period, the Company continued to improve its internal control mechanism. There were no risk loopholes or violations of integrity standards in key businesses, and no corruption-related legal cases were received against the Company and its employees.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. COMMUNITY

6.1 Public Welfare

The Company adheres to the principles of corporate social responsibility, pays close attention and actively responds to the needs of local communities. Each operating unit not only supports diverse public welfare projects and initiates various activities to help disadvantaged groups and safeguard the global ecology, but also fully leverages our business strengths to contribute to the stable and harmonious development of the community in the areas of culture, education and sports.

CASE STUDIES

Hong Kong & Kowloon Walk for Millions 2024/2025

During the reporting period, the Metropark Hotel Causeway Bay and the CTS Volunteer Team participated in the “2024-2025 Hong Kong & Kowloon Walk for Millions” organised by the Community Chest of Hong Kong. Through concrete actions, they put into practice the public welfare philosophy of “EXPLORE THE WORLD WITH US”, actively fulfilled their social responsibilities, spread love and care, and jointly contributed to building a harmonious society.



“One Million Hong Kong Youth Explore the Motherland” New Productivity Hong Kong Youth Study Tour

In July 2025, the “One Million Hong Kong Youth Explore the Motherland” New Productivity Hong Kong Youth Study Tour was successfully held at the Shapotou Scenic Spot in Ningxia. Over a hundred Hong Kong teachers and students experienced the intangible cultural heritage of sheepskin rafts, Yellow River rafting, and the use of straw grid structures for desertification control, gained a deep appreciation for the magnificent landscapes of the motherland and the spirit of desertification control. Through these hands-on activities, the students became “guardians of the land,” effectively deepening their sense of identity with Chinese culture and their awareness of the national community.



6.2 Rural Revitalisation

The Company firmly practices our corporate political and social responsibilities. Since 2022, we have undertaken the task of implementing paired-up assistance in Shangri-La City and Deqin County in Yunnan Province. While continuously investing assistance funds, we also give full play to our professional advantages to integrate the tourism resources of Shangri-La and Deqin regions, and actively contribute to the local development as a central enterprise. The efforts focus on aspects of “One County and One Village” beautiful countryside demonstration projects, distinctive industrial assistance, training and exchange, and education assistance.

During the Reporting Period, we introduced RMB16.61 million of gratuitous assistance funds to Shangri-La City and Deqin County, and successfully completed all paired assistance tasks. These included the business upgrade of the Xiaruo Xingkong Resort by introducing educational tourism programmes to fill a local gap, thereby creating a new source of revenue; facilitated the completion of the main construction of the Tiger Leaping Gorge Boutique Homestay and the Haba Snow Mountain Boutique Homestay; organised the “CTS Warm Spring Rural Revitalisation Event” Agricultural Specialities and Intangible Cultural Heritage Fair. This event precisely connected various assistance points, covering 10 counties and cities across six provinces including Yunnan, Guizhou, Jiangxi, Sichuan, Gansu, and Guangdong. Information about the event was published and disseminated by “China Rural Revitalization,” the official public account of the Ministry of Agriculture and Rural Affairs; and commencing the renovation and upgrading of the Deqin Guzha Hot Spring Project and the Antarctic Luo Resort Project. In addition, throughout 2025, a total of 40 promotional articles about the two assisted counties/cities were republished and reported by mainstream media such as China News Network, China News, and Tencent News.

In the future, we will further deepen our rural revitalisation assistance efforts. We will promote the implementation of more projects to improve people’s lives by integrating resources and innovating models, fostering new growth drivers into economic and social development and contributing more to the realisation of common prosperity as a central enterprise. At the same time, we will actively explore the deep integration of “tourism + rural revitalisation” and create a new demonstration model of rural revitalisation. We will provide strong support for the comprehensive implementation of the national rural revitalisation strategy, helping to thrive rural industries, create liveable ecological environments, enrich rural lives, and drive rural revitalisation to new heights.



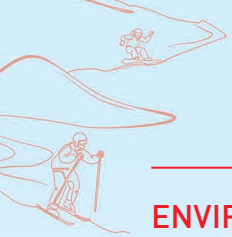
“CTS Warm Spring Rural Revitalisation Event” Agricultural Specialities and Intangible Cultural Heritage Fair



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX – HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE CONTENT INDEX

Subject Areas	Content	Disclosure Section
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Board Participation
Reporting Principles	Describe or explain how the following reporting principles were applied in the preparation of the ESG report: materiality, quantitative, consistency.	Reporting Principles
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope
General Disclosure and KPIs		Disclosure Chapter or Explanation
A1 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Our Environment
A1.1	The types of emissions and respective emissions data.	Emission Reduction
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Our Environment; Waste Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Our Environment; Waste Management



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

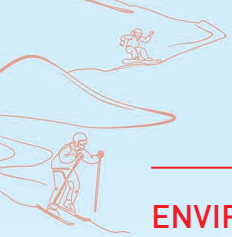
Subject Areas	Content	Disclosure Section
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Operation
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Resources Conservation
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Our Environment; Green Operation
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Resources Conservation
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green Operation; Due to the nature of our business, we only consume a small amount of packaging material and therefore do not calculate the amount per unit produced.
A3 General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Our Environment
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Environment
B1 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our Employees
B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Employee Management Performance Indicators
B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Management Performance Indicators





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Content	Disclosure Section
B2 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Benefits, Occupational Safety and Health
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employee Benefits, Occupational Safety and Health
B2.2	Lost days due to work injury.	Employee Benefits, Occupational Safety and Health
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Benefits, Occupational Safety and Health
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Management Performance Indicators
B3.2	The average training hours completed per employee by gender and employee category.	Employee Management Performance Indicators
B4 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Equal Opportunities and Treatment
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Equal Opportunities and Treatment
B4.2	Description of steps taken to eliminate such practices when discovered.	Equal Opportunities and Treatment
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Content	Disclosure Section
B6 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Service Responsibility; Intellectual Property Rights; Information Security and Privacy Protection
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to the nature of our business, the Company is not involved in product manufacturing.
B6.2	Number of products and service related complaints received and how they are dealt with.	Service Responsibility
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	Service Responsibility; The Company is not involved in product production, so there is no product recall procedure.
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security and Privacy Protection
B7 General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Content	Disclosure Section
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Public Welfare; Rural Revitalization
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Public Welfare; Rural Revitalization
B8.2	Resources contributed (e.g. money or time) to the focus area.	Public Welfare; Rural Revitalization
D (I) Governance	(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Board Participation
D (II) Strategy	Climate-related risks and opportunities.	Reasonably Information Exemption
	Business model and value chain.	Commercially sensitive Exemption
	Strategy and decision-making.	Response to Climate Change
	Financial position, financial performance and cash flows.	Commercially sensitive Exemption
	Climate resilience.	Reasonably Information Exemption
D (III) Risk Management	An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks. (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities). (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Response to Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Content	Disclosure Section
D (IV) Metrics and Targets	Greenhouse gas emissions.	Emission Reduction
	(a) Measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions.	Emission Reduction
	(b) disclose the approach it uses to measure its greenhouse gas emissions including.	
	(c) disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions.	
	(d) disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	
	Climate-related transition risks.	Commercially sensitive Exemption
	Climate-related physical risks.	Commercially sensitive Exemption
	Climate-related opportunities.	Commercially sensitive Exemption
	Capital deployment.	Response to Climate Change
	Internal carbon prices.	Carbon prices have not yet been applied
	Remuneration.	Climate-related considerations have not yet been incorporated into compensation policies
	Industry-based metrics.	N/A ¹
	Climate-related targets.	Our Environment

¹ The Company is listed on the Hong Kong Stock Exchange and the place where its principal operations are located is in Mainland China, Hong Kong and Macau, so it mainly reports in accordance with the industry disclosure requirements of the place where it operates in. In the future, the Company will continue to evaluate the relevance and applicability of international industry indicators to its own business as operations develop, so as to improve the disclosure content in a timely manner.



INDEPENDENT AUDITOR'S REPORT



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To the members of China Travel International Investment Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Travel International Investment Hong Kong Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 107 to 210, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matters

How our audit addressed the key audit matter

Impairment assessment of property, plant and equipment relating to resort operations

As at 22 December 2025, the Group held two resorts, namely, Zhuhai Ocean Spring Resort and Xianyang Ocean Spring Resort. The property, plant and equipment of these two resorts (the "Resorts Related Assets") were stated at cost less accumulated depreciation and impairment losses with carrying amounts of approximately HK\$1,086 million and HK\$169 million, respectively.

As at 22 December 2025, the Group reviewed the resort operations to determine whether there were any indicators of impairment. When indicators of impairment are identified, management assesses the recoverable amounts of the Resorts Related Assets. An impairment loss is recognised as an expense in the consolidated income statement if the carrying amounts of the Resorts Related Assets exceed their recoverable amounts.

The recoverable amounts of the Resorts Related Assets are the higher of the fair value less costs of disposal and value in use.

On 14 November 2025, the shareholders of the Company approved the payment of a special dividend by way of a distribution in specie of the shares of tourism property business of the Group ("Distribution in Specie"). Both Zhuhai Ocean Spring Resort and Xianyang Ocean Spring Resort were within the tourism property business. The Distribution in Specie was completed on 22 December 2025. Upon completion of the Distribution in Specie, the tourism property business ceased to be subsidiaries of the Company. The financial statements and results of the tourism property business have been deconsolidated from the Group's consolidated financial statements commencing from the date of completion of the Distribution in Specie, being the date on which the Group lost control on the tourism property business.

Our audit procedures to address the impairment assessment of the Resorts Related Assets included the following:

- Obtaining an understanding of the Group's impairment testing policy and procedures, and evaluating whether the Group's assessment of the impairment testing is in accordance with the requirements of HKFRS Accounting Standards;
- Obtaining and assessing, with the assistance of our internal specialists, the key estimates and assumptions used in the recoverable amount calculations of the Resorts Related Assets prepared by the Group's management, including forecast room rates, forecast occupancy rates, growth rates and discount rates applied, by comparing to historical records and available market data; and
- Checking to the recoverable amount calculation and performing sensitivity analyses to determine the extent of change in those estimates that, either individually or collectively, would be required for the Resorts Related Assets to be materially misstated and considering the likelihood of such a movement in those key estimates arising and whether there was any indication of management bias.





KEY AUDIT MATTERS (continued)

Key audit matters

How our audit addressed the key audit matter

Impairment assessment of property, plant and equipment relating to resort operations

The calculation of the recoverable amounts of the Resorts Related Assets was performed by the Group's management. In assessing the fair value less costs of disposal, the projected cash flows associated with the Resorts Related Assets were discounted using pre-tax discount rates. The preparation of discounted cash flow forecasts can be highly subjective and requires the exercise of significant management judgement and estimate, in particular in determining forecast room rates, forecast occupancy rates, growth rates and pre-tax discount rates applied. Based on the assessment result, impairment losses of HK\$91 million were recognised by the Group during the period ended 22 December 2025 on the Resorts Related Assets.

The impairment assessment of the Resorts Related Assets is identified as a key audit matter because the impairment losses were significant to the consolidated financial statements prior to the completion of the Distribution in Specie and the determination of the recoverable amounts of these assets involves significant management judgement and estimate.

The related disclosures are included in notes 2.4, 3 and 14 to the consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matters

How our audit addressed the key audit matter

Fair value measurement of investment properties

As at 31 December 2025, the Group had investment properties with a total carrying amount of HK\$3,120 million. These properties are mainly located in Hong Kong, Macau and the Chinese mainland.

The Group adopts the fair value model to measure its investment properties in accordance with Hong Kong Accounting Standard ("HKAS") 40 *Investment Properties*. The fair value was determined by the Group with reference to the valuations performed by an independent professional valuer ("Valuer").

The fair value measurement of investment properties is identified as a key audit matter because the aggregate carrying amount of the investment properties was significant to the consolidated financial statements as at 31 December 2025 and the determination of the fair value involves significant judgements and estimation.

The related disclosures are included in notes 2.4, 3 and 15 to the consolidated financial statements.

Our audit procedures to address the fair value measurement of investment properties included the following:

- Verifying and checking the physical existence of investment properties on the spot;
- Evaluating the objectivity, independence and competence of the Valuer engaged by the Group;
- Reviewing the data used as inputs for the valuations and also involving our internal valuation specialists to assist us in evaluating the valuation methodologies adopted, the discount rate used and performing market value benchmarking against comparable properties, on a sample basis; and
- Assessing the adequacy of the related disclosures in the notes to the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lin Yang (practising certificate number: P08075).

Ernst & Young
Certified Public Accountants
Hong Kong

31 March 2026





CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	Notes	2025 HK\$'000	2024 HK\$'000 (restated)
Continuing operations			
Revenue	5	4,076,499	4,168,838
Cost of sales		(2,864,395)	(2,664,184)
Gross profit		1,212,104	1,504,654
Other income and gains, net	7	205,738	98,944
Fair value loss of investment properties		(183,136)	(222,092)
Selling and distribution costs		(214,289)	(200,702)
Administrative expenses		(711,592)	(700,245)
Operating income	7	308,825	480,559
Finance income	6	26,364	48,032
Finance costs	6	(54,158)	(54,149)
Finance costs, net	6	(27,794)	(6,117)
Share of profits and losses of:			
– associates		89,536	88,475
– joint ventures		3,543	(2,557)
Profit before taxation from continuing operations		374,110	560,360
Tax expense	10	(143,440)	(199,921)
Profit for the year from continuing operations		230,670	360,439
Discontinued operations			
Loss for the period/year from discontinued operations	11	(502,892)	(156,801)
(Loss)/profit for the year		(272,222)	203,638
Attributable to:			
Equity owners of the Company		(282,070)	105,972
Non-controlling interests		9,848	97,666
(Loss)/profit for the year		(272,222)	203,638
(Loss)/earnings per share for (loss)/profit attributable to equity owners of the Company (HK cents)	13		
Basic and diluted			
– For (loss)/profit for the year		(5.09)	1.91
– For profit from continuing operations		3.82	4.69

The notes on pages 115 to 210 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit for the year	(272,222)	203,638
Other comprehensive income/(loss) for the year		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling), net of tax	(1,409)	(9,111)
Exchange differences on translation of foreign operations attributable to non-controlling interests, net	27,509	(25,149)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations attributable to equity owners of the Company, net	181,117	(174,088)
Release of exchange fluctuation reserve upon completion of the Distribution in Specie	152,466	–
Other comprehensive income/(loss) for the year, net of tax	359,683	(208,348)
Total comprehensive income/(loss) for the year	87,461	(4,710)
Attributable to:		
Equity owners of the Company	47,017	(76,277)
Non-controlling interests	40,444	71,567
Total comprehensive income/(loss) for the year	87,461	(4,710)

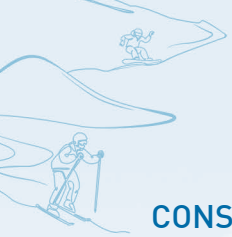
The notes on pages 115 to 210 form part of these financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025
(Expressed in Hong Kong dollars)

	Notes	2025 HK\$'000	2024 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	7,999,620	9,638,670
Investment properties	15	3,120,124	3,232,813
Prepaid land lease payments	16	540,379	444,477
Goodwill	17	1,357,413	1,354,468
Other intangible assets	18	121,301	121,301
Investments in associates	20	913,625	1,335,883
Investments in joint ventures	21	69,482	78,974
Other financial assets	22	52,602	54,101
Prepayments and other receivables	27	145,254	45,846
Deferred tax assets	35	252,256	249,230
Total non-current assets		14,572,056	16,555,763
Current assets			
Inventories	23	136,875	147,748
Properties under development	24	—	3,980,836
Completed properties held for sale	25	—	418,276
Trade receivables	26	231,022	193,463
Deposits, prepayments and other receivables	27	228,514	456,690
Amounts due from holding companies	29	13,960	22,588
Amounts due from fellow subsidiaries	29	150,092	306,619
Tax recoverable		27	950
Pledged and restricted deposits	28	1,086	4,811
Cash and bank balances	28	2,991,767	2,444,190
Total current assets		3,753,343	7,976,171
Total assets		18,325,399	24,531,934



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025
(Expressed in Hong Kong dollars)

	Notes	2025 HK\$'000	2024 HK\$'000
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital	36	722,295	9,222,295
Reserves		10,547,726	6,883,715
		11,270,021	16,106,010
Non-controlling interests		1,997,502	2,025,883
Total equity		13,267,523	18,131,893
LIABILITIES			
Non-current liabilities			
Deferred income	32	71,715	561,643
Loans from a fellow subsidiary	29	—	350,957
Lease liabilities	34	225,220	277,681
Bank and other borrowings	33	1,138,431	640,424
Deferred tax liabilities	35	448,618	624,304
Total non-current liabilities		1,883,984	2,455,009
Current liabilities			
Trade payables	30	235,146	763,042
Other payables and accruals	31	1,410,708	2,146,559
Loans from holding companies	29	309,369	337,202
Loans from a fellow subsidiary	29	27,679	86,389
Amounts due to holding companies	29	2,789	9,659
Amounts due to fellow subsidiaries	29	48,635	26,414
Lease liabilities	34	105,503	56,065
Tax payables		107,414	128,173
Bank and other borrowings	33	926,649	391,529
Total current liabilities		3,173,892	3,945,032
Total liabilities		5,057,876	6,400,041
Total equity and liabilities		18,325,399	24,531,934

These financial statements were approved and authorised for issue by the board of directors on 31 March 2026 and were signed on its behalf by:

Wu Qiang
Director

Feng Gang
Director

The notes on pages 115 to 210 form part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	Attributable to equity owners of the Company									
	Share capital	Share option reserve	Building revaluation reserve	Capital reserve	Enterprise expansion/ reserve funds	Exchange fluctuation reserve	Fair value reserve (non-recycling)	Retained profits	Total	Non-controlling interests
	HK'000 (note 36)	HK'000 (note 37)	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000
At 1 January 2025	9,222,295	18,565	1,292,784	(422,980)	199,367	(825,895)	27,036	6,594,838	16,106,010	2,025,883
Comprehensive income										
(Loss)/profit for the year	-	-	-	-	-	-	-	(282,070)	(282,070)	9,848
Other comprehensive income/(loss) for the year:										
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling), net of tax	-	-	-	-	-	-	(4,496)	-	(4,496)	3,087
Exchange differences on translation of foreign operations, net	-	-	-	-	-	181,117	-	-	181,117	27,509
Release of exchange fluctuation reserve upon completion of the Distribution in Specie (Note 11)	-	-	-	-	-	152,466	-	-	152,466	-
Total other comprehensive income/(loss) for the year, net of tax	-	-	-	-	-	333,583	(4,496)	-	329,087	30,596
Total comprehensive income/(loss) for the year	-	-	-	-	-	333,583	(4,496)	(282,070)	47,017	40,444
Transactions with owners										
Transfer from/to retained profits	-	-	-	-	21,791	-	-	(21,791)	-	-
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	(231,503)	(231,503)
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	172,689	172,689
Equity-settled share option arrangement (Note 37)	-	(7,634)	-	-	-	-	-	-	(7,634)	-
Share capital reduction (Note 36)	(8,500,000)	-	-	-	-	-	-	8,500,000	-	-
Special dividend by way of Distribution in Specie (Note 12)	-	-	-	-	-	-	-	(4,875,372)	(4,875,372)	(10,011)
Total transactions with owners for the year	(8,500,000)	(7,634)	-	-	21,791	-	-	3,602,837	(4,883,006)	(68,825)
At 31 December 2025	722,295	10,931*	1,292,784*	(422,980)*	221,158*	(492,312)*	22,540*	9,915,605*	11,270,021	1,997,502

* These reserve accounts comprise the consolidated reserves of HK\$10,547,726,000 (2024: HK\$6,883,715,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	Attributable to equity owners of the Company										
	Share capital HK'000 (note 36)	Share option reserve HK'000 (note 37)	Building revaluation reserve HK'000	Capital reserve HK'000	Enterprise expansion/ reserve funds HK'000	Exchange fluctuation reserve HK'000	Fair value reserve (non-recycling) HK'000	Retained profits HK'000	Total HK'000	Non-controlling interests HK'000	Total equity HK'000
At 1 January 2024	9,222,295	14,259	1,330,750	(422,980)	211,254	(651,807)	35,197	6,615,396	16,354,364	1,897,686	18,252,050
Comprehensive income											
Profit for the year	-	-	-	-	-	-	-	105,972	105,972	97,666	203,638
Other comprehensive loss for the year:											
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling), net of tax	-	-	-	-	-	-	(8,161)	-	(8,161)	(950)	(9,111)
Exchange differences on translation of foreign operations, net	-	-	-	-	-	(174,088)	-	-	(174,088)	(25,149)	(199,237)
Total other comprehensive loss for the year, net of tax	-	-	-	-	-	(174,088)	(8,161)	-	(182,249)	(26,099)	(208,348)
Total comprehensive (loss)/income for the year	-	-	-	-	-	(174,088)	(8,161)	105,972	(76,277)	71,567	(4,710)
Transactions with owners											
Transfer from/to retained profits	-	-	-	-	(11,887)	-	-	11,887	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(98,284)	(98,284)
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	170,506	170,506
Disposal of non-wholly owned subsidiaries	-	-	(37,966)	-	-	-	-	-	(37,966)	(15,592)	(53,558)
Equity-settled share option arrangement (Note 37)	-	4,306	-	-	-	-	-	-	4,306	-	4,306
Dividends paid (Note 12)	-	-	-	-	-	-	-	(138,417)	(138,417)	-	(138,417)
Total transactions with owners for the year	-	4,306	(37,966)	-	(11,887)	-	-	(126,530)	(172,077)	56,630	(115,447)
At 31 December 2024	9,222,295	18,565*	1,292,784*	(422,980)*	199,367*	(825,895)*	27,036*	6,594,838*	16,106,010	2,025,883	18,131,893

Note:

- Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries in the Chinese mainland has been transferred to the enterprise expansion and reserve funds which are restricted as to use.

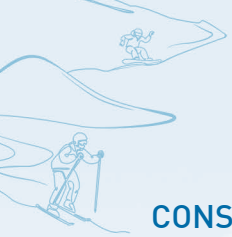
The notes on pages 115 to 210 form part of these financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	Notes	2025 HK\$'000	2024 HK\$'000 (restated)
Cash flows from operating activities			
Profit/(loss) before taxation			
From continuing operations		374,110	560,360
From discontinued operations		(487,606)	(141,890)
Adjustments for:			
Finance income		(27,726)	(51,128)
Finance costs		12,177	10,923
Fair value loss of a derivative financial instrument	7(a)	–	1,145
Impairment losses on property, plant and equipment, net		90,579	32,905
Impairment losses on completed properties held for sale		6,597	–
Impairment loss on investment in an associate		110,779	6,669
Loss/(gain) on disposal of property, plant and equipment, net	7(a)	28,395	(26,619)
Loss/(gain) on disposal of subsidiaries		152,466	(4,892)
Depreciation		601,545	507,282
Amortisation of prepaid land lease payments		24,743	17,352
(Reversal of)/equity-settled share option expenses	7(b)	(7,634)	4,306
Provision for impairment loss of trade and other receivables, net	26	11,013	1,138
Gain on bargain purchase of a subsidiary	7(a)	(132,112)	–
Reversal of provision for membership refund		(33)	(9,328)
Fair value loss of investment properties	15	176,512	222,092
Share of profits and losses of associates		(76,195)	(71,081)
Share of profits and losses of joint ventures		(3,543)	2,557
		854,067	1,061,791
(Increase)/decrease in inventories		(14,678)	21,207
Increase in properties under development and completed properties held for sale		(55,413)	(148,661)
Decrease in trade receivables, deposits, prepayments and other receivables		76,102	98,800
Decrease in amounts due from holding companies		8,628	3,501
Decrease in amounts due from fellow subsidiaries		180,967	5,305
Decrease in trade payables, other payables and accruals		(86,670)	(209,354)
Increase/(decrease) in amounts due to related companies		15,095	(18,087)
Increase/(decrease) in deferred income, net of sales tax		52,891	(10,014)
Cash flows from operations		1,030,989	804,488
Hong Kong, PRC and Macau profits taxes paid		(116,074)	(112,191)
Net cash flows from operating activities		914,915	692,297



CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	Notes	2025 HK\$'000	2024 HK\$'000 (restated)
Cash flows from investing activities			
Finance income received		27,726	51,128
Dividends received from associates		64,772	62,361
Repayment of loan to a fellow subsidiary		–	–
Purchases of property, plant and equipment, intangible assets and prepaid land lease payments		(754,713)	(862,479)
Proceeds from disposal of property, plant and equipment		5,813	137,167
Purchase of an investment property	15	(23,869)	(6,544)
Investment in an associate		(4,138)	(10,937)
Acquisition of subsidiaries, net		(160,570)	–
Proceeds from disposal of subsidiaries		–	46,501
Net cash outflow arising from derecognition of subsidiaries upon completion of the Distribution in Specie	11	(138,282)	–
Proceeds from disposal of an associate		676	–
Withdrawal of pledged and restricted deposits		3,863	55,698
Placement of pledged and restricted deposits		(138)	(352)
Withdrawal of non-pledged time deposits with original maturity of more than three months when acquired		76,865	203,041
Placement of non-pledged time deposits with original maturity of more than three months when acquired		(56,465)	(157,170)
Net cash flows used in investing activities		(958,460)	(481,586)
Cash flows from financing activities			
Principal element of lease rental paid		(86,055)	(50,023)
Interest element of lease rental paid		(12,177)	(10,923)
Finance costs paid		(75,380)	(59,975)
Dividends paid	12	–	(138,417)
Dividends paid to non-controlling shareholders		(99,979)	(98,284)
Contributions from non-controlling shareholders		172,689	157,507
New bank and other borrowings		1,236,101	237,919
Repayment of bank and other borrowings		(530,307)	(297,118)
Repayment of loans from a fellow subsidiary		(43,417)	(21,936)
New loans from holding companies		–	7,385
Net cash flows from/(used in) financing activities		561,475	(273,865)
Net increase/(decrease) in cash and cash equivalents		517,930	(63,154)
Cash and cash equivalents at beginning of year		2,288,129	2,460,347
Effect of foreign exchange rate changes, net		50,047	(109,064)
Cash and cash equivalents at end of year	28	2,856,106	2,288,129

The notes on pages 115 to 210 form part of these financial statements.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 CORPORATE INFORMATION

China Travel International Investment Hong Kong Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the following activities:

- Tourist attraction and related operations*
- Travel document and related operations
- Hotel operations
- Passenger transportation operations

* In prior year, the tourist attraction and related operations segment mainly included theme park, natural and cultural scenic spots and property development and other tourism related facilities.

During the year, the Group underwent a reorganisation of its tourism property business held by CTG Wellness Retreat Holding Ltd. (the “PrivateCo”) which primarily comprised property development and ancillary resorts and other tourism related facilities.

On 28 October 2025, the Company announced a proposed distribution in specie of the entire interests of the direct wholly-owned subsidiary, the PrivateCo which are principally engaged in the tourism property business in PRC through its subsidiaries (the “PrivateCo Group” or “Discontinued Operations”), to the shareholders of the Company. To comply with the Listing Rules, the Company provided a cash consideration of HK\$0.336 per share to the Shareholders of the Company opting not to receive the shares of the PrivateCo (the “Cash Alternative”) (collectively, the “Distribution in Specie”). On 14 November 2025, the Distribution in Specie was approved by the extraordinary general meeting.

On 22 December 2025, the Company distributed the shares of the PrivateCo to the shareholders of the Company who elect to obtain the shares of the PrivateCo upon the completion of the Distribution in Specie. Upon completion of the Distribution in Specie, the PrivateCo Group ceased to be subsidiaries of the Company. The financial statements and results of the PrivateCo Group are deconsolidated from the Group’s consolidated financial statements commencing from the date of completion of the Distribution in Specie, being the date on which the Group lost control on the PrivateCo Group.

After the Distribution in Specie, tourism property business is no longer included in the Group’s operation.

The Company is a limited liability company incorporated in Hong Kong and is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is 12th Floor, CTG House, 78-83 Connaught Road Central, Hong Kong.

In the opinion of the Company’s directors, the immediate holding company of the Company is China Travel Service (Holdings) Hong Kong Limited (“CTS (Holdings)”), which is incorporated in Hong Kong, and the ultimate holding company is China Tourism Group Corporation Limited, a state-owned enterprise of the People’s Republic of China (the “PRC”).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance. These financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These consolidated financial statements have been prepared under the historical cost convention except that the following assets have been measured at fair value as explained in the material accounting policies in note 2.4 to the consolidated financial statements:

- investment properties, including interests in leasehold land and buildings held as investment properties where the Group is the registered owner of the property interests;
- financial assets measured at fair value through other comprehensive income; and
- a derivative financial instrument.

These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information in respect of the year ended 31 December 2024, is derived from 2024 annual consolidated financial statements and then reclassified and restated to conform with current year’s presentation and accounting treatment.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

2.3 Issued but not yet effective HKFRS Accounting Standards

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective HKFRS Accounting Standards (continued)

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the income statement, including specified totals and subtotals. Entities are required to classify all income and expenses within the income statement into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements. The amendments are not expected to have any significant impact on the Group's financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective HKFRS Accounting Standards (continued)

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective HKFRS Accounting Standards (continued)

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows*:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated income statement and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Business combinations and goodwill (continued)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Distributions of non-cash assets to owners

The Company may make distributions of assets other than cash, e.g., items of property, plant and equipment, businesses as defined in HKFRS 3, ownership interests in another entity or disposal groups as defined in HKFRS 5. HK(IFRIC)-Int 17 *Distributions of Non-cash Assets to Owners* addresses distributions of subsidiary shares to shareholders.

The Group makes a non-cash distribution to its owners recognises a liability to pay a dividend when the dividend is appropriately authorised and is no longer at the discretion of the entity. This is the date:

- (a) when declaration of the dividend (e.g., by management or the board of directors) is approved by the relevant authority (e.g., shareholders) if the jurisdiction requires such approval;

or

- (b) when the dividend is declared (e.g., by management or the board of directors) if the jurisdiction does not require further approval.

Upon loss of control of a subsidiary through distribution of the subsidiary shares to the shareholders of the Company where the subsidiary is ultimately controlled by the same parties both before and after the distribution, the Group (a) derecognises the assets and liabilities of the subsidiary at their carrying amount at the date when control is lost; and (b) measures the distribution against the retained earnings to its equity owners at the carrying amount of the net assets to be distributed.

Fair value measurement

The Group measures its investment properties, a derivative financial instrument and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated income statement in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation

Revenue from contracts with customers (continued)

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates or useful lives used for this purpose are as follows:

Hotel properties	Over the shorter of the lease terms and 75 years
Leasehold land and buildings	Over the shorter of the lease terms and 40 years
Scenic spots establishments	2.25% to 19%
Right-of-use assets	Over the lease terms of 2 years to 30 years
Others	4.5% to 33.3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Investment properties (continued)

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated income statement in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with HKAS 16 *Property, Plant and Equipment*. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the consolidated income statement.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

The right of use assets related to leasehold land are separately presented in the consolidated statement of financial position as "Prepaid land lease payments" and depreciated over the lease terms of 50 years to 75 years. Other leased assets are included in "Property, plant and equipment" in the same statement.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are separately presented in the consolidated statement of financial position.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset or a debt instrument to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while debt instruments classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated income statement when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated income statement. Dividends are recognised as other income in the consolidated income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment. Upon disposal of these financial assets, the amount accumulated in other comprehensive income is transferred directly to retained profits.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated income statement.

This category includes a derivative instrument which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are recognised as other income in the consolidated income statement when the right of payment has been established.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans from holding companies and a fellow subsidiary, amounts due to holding companies and fellow subsidiaries and bank and other borrowings.

Subsequent measurement

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, these financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated income statement.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Completed properties held for sale and properties under development are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other directly attributable expenses. Net realisable value is determined by management based on prevailing market conditions.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits (with original maturity within three months) as defined above and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated income statement.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

- (a) revenue arising from the sale of goods is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis;





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

- (b) revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the property is delivered to the customers, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalment received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under contract liabilities;
- (c) revenue arising from the rendering of travel-related services, resort-related services, hotel services and passenger transportation services is recognised when the services have been rendered;
- (d) revenue arising from the sale of fuel is recognised upon delivery to customers and recognised at a point in time;
- (e) revenue arising from scenic spots operations is recognised when the admission tickets are utilised;
- (f) revenue arising from arts performances is recognised when the relevant performance shows have been held;

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a trinomial model, further details of which are given in note 37 to the consolidated financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Options which are cancelled prior to their exercise date or lapse are deleted from the register of outstanding options. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve is transferred to retained profits as a movement in reserves.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the consolidated income statement as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Defined benefit plans

The Group’s statutory obligation to pay long service payment in Hong Kong is a defined benefit plan. The cost of providing benefits relating to long service payment is determined using the projected unit credit actuarial valuation method. The liability recognised in the consolidated statement of financial position in respect of long service payment is the net obligation, representing the present value of the future long service payment benefits reduced by entitlements from accrued benefits arising from MPF contributions made by the Group.

Remeasurements arising from the defined benefit pension plans, comprising

- actuarial gains and losses; and
- investment returns associated with the MPF employer contributions and other experience adjustments (excluding amounts included in net interest on the net defined benefit liability)

are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Other employee benefits (continued)

Defined benefit plans (continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under “cost of sales” and “administrative expenses” in the consolidated income statement by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 3.68% has been applied to the expenditure on the individual assets.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the consolidated financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their income statements are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the date of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the exchange fluctuation reserve relating to that particular foreign operation is recognised in the consolidated income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates of the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement and estimation uncertainty

The key assumptions concerning the future, and other key sources of judgement and estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Impairment of non-financial assets (including goodwill)

At the end of each reporting period, the Group performs an impairment assessment of non-financial assets if necessary.

Management judgement 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 the Group's reported financial position and results of operations.

The Group performed 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 recognised as an expense in the consolidated income statement.

Based on the impairment assessment performed by the management, impairment losses of HK\$90,579,000 had been recognised on property, plant and equipment during the year ended 31 December 2025, details of which are included in note 14 to the consolidated financial statements (2024: HK\$32,905,000).





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Judgement and estimation uncertainty (continued)

(ii) **Net realisable value ("NRV") of stock of properties**

Management judgement and estimation is required to assess the recoverability of the stock of properties held by the Discontinued Operations of the Group, which involves, inter-alia, considerable analysis of the current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on the existing condition and a forecast of future sales of the property price.

If the NRV of the underlying stock of properties are more or less than expected as a result of change in the market condition and/or significant variation in the budgeted development costs, a material reversal of provision or provision may result.

(iii) **Estimation of fair value of investment properties**

In the absence of current prices in an active market for similar properties, the Group considers 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 amount of investment properties as at 31 December 2025 was HK\$3,120,124,000 (2024: HK\$3,232,813,000). Further details, including the key assumptions used for fair value measurement, are given in note 15 to the consolidated financial statements.

4 OPERATING SEGMENT INFORMATION

Executive directors of the Company is the Group's chief operating decision-maker ("CODM") and regularly reviews the segment results. For management purposes, the Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. No operating segments have been aggregated to form the reportable segments.

During the current year ended 31 December 2025, as part of the change of internal management structure due to the Distribution in Specie, information reported to the CODM for the purposes of resource allocation and assessment of segment performance, focuses on the continuing business. The information reviewed by the CODM as at the end of the reporting period analyses the performance of the continuing operations. Comparatives have been restated to conform with the current year's presentation.

After the completion of the Distribution in Specie, the Group has four continuing operating segments as follows:

- (a) the tourist attraction and related operations segment mainly includes theme parks and natural and cultural scenic spots in the Chinese mainland;
- (b) the travel document and related operations segment engages in the provision of travel document and related services in Hong Kong and the Chinese mainland;
- (c) the hotel operations segment engages in the provision of hotel accommodation, food and beverage services in Hong Kong, Macau and the Chinese mainland; and
- (d) the passenger transportation operations segment engages in the provision of cross-border transportation services to individuals travelling between Hong Kong, Macau and the Chinese mainland, vehicle and vessel rental and charter operations in Hong Kong, Macau and the Chinese mainland.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 OPERATING SEGMENT INFORMATION (continued)

Segment performance is evaluated based on the profit/(loss) attributable to equity owners of the Company of each reportable operating segment excluding changes in fair value of investment properties and a derivative financial instrument, results from acquisition and disposal of subsidiaries, disposal of property, plant and equipment and equity-settled share option expenses.

Segment assets include all tangible and intangible assets and current assets with the exception of investments in associates and joint ventures and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities includes all trade payables, other payables and accruals, bank and other borrowings, tax payables and deferred tax liabilities, except for head office and corporate liabilities that are managed on a group basis.

Inter-segment sales and transfers are transacted with reference to the selling prices for sales transactions made to third parties at the prevailing market prices.

Year ended 31 December 2025

	Continuing operations						Discontinued operations		
	Tourist attraction and related operations HK\$'000	Travel document and related operations HK\$'000	Hotel operations HK\$'000	Passenger transportation operations HK\$'000	Total of reportable segments HK\$'000	Corporate and others HK\$'000	Total HK\$'000	Tourist attraction and related operations HK\$'000	Consolidated HK\$'000
Segment revenue									
Sales to external customers	1,879,613	279,580	887,197	1,006,652	4,053,042	23,457	4,076,499	332,876	4,409,375
Inter-segment revenue	383	–	801	147	1,331	453	1,784	–	1,784
	1,879,996	279,580	887,998	1,006,799	4,054,373	23,910	4,078,283	332,876	4,411,159
Elimination of inter-segment revenue					(1,331)	(453)	(1,784)	–	(1,784)
Revenue					4,053,042	23,457	4,076,499	332,876	4,409,375
Segment results	86,668	111,230	203,991	2,485	404,374	(140,504)	263,870	(345,908)	(82,038)
Non-controlling interests							30,323	(9,486)	20,837
							294,193	(355,394)	(61,201)
Reversal of equity-settled share option expenses, net of tax							6,374	–	6,374
Fair value (loss)/gain of investment properties, net of tax							(173,614)	4,968	(168,646)
Gain on bargain purchase of subsidiaries							132,112	–	132,112
Net loss on disposal of property, plant and equipment, net of tax							(28,395)	–	(28,395)
Loss on derecognition of subsidiaries upon completion of the Distribution in specie							–	(152,466)	(152,466)
Profit/(loss) for the year/period							230,670	(502,892)	(272,222)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2025 (continued)

	Tourist attractions and related operations HK\$'000	Travel document and related operations HK\$'000	Hotel operations HK\$'000	Passenger transportation operations HK\$'000	Total of reportable segments HK\$'000	Corporate and others HK\$'000	Total HK\$'000
Segment assets	6,361,465	1,598,251	5,898,965	1,282,534	15,141,215	2,201,077	17,342,292
Investments in associates	745,072	–	–	154,946	900,018	13,607	913,625
Investments in joint ventures	–	–	–	27,148	27,148	42,334	69,482
Inter-segment receivables	152,773	55,262	58,247	253,671	519,953	8,190,465	8,710,418
	7,259,310	1,653,513	5,957,212	1,718,299	16,588,334	10,447,483	27,035,817
Elimination of inter-segment receivables							(8,710,418)
Total assets							18,325,399
Segment liabilities	2,516,219	119,588	617,157	720,295	3,973,259	1,084,617	5,057,876
Inter-segment payables	1,225,623	202,275	3,595,879	805,944	5,829,721	2,880,697	8,710,418
	3,741,842	321,863	4,213,036	1,526,239	9,802,980	3,965,314	13,768,294
Elimination of inter-segment payables							(8,710,418)
Total liabilities							5,057,876
Other segment information:							
Share of profits and losses of associates	28,728	–	–	48,137	76,865	(670)	76,195
Share of profits and losses of joint ventures	29	–	–	4,087	4,116	(573)	3,543
Capital expenditure (note (a))	1,801,173	9,759	14,450	42,082	1,867,464	54,846	1,922,310
– owned property, plant and equipment	1,241,082	3,212	10,854	23,884	1,279,032	34,236	1,313,268
– right-of-use assets and prepaid land lease payments	452,825	6,547	337	18,198	477,907	–	477,907
– investment properties	107,266	–	3,259	–	110,525	20,610	131,135
Depreciation and amortisation	359,226	22,283	113,268	128,966	623,743	2,545	626,288
– owned property, plant and equipment	281,416	5,595	111,684	113,504	512,199	2,545	514,744
– right-of-use assets and prepaid land lease payments	77,810	16,688	1,584	15,462	111,544	–	111,544
Provision for impairment of trade and other receivables, net	8,226	–	5,190	–	13,416	(2,403)	11,013
Provision for impairment of property, plant and equipment	90,579	–	–	–	90,579	–	90,579
Provision for impairment of investment of an associate	110,779	–	–	–	110,779	–	110,779

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2024

	Continuing operations						Discontinued operations	
	Tourist attraction and related operations HK\$'000	Travel document and related operations HK\$'000	Hotel operations HK\$'000	Passenger transportation operations HK\$'000	Total of reportable segments HK\$'000	Corporate and others HK\$'000	Total HK\$'000	Consolidated HK\$'000
Segment revenue								
Sales to external customers	1,886,736	343,908	820,211	1,093,388	4,144,243	24,595	4,168,838	4,627,425
Inter-segment revenue	939	110	436	230	1,715	2,250	3,965	3,965
	1,887,675	344,018	820,647	1,093,618	4,145,958	26,845	4,172,803	4,631,390
Elimination of inter-segment revenue					(1,715)	(2,250)	(3,965)	(3,965)
Revenue					4,144,243	24,595	4,168,838	4,627,425
Segment results	167,687	176,028	226,660	(10,506)	559,869	(99,435)	460,434	306,538
Non-controlling interests							88,319	(2,905)
							548,753	(156,801)
Equity-settled share option expenses, net of tax							(4,306)	(4,306)
Fair value loss of investment properties, net of tax							(214,660)	(214,660)
Fair value loss of a derivative financial instrument, net of tax							(859)	(859)
Gain on disposal of subsidiaries, net of tax							4,892	4,892
Net gain on disposal of property, plant and equipment, net of tax							26,619	26,619
Profit/(loss) for the year							360,439	(156,801)
								203,638



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2024 (continued)

	Tourist attractions and related operations HK\$'000	Travel document and related operations HK\$'000	Hotel operations HK\$'000	Passenger transportation operations HK\$'000	Total of reportable segments HK\$'000	Corporate and others HK\$'000	Total HK\$'000
Segment assets	11,763,705	1,652,413	6,027,886	1,345,597	20,789,601	2,327,476	23,117,077
Investments in associates	1,188,877	–	–	133,072	1,321,949	13,934	1,335,883
Investments in joint ventures	13,006	–	–	23,061	36,067	42,907	78,974
Inter-segment receivables	134,833	94,707	788,855	221,633	1,240,028	10,496,487	11,736,515
	13,100,421	1,747,120	6,816,741	1,723,363	23,387,645	12,880,804	36,268,449
Elimination of inter-segment receivables							(11,736,515)
Total assets							24,531,934
Segment liabilities	4,425,163	120,276	621,920	726,870	5,894,229	505,812	6,400,041
Inter-segment payables	3,652,508	58,427	3,894,658	787,293	8,392,886	3,343,629	11,736,515
	8,077,671	178,703	4,516,578	1,514,163	14,287,115	3,849,441	18,136,556
Elimination of inter-segment payables							(11,736,515)
Total liabilities							6,400,041
Other segment information:							
Share of profits and losses of associates	51,611	–	–	20,068	71,679	(598)	71,081
Share of profits and losses of joint ventures	8	–	–	(2,350)	(2,342)	(215)	(2,557)
Capital expenditure (note (a))	495,291	53,822	222,810	25,053	796,976	72,550	869,526
– owned property, plant and equipment	417,002	29,861	173,463	2,137	622,463	68,165	690,628
– right-of-use assets and prepaid land lease payments	78,289	23,961	42,803	22,916	167,969	4,385	172,354
– investment properties	–	–	6,544	–	6,544	–	6,544
Depreciation and amortisation	238,958	21,590	96,505	160,559	517,612	7,022	524,634
– owned property, plant and equipment	208,935	6,094	82,313	136,011	433,353	4,246	437,599
– right-of-use assets and prepaid land lease payments	30,023	15,496	14,192	24,548	84,259	2,776	87,035
Provision for impairment of trade and other receivables, net	1,174	–	(36)	–	1,138	–	1,138
Provision for impairment of property, plant and equipment	32,905	–	–	–	32,905	–	32,905
Provision for impairment of investment of an associate	6,669	–	–	–	6,669	–	6,669

Note:

- (a) Capital expenditure consists of additions of property, plant and equipment, investment properties, prepaid land lease payments and assets from the acquisition of subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2025 HK\$'000	2024 HK\$'000 (restated)
Hong Kong	1,944,120	2,014,515
Chinese mainland and Macau	2,132,379	2,154,323
	4,076,499	4,168,838

The analysis of the Group's revenue by geographical area is based on the location of operations at which the services were provided and the location of the customers that the goods were sold.

(b) Non-current assets

	2025 HK\$'000	2024 HK\$'000
Hong Kong	8,943,732	8,868,810
Chinese mainland and Macau	5,323,466	7,383,622
	14,267,198	16,252,432

The information about the Group's non-current assets is based on the physical location of assets which exclude financial assets and deferred tax assets.

Information about major customers

There was no revenue from any sales to any single external customer that amounted to 10% or more of the total revenue of the Group during the year ended 31 December 2025 (2024: Nil).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

5 REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of services rendered during the year.

Disaggregation of revenue

	2025 HK\$'000	2024 HK\$'000 (restated)
Revenue from contracts with customers within the scope of HKFRS 15		
Types of goods or services		
– Tourist attraction and related income	1,792,022	1,808,330
– Travel document and related income	279,580	343,908
– Hotel income	792,096	734,010
– Passenger transportation income	1,006,652	1,093,388
– Consultancy and service income	28,556	29,042
	3,898,906	4,008,678
Revenue from other sources		
Gross rental income from investment properties		
– Fixed lease payments	177,593	160,160
	4,076,499	4,168,838

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2025, there was no amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts (2024: Nil).

(c) The Group has applied practical expedient in paragraph 121 of HKFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date as the performance obligation is part of a contract that has an original expected duration of one year or less.

(d) Please refer to Note 2.4 to the consolidated financial statements for the information of the Group's performance obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

6 FINANCE COSTS, NET

	2025 HK\$'000	2024 HK\$'000 (restated)
Finance income:		
Bank deposits and entrustment loans	26,364	48,032
Interest expense:		
Lease liabilities	(12,010)	(10,409)
Bank and other borrowings*	(42,148)	(43,740)
Finance costs	(54,158)	(54,149)
Finance costs, net	(27,794)	(6,117)

- * The borrowing costs of HK\$42,148,000 (2024: HK\$43,740,000) have been capitalised at a rate of 5.36% per annum (2024: 8.87%) into properties under development and property, plant and equipment held by subsidiaries within the Discontinued Operations of the Group. These assets were derecognised upon completion of the Distribution in Specie.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

7 OPERATING INCOME/(LOSS)

The Group's operating income/(loss) is arrived at after charging/(crediting):

	2025 HK\$'000	2024 HK\$'000 (restated)
(a) Other income and gains, net		
Foreign exchange differences, net	2,522	2,198
Government grants [#]	14,907	4
Management fee income	672	216
(Loss)/gain on disposal of property, plant and equipment, net	(28,395)	26,619
Gain on disposal of subsidiaries	–	4,892
Gain on bargain purchase of a subsidiary (Note 38)	132,112	–
Fair value loss of a derivative financial instrument	–	(1,145)
Other rental income, net	16,916	17,389
Other	67,004	48,771
	205,738	98,944
(b) Other items:		
Depreciation charge		
– owned property, plant and equipment	(456,810)	(344,280)
– right-of-use assets	(83,903)	(57,328)
	(540,713)	(401,608)
Amortisation of prepaid land lease payments	(14,326)	(17,352)
Employee benefit expenses (including directors' remuneration)		
– Wages and salaries	(1,306,322)	(1,281,343)
– Reversal of/(equity-settled share option expenses)	7,634	(4,306)
– Retirement benefit scheme contributions*	(71,920)	(72,253)
	(1,370,608)	(1,357,902)
Provision for impairment loss of trade and other receivables, net	(11,013)	(1,138)
Lease payments not included in the measurement of lease liabilities	(11,227)	(9,593)
Direct operating expenses of investment properties	(1,748)	(4,254)
Fuel cost	(252,455)	(304,549)
Auditor's remuneration	(4,214)	(4,125)
Fair value loss of investment properties	(183,136)	(222,092)

* At 31 December 2025, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2024: Nil).

[#] Various government grants have been received in respect of developing and promoting the tourist industry and organising performances that promoted the Chinese traditional culture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of every director is set out below:

For the year ended 31 December 2025:

Name	Emoluments paid or receivable in respect of a person's services as a director of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking		Total HK\$'000
	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Housing allowance HK\$'000	(Reversal of) equity-settled share option expenses HK\$'000	Estimated money value of other benefits HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Remunerations paid or receivable in respect of accepting office as director HK\$'000		
Independent Non-Executive Directors										
Mr. Chen Johnny (Resigned on 20 August 2025)	222	-	-	-	-	-	-	-	-	222
Mr. Huang Hui (Resigned on 20 August 2025)	222	-	-	-	-	-	-	-	-	222
Mr. Song Dawei	350	-	-	-	-	-	-	-	-	350
Mr. Tse Cho Che Edward (Resigned on 20 August 2025)	222	-	-	-	-	-	-	-	-	222
Mr. Zhang Xiaoke (Resigned on 20 August 2025)	222	-	-	-	-	-	-	-	-	222
Ms. Fang Xuan (Appointed on 26 March 2025)	269	-	-	-	-	-	-	-	-	269
Mr. Qian Jiannong (Appointed on 20 August 2025)	128	-	-	-	-	-	-	-	-	128
Executive Directors										
Mr. Feng Gang (General manager)	-	711	44	-	(154)	476	280	-	-	1,357
Mr. Li Pengyu	-	1,029	47	-	(119)	35	36	-	-	1,028
Mr. Wu Qiang (Chairman)	-	-	-	-	-	-	-	-	-	-
Non-Executive Directors										
Mr. Fan Zhishi	-	-	-	-	-	-	-	-	-	-
Mr. Tao Xiaobin (Resigned on 20 August 2025)	-	-	-	-	-	-	-	-	-	-
Mr. Tsang Wai Hung	300	-	-	-	-	-	-	-	-	300
Mr. Zheng Jiang (Appointed on 22 July 2025)	-	-	-	-	-	-	-	-	-	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8 BENEFITS AND INTERESTS OF DIRECTORS (continued)

The remuneration of every director is set out below:

For the year ended 31 December 2024:

Emoluments paid or receivable in respect of a person's services as a director of the Company or its subsidiary undertaking									Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking		Total
Name	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Housing allowance HK\$'000	Equity-settled share option expenses HK\$'000	Estimated money value of other benefits HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Remunerations paid or receivable in respect of accepting office as director HK\$'000	HK\$'000		
Independent Non-Executive Directors											
Mr. Chen Johnny	350	-	-	-	-	-	-	-	-	350	
Mr. Huang Hui	350	-	-	-	-	-	-	-	-	350	
Mr. Song Dawei	350	-	-	-	-	-	-	-	-	350	
Mr. Tse Cho Che Edward	350	-	-	-	-	-	-	-	-	350	
Mr. Zhang Xiaoke	350	-	-	-	-	-	-	-	-	350	
Executive Directors											
Mr. Feng Gang (General manager)	-	711	178	-	431	504	308	-	-	2,132	
Mr. Li Pengyu	-	1,029	187	-	333	35	36	-	-	1,620	
Mr. Wu Qiang (Chairman)	-	-	-	-	-	-	-	-	-	-	
Non-Executive Directors											
Mr. Fan Zhishi	-	-	-	-	-	-	-	-	-	-	
Mr. Tao Xiaobin	-	-	-	-	-	-	-	-	-	-	
Mr. Tsang Wai Hung	300	-	-	-	-	-	-	-	-	300	

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(Expressed in Hong Kong dollars unless otherwise indicated)

8 BENEFITS AND INTERESTS OF DIRECTORS (continued)

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2024: Nil).

9 FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year include two directors of the Company (2024: one). Details of the remuneration of the five highest paid individuals for the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, housing allowances, other allowances and benefits in kind	5,356	5,278
(Reversal of)/equity-settled share option expenses	(742)	1,764
Discretionary bonuses	248	759
Retirement benefit scheme contributions	1,196	1,446
	6,058	9,247

The emoluments fell within the following bands:

	Number of employees	
	2025	2024
HK\$1,000,001 to HK\$1,500,000	4	–
HK\$1,500,001 to HK\$2,000,000	1	4
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$2,500,001 to HK\$3,000,000	–	–
	5	5



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

10 TAX EXPENSE

- (a) Hong Kong Profits Tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on assessable profits elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Under the Provisional Regulations on Land Appreciation Tax ("LAT"), all gains arising from transfer of real estate properties in the Chinese mainland are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowings costs and all property development expenditures.

	2025 HK\$'000	2024 HK\$'000 (restated)
Current – Hong Kong		
Charge for the year	64,632	71,758
Over-provision in prior years	(1,247)	(6,316)
	63,385	65,442
Current – Chinese mainland and Macau		
Charge for the year	54,107	84,327
Deferred tax	25,948	50,152
Total tax expense for the year from continuing operations	143,440	199,921
Total tax expense for the period/year from discontinued operations (Note 11)	15,286	14,911
Total tax expense	158,726	214,832

Pillar Two income taxes

The Group is a subsidiary of China Tourism Group Corporation Limited ("China Tourism Group"). China Tourism Group is within the scope of the Pillar Two model rules. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. The Group will account for the additional Pillar Two income taxes as current tax when incurred. From 1 January 2025, the Group is subject to Pillar Two rules in Hong Kong under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year as at 31 December 2025. As such, it may not be entirely representative of future circumstances. Based on preliminary assessment, the Group should be able to benefit from the transitional Country-by-Country (CbCR) safe harbour for most of the jurisdictions in which the Group operates for year 2025. The Group does not expect a material exposure to Pillar Two income taxes. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

10 TAX EXPENSE (continued)

- (b) A reconciliation of the tax expense of the Group applicable to profit/(loss) before tax at the applicable tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax (credit)/expense at the effective tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000 (restated)
Profit before taxation from continuing operations	374,110	560,360
Loss before taxation from discontinued operations	(487,606)	(141,890)
	(113,496)	418,470
Share of profits and losses of associates from continuing operations	(89,536)	(88,475)
Share of profits and losses of associates from discontinued operations	13,341	17,394
	(76,195)	(71,081)
Share of profits and losses of joint ventures	(3,543)	2,557
	(193,234)	349,946
Tax at the applicable tax rates	(48,490)	56,916
Income not subject to tax	(50,982)	(30,757)
Expenses not deductible for tax purposes	103,895	58,394
Effect of withholding tax on the distributed/distributable profits of the Group's PRC subsidiaries and associates	4,058	5,597
Tax losses utilised from previous periods	(4,941)	(19,026)
Tax losses not recognised	75,016	86,673
LAT	16,956	7,772
Temporary difference not recognised	64,461	55,579
Over-provision in prior years, net	(1,247)	(6,316)
Tax expense	158,726	214,832
Tax expense from continuing operations at the applicable tax rates	143,440	199,921
Tax expense from discontinued operations at the applicable tax rates	15,286	14,911

- (c) The share of tax attributable to associates amounting to HK\$32,659,000 (2024: HK\$24,870,000) is included in "Share of profits and losses of associates" in the consolidated income statement.
- (d) The fair value changes in equity investments as other comprehensive income included in the consolidated statement of comprehensive income comprised of related tax effect of HK\$90,000 (2024: HK\$1,188,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

11. DISCONTINUED OPERATIONS

Since the operations and cash flows relating to the PrivateCo Group can be clearly distinguished from the rest of the Group and represented a separate major line of business of the Group, they were classified as discontinued operations. The results of the discontinued operations were presented separately in the consolidated income statement and the consolidated statement of comprehensive income for the period ended 22 December 2025, and the corresponding comparative information relating to the discontinued operations for the year ended 31 December 2024 has been re-presented.

(a) The results of the discontinued operations for the period/year are presented below:

	Period ended 22 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000
Revenue	332,876	458,587
Cost of sales	(362,945)	(476,195)
Gross loss	(30,069)	(17,608)
Other income and gains, net	44,233	69,779
Impairment losses on property, plant and equipment	(90,579)	(32,905)
Impairment loss on investment in an associate	(110,779)	–
Impairment losses on completed properties held for sale	(6,597)	–
Other expenses and losses	(184,706)	(207,478)
Finance income	43,524	46,836
Finance costs	(167)	(514)
Finance income, net	43,357	46,322
Release of exchange fluctuation reserve upon completion of the Distribution in Specie	(152,466)	–
Loss before taxation from discontinued operations	(487,606)	(141,890)
Tax expense	(15,286)	(14,911)
Loss for the period/year from discontinued operations	(502,892)	(156,801)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

11. DISCONTINUED OPERATIONS (continued)

(b) The net cash flows incurred by the discontinued operations are as follows:

	Period ended 22 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000
Net cash flows used in operating activities	(286,374)	(306,086)
Net cash flows used in investing activities	(5,074)	(82,995)
Net cash flows from financing activities	241,308	346,294
Net decrease in cash and cash equivalents	(50,140)	(42,787)

(c) Details of the assets and liabilities of the PrivateCo Group derecognised as a result of the Distribution in Specie as at the date of Distribution in Specie are as follows:

	HK\$'000
Property, plant and equipment	2,527,176
Investment properties	844,443
Prepaid land lease payments	275,984
Investment in an associate	334,705
Deferred tax assets	54,622
Inventories	31,640
Properties under development	2,052,707
Completed properties held for sale	1,732,763
Trade receivables	34,443
Deposits, prepayments and other receivables	84,008
Tax recoverable	941
Cash and bank balances	138,282
Trade payables	(498,049)
Other payables and accruals	(984,134)
Loans from holding companies	(43,179)
Loans from fellow subsidiaries	(376,431)
Lease liabilities	(13,993)
Tax payables	(24,526)
Bank and other borrowings	(529,752)
Deferred income	(542,819)
Deferred tax liabilities	(213,448)
Net assets derecognised as a result of the Distribution in Specie	4,885,383
Non-controlling interests	(10,011)
Net assets attributable to the equity owners of the Company at the date of Distribution in Specie	4,875,372



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

12 DIVIDENDS

	Notes	2025 HK\$'000	2024 HK\$'000
Interim – Nil (2024: HK1.5 cents) per ordinary share		–	83,050
Final – HK1 cent (2024: Nil) per ordinary share	(i)	55,366	–
Special dividend paid by way of the Distribution in Specie	(ii)	4,875,372	–

Notes:

- (i) The Board recommends payment of a final dividend of HK1 cent per share for the year ended 31 December 2025 (2024: Nil), to be paid to shareholders on 30 June 2026, subject to approval at the annual general meeting.
- (ii) On 28 October 2025, the Company announced a proposed payment of special dividend by way of distribution in specie of the entire interests of the direct wholly owned subsidiary, the PrivateCo, which is principally engaged in tourism property business in the PRC through its subsidiaries. The distribution was made to the shareholders of the Company based on their shareholding percentages in the Company and it was paid out of the retained profits account of the Company.

Given that the PrivateCo is ultimately controlled by China Tourism Group before and after the distribution, the Distribution in Specie in respect of PrivateCo's Shares was measured and accounted for using the carrying amount of net assets of the PrivateCo on the date of distribution. The Distribution in Specie was completed on 22 December 2025. The distributed amount of approximately HK\$4,875,372,000 was the net assets of the PrivateCo Group attributable to the shareholders of the Company at the date of Distribution in Specie. For further information regarding the Distribution in Specie, please refer to note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

13 LOSS/EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

The calculation of basic and diluted loss (2024: earnings) per share is based on loss (2024: profit) attributable to equity owners of the Company and the weighted average of 5,536,633,709 ordinary shares (2024: 5,536,633,709 ordinary shares) in issue during the year.

The share options granted by the Group had no dilutive effect during the years ended 31 December 2025 and 2024.

No adjustment has been made to the basic loss per share amounts of discontinued operations presented during the years ended 31 December 2025 and 2024 in respect of dilution as the calculation of diluted loss per share during the years ended 31 December 2025 and 2024 does not assume the exercise of the Group's share options since their assumed exercise would result in a decrease in loss per share.

The calculations of basic and diluted (loss)/earnings per share are based on:

	2025 HK\$'000	2024 HK\$'000
(Loss)/earnings per share		
(Loss)/profit attributable to equity owners of the Company, used in the basic and diluted (loss)/earnings per share calculation:		
From continuing operations	211,336	259,868
From discontinued operations	(493,406)	(153,896)
Total	(282,070)	105,972

	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted (loss)/earnings per share calculation	5,536,633,709	5,536,633,709



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(Expressed in Hong Kong dollars unless otherwise indicated)

14 PROPERTY, PLANT AND EQUIPMENT

	Hotel properties HK\$'000	Land and buildings HK\$'000	Scenic spots establishments HK\$'000	Construction in progress HK\$'000	Right-of-use assets HK\$'000	Other fixed assets HK\$'000	Total HK\$'000
Net book value 31 December 2025							
At 31 December 2024 and at 1 January 2025							
Cost	7,198,526	3,473,491	1,995,347	864,718	501,627	4,242,336	18,276,045
Accumulated depreciation and impairment	(2,960,506)	(1,412,564)	(1,184,223)	(692)	(188,156)	(2,891,234)	(8,637,375)
	4,238,020	2,060,927	811,124	864,026	313,471	1,351,102	9,638,670
At 1 January 2025	4,238,020	2,060,927	811,124	864,026	313,471	1,351,102	9,638,670
Additions	–	3,334	2,676	354,644	91,139	190,550	642,343
Transfer from investment properties (Note 15)	–	–	–	78,600	–	–	78,600
Acquisition of subsidiaries	305,671	105,843	106,242	29,142	2,374	215,166	764,438
Derecognition of subsidiaries upon completion of the Distribution in Specie (Note 11)	(764,214)	(447,958)	(228,295)	(517,841)	(10,383)	(558,485)	(2,527,176)
Disposals and write-off	–	–	(19,094)	–	(69)	(15,045)	(34,208)
Depreciation	(94,589)	(117,997)	(46,471)	–	(86,801)	(255,687)	(601,545)
Transfer within property, plant and equipment	–	142,134	103,894	(410,009)	–	163,981	–
Provision for impairment	–	–	(90,579)	–	–	–	(90,579)
Currency translation differences	26,082	36,733	25,246	15,873	6,879	18,264	129,077
At 31 December 2025	3,710,970	1,783,016	664,743	414,435	316,610	1,109,846	7,999,620
At 31 December 2025:							
Cost	5,932,567	2,717,298	1,850,397	415,127	595,140	4,036,833	15,547,362
Accumulated depreciation and impairment	(2,221,597)	(934,282)	(1,185,654)	(692)	(278,530)	(2,926,987)	(7,547,742)
	3,710,970	1,783,016	664,743	414,435	316,610	1,109,846	7,999,620

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Hotel properties HK\$'000	Land and buildings HK\$'000	Scenic spots establishments HK\$'000	Construction in progress HK\$'000	Right-of-use assets HK\$'000	Other fixed assets HK\$'000	Total HK\$'000
Net book value							
31 December 2024							
At 31 December 2023 and at 1 January 2024							
Cost	6,109,365	3,321,761	1,946,207	1,942,441	460,052	3,877,313	17,657,139
Accumulated depreciation and impairment	(2,860,204)	(1,268,787)	(1,178,102)	(692)	(184,276)	(2,596,745)	(8,088,806)
	3,249,161	2,052,974	768,105	1,941,749	275,776	1,280,568	9,568,333
At 1 January 2024	3,249,161	2,052,974	768,105	1,941,749	275,776	1,280,568	9,568,333
Additions	–	22,059	57,945	482,007	129,049	128,617	819,677
Transfer from properties under development (Note 24)	–	33,946	–	–	–	–	33,946
Disposals and write-off	–	–	(28,425)	–	(13,661)	(68,462)	(110,548)
Depreciation	(81,275)	(87,011)	(45,196)	–	(69,683)	(224,117)	(507,282)
Transfer within property, plant and equipment	1,089,161	102,119	116,321	(1,556,349)	–	248,748	–
Provision for impairment	–	–	(32,905)	–	–	–	(32,905)
Currency translation differences	(19,027)	(63,160)	(24,721)	(3,381)	(8,010)	(14,252)	(132,551)
At 31 December 2024	4,238,020	2,060,927	811,124	864,026	313,471	1,351,102	9,638,670
At 31 December 2024:							
Cost	7,198,526	3,473,491	1,995,347	864,718	501,627	4,242,336	18,276,045
Accumulated depreciation and impairment	(2,960,506)	(1,412,564)	(1,184,223)	(692)	(188,156)	(2,891,234)	(8,637,375)
	4,238,020	2,060,927	811,124	864,026	313,471	1,351,102	9,638,670

- (i) At 31 December 2025, certain of the Group's buildings with a net carrying amount of HK\$812,146,000 (2024: HK\$181,748,000) were pledged to secure bank guarantees in connection with credit facilities granted.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

- (ii) Shenzhen Splendid China Development Co., Ltd. ("Splendid China"), a 51% owned subsidiary of the Group, is engaged in the operation of a theme park located in Shenzhen. The lease period of the land use right of this theme park was 40 years, from 11 January 1985 to 10 January 2025. The properties built on the land are depreciated over the shorter of their economic useful lives or the period till the end of the business registration certificate. As at 31 December 2025, the carrying amount of these properties amounted to approximately HK\$117 million.

As at the date of these consolidated financial statements, the land use right has expired and the shareholders of Splendid China are in the process to apply for the extension of the land use right. Splendid China has submitted the application to the local government for the renewal of the land use right for a further 40 years. Such application is pending for approval of the local government.

Based on the communications with the local government, the directors of the Company are of the view that there will be positive progress on land renewal in 2026. Hence, the Group considered that it is not necessary to revise the depreciation period of the properties to the period ending 10 January 2025 (the expiry date of the land use right).

- (iii) During the period ended 22 December 2025 (the "Date of Distribution in Specie"), due to continued underperformance of Zhuhai Ocean Spring Resort ("Zhuhai Resort") and Xianyang Ocean Spring Resort ("Xianyang Resort"), the management conducted impairment assessments of cash-generating units of Zhuhai Resort and Xianyang Resort.

As at the Date of Distribution in Specie, the major assets of Zhuhai Resort were land and properties with a carrying value before impairment amounting to HK\$1,139,000,000 (2024: HK\$1,140,000,000) which belong to tourist attraction and related operations segment. The recoverable amount of HK\$1,086,000,000 of relevant assets has been determined based on fair value less costs of disposal using discounted cash flow projections, with a projected cash flows period from 2026 to 2042, a discount rate of 9% and a growth rate used to extrapolate cash flow projections of 2% to 6%. Hence, an impairment loss of HK\$52,734,000 had been recognised during the period.

As at the Date of Distribution in Specie, the major assets of Xianyang Resort were land and properties with a carrying value before impairment amounting to HK\$207,000,000 (2024: HK\$207,000,000) which belong to tourist attraction and related operations segment. The recoverable amounts of HK\$169,000,000 of relevant assets have been determined based on fair value less costs of disposal using discounted cash flow projections, with a projected cash flow period from 2026 to 2046, a discount rate of 10% and a growth rate used to extrapolate cash flow projections of 2% to 8%. Hence, an impairment loss of HK\$37,845,000 was recognised during the period.

As at the Date of Distribution in Specie, accumulated impairment losses attributable to relevant assets of Zhuhai Resort and Xianyang Resort amounted to HK\$220,616,000 (2024: HK\$130,037,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Right-of-use assets and leases

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

	Notes	2025 HK\$'000	2024 HK\$'000
Properties leased for own use, carried at depreciated cost	(i)	308,252	301,285
Office equipment, carried at depreciated cost	(ii)	8,358	12,186
		316,610	313,471

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 HK\$'000	2024 HK\$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	82,485	61,083
Office equipment	4,316	8,600
	86,801	69,683
Interest on lease liabilities	12,177	10,923
Expense relating to short-term leases	26,042	11,050
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	1,887	941

During the year, additions to right-of-use assets were HK\$91,139,000 (2024: HK\$129,049,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 28(c) and 34, respectively.

(i) Properties leased for own use

The Group has obtained the right to use properties through tenancy agreements. The leases typically run for an initial period of 2 to 30 years.

(ii) Other leases

The Group leases office equipment under lease terms from 2 to 5 years. None of the leases include an option to renew the lease when all terms are renegotiated or to purchase the leased equipment at the end of the lease term at a price deemed to be a bargain purchase option. None of the leases includes variable lease payments.

(iii) Lease liabilities and prepaid land lease payments

Details of the lease liabilities are included in notes 28(b) and 34 to the consolidated financial statements.

The contractual undiscounted lease payments of lease liabilities are disclosed in note 44 to the consolidated financial statements.

Details of the prepaid land lease payments are included in note 16 to the consolidated financial statements.



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15 INVESTMENT PROPERTIES

	2025 HK\$'000	2024 HK\$'000
At fair value		
At 1 January	3,232,813	3,464,007
Additions	23,869	6,544
Acquisition of a subsidiary (Note 38)	107,266	—
Transfer from completed properties held for sale (Note 25)	837,725	—
Transfer to owner-occupied property (Note 14)	(78,600)	—
Changes in fair value recognised in income statement	(176,512)	(222,092)
Derecognition of subsidiaries upon completion of the Distribution in Specie (Note 11)	(844,443)	—
Currency translation differences	18,006	(15,646)
At 31 December	3,120,124	3,232,813

Fair value hierarchy

The fair value of investment properties is determined by using valuation techniques. The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2025 using			
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
Recurring fair value measurement for:				
Hong Kong:				
– Commercial properties	—	—	2,260,230	2,260,230
Outside Hong Kong:				
– Commercial properties	—	—	859,894	859,894
	—	—	3,120,124	3,120,124

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
Recurring fair value measurement for:				
Hong Kong:				
– Commercial properties	—	—	2,467,152	2,467,152
Outside Hong Kong:				
– Commercial properties	—	—	765,661	765,661
	—	—	3,232,813	3,232,813

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

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15 INVESTMENT PROPERTIES (continued)

The Group measures their investment properties at fair value. The investment properties were revalued on 31 December 2025 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professionally qualified valuers, and China Enterprise Appraisals Consultation Co., Ltd., a qualified independent valuer in the PRC at HK\$3,120,124,000 (2024: HK\$3,232,813,000).

The Group assigns a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the audit committee. Discussions of valuation processes and results are held between management, audit committee and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the team:

- Verify all major inputs of the independent valuation report;
- Assess property valuation movements by comparing the prior year valuation report; and
- Hold discussions with the independent valuers.

The fair value of investment properties are determined by direct comparison approach, on the market basis assuming sale with immediate vacant possession and taking reference to their respective existing states and comparable sales evidence. The valuations take into account the characteristics of the properties including the location, size, shape, view, floor level, year of completion and other factors collectively. Higher premium for properties with higher characteristics will result in a higher fair value measurement.

Significant inputs used to determine fair value

At 31 December 2025 and 31 December 2024, the range of premium/(discount) used in the direct comparison approach is as follows:

	2025 Range of premium/ (discount)
Hong Kong	-33% to 20%
Outside Hong Kong	-10% to 8%
	2024 Range of premium/ discount
Hong Kong	-40% to 50%
Outside Hong Kong	-10% to 5%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

15 INVESTMENT PROPERTIES (continued)

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 5 years. None of the leases included variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2025 HK\$'000	2024 HK\$'000
Within 1 year	65,470	77,264
After 1 year but within 2 years	23,732	45,308
After 2 years but within 3 years	10,237	15,558
After 3 years but within 4 years	560	8,161
After 4 years but within 5 years	40	1,074
	100,039	147,365

16 PREPAID LAND LEASE PAYMENTS

	2025 HK\$'000	2024 HK\$'000
At 1 January	467,248	450,140
Additions	164,193	43,305
Acquisition of a subsidiary (Note 38)	220,201	—
Amortisation	(24,743)	(17,352)
Derecognition of subsidiaries upon completion of the Distribution in Specie (Note 11)	(275,984)	—
Currency translation differences	7,113	(8,845)
At 31 December	558,028	467,248
Current portion included in deposits, prepayments and other receivables	(17,649)	(22,771)
Non-current portion	540,379	444,477

At 31 December 2025, included in the Group's prepaid land lease payments, amounting to Nil (2024: HK\$9,723,000) was certain land payments of which the Group was in the progress of applying the land use right certificate as at the end of the reporting period.

At 31 December 2025, certain of the Group's land use rights with an original cost of HK\$73,349,000 (2024: HK\$25,824,000) were pledged to secure bank guarantees in connection with credit facilities granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

17 GOODWILL

	2025 HK\$'000	2024 HK\$'000
At 1 January	1,660,183	1,660,401
Addition through acquisition of subsidiaries	2,694	–
Currency translation differences	251	(218)
At 31 December	1,663,128	1,660,183
Accumulated impairment	(305,715)	(305,715)
Net book amount	1,357,413	1,354,468

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the following cash-generating units, for impairment testing.

- Travel document and related operations
- Tourist attraction operations
- Passenger transportation operations

Travel document and related operations cash-generating unit

The recoverable amount of the travel document and related operations cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering up to 2047 approved by senior management. The discount rate applied to cash flow projections is 10% (2024: 11%) per annum. Cash flows beyond the five-year period are extrapolated without growth.

Tourist attraction operations cash-generating unit

The recoverable amount of the tourist attraction and related cash-generating unit was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 12% (2024: 13%) per annum. Cash flows beyond the five-year period are extrapolated without growth.

Passenger transportation operations cash-generating unit

The recoverable amount of the passenger transportation operations was determined based on fair value less cost of disposal calculation using replacement cost and market comparison approach performed by an external valuer, which is categorised within Level 3 of the fair value hierarchy (2024: Level 3 of the fair value hierarchy).



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17 GOODWILL (continued)

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Travel document and related operations		Tourist attraction and related operations		Passenger transportation operations		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Carrying amount of goodwill	1,244,769	1,244,769	64,490	61,545	48,154	48,154	1,357,413	1,354,468

Key assumptions were used in the value in use calculation of the travel document and related operations and tourist attraction and related operations cash-generating units for the years ended 31 December 2025 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the historical years, increased for expected efficiency improvements, and expected market development.

Discount rates – The discount rate used is before tax and reflects specific risks relating to the travel document and related operations and tourist attraction operations cash-generating units, respectively.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

18 OTHER INTANGIBLE ASSETS

	Trademarks HK\$'000	Passenger service licences and quota HK\$'000	Total HK\$'000
Cost and net book value:			
At 1 January 2024	34,291	78,443	112,734
Additions	–	8,567	8,567
At 31 December 2024, 1 January 2025 and 31 December 2025	34,291	87,010	121,301

These intangible assets have no specific maturity date pursuant to the terms and conditions. They are tested for impairment annually and whenever there is an indication that they may be impaired. The Company's directors are of the opinion that no impairment loss was incurred with reference to market values of each of the intangible assets.

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19 SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 39 to the consolidated financial statements.

Material non-controlling interests

The total non-controlling interests as at 31 December 2025 is HK\$1,997,502,000, of which HK\$449,359,000 (2024: HK\$481,315,000) is attributable to Shun Tak – China Travel Shipping Investments Limited ("Shun Tak – China Travel") representing for 50% of equity for non-controlling interests, HK\$159,402,000 (2024: HK\$297,192,000) is attributed to China Travel Service Property Investment Hong Kong Limited ("CTSPI") representing for 9.71% of equity for non-controlling interests and HK\$227,548,000 (2024: HK\$254,916,000) is attributed to Shenzhen Window of the World Miniature Co., Ltd. ("Window of the World") representing for 49% of equity for non-controlling interests. The non-controlling interests in respect of other subsidiaries are not material individually.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised statement of financial position

	Shun Tak – China Travel		CTSPI		Window of the World	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Non-current assets	1,130,653	1,206,727	2,806,767	3,617,132	475,911	461,809
Current assets	292,330	316,551	377,582	127,172	273,002	365,240
Non-current liabilities	(198,750)	(234,092)	(471,587)	(517,650)	(108,098)	(135,298)
Current liabilities	(325,515)	(326,556)	(1,071,135)	(165,974)	(176,432)	(171,513)
Net assets	898,718	962,630	1,641,627	3,060,680	464,383	520,238

Summarised income statement

	Shun Tak – China Travel		CTSPI		Window of the World	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Revenue	542,320	651,928	180,458	141,269	375,602	439,741
Profit/(loss) after taxation	(38,182)	14,559	(40,701)	(135,638)	61,052	129,462
Total comprehensive income/(loss)	(38,182)	14,559	(40,701)	(135,638)	61,052	129,462
Total comprehensive income/(loss) attributable to non-controlling interests	(19,091)	7,280	(3,952)	(13,170)	29,915	63,436



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19 SUBSIDIARIES (continued)

Summarised cash flows

	Shun Tak – China travel		CTSPI		Window of the World	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Net cash flows (used in)/ generated from operating activities	60,968	186,720	97,356	116,692	127,625	178,952
Net cash flows from/(used in) investing activities	(7,227)	24,517	(14,080)	(131,275)	(68,431)	53,624
Net cash flows from/(used in) financing activities	(65,888)	(179,063)	(78,944)	(2,222)	(154,476)	(126,994)
Net increase/(decrease) in cash and cash equivalents	(12,147)	32,174	4,332	(16,805)	(95,282)	105,582
Cash and cash equivalents at end of year	213,115	225,262	36,653	32,321	260,261	355,543

The financial information above is the amounts before any inter-company eliminations.

20 INVESTMENTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	604,029	1,026,115
Goodwill	316,647	316,647
Provision for impairment	(7,051)	(6,879)
	913,625	1,335,883

The movements for the provision for impairment on investments in associates is as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	6,879	210
Impairment loss (Note 11)	110,779	6,669
Derecognition of subsidiaries upon completion of the Distribution in Specie	(110,779)	–
Currency translation differences	172	–
At 31 December	7,051	6,879

The provision for impairment loss on investments in associates has been included in administrative expenses in the consolidated income statement.

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20 INVESTMENTS IN ASSOCIATES (continued)

Particulars of the principal associates, all of which are held indirectly through subsidiaries, are as follows:

Name	Particulars of issued share capital	Place of incorporation/ operations	Percentage of equity and profit sharing attributable to the Group		Principal activities
			2025	2024	
All China Express Limited	10,000 ordinary shares HK\$10,000	Hong Kong	32.50	32.50	Passenger transportation
Changsha Colorful World Company Limited	RMB100,000,000	Chinese mainland	26	26	Scenic spot operations
Huangshan Taiping Cable Car Co. Ltd.	US\$6,975,000	Chinese mainland	30	30	Cable car operations
Huangshan Yuping Cable Car Company Ltd.	RMB19,000,000	Chinese mainland	20	20	Cable car operations
珠海市恒大海泉灣置業有限公司 ("恒大海泉灣")	RMB821,812,000	Chinese mainland	–	49	Property development
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	1,000,000 ordinary shares HK\$1,000,000	Hong Kong	40	40	Passenger transportation
Celelight Company Limited	HK\$10,000	Hong Kong	33.34	33.34	Trading of fuel oil
China Ferry Terminal Services Limited	HK\$741,163	Hong Kong	24.87	24.87	Provision of baggage handling services at the China Ferry Terminal
杭州開元森泊旅遊投資有限公司 ("開元森泊")	RMB362,500,000	Chinese mainland	34	34	Resort operations
中旅桃花源(常德)文化旅遊發展有限公司	RMB50,500,000	Chinese mainland	34	34	Tourism services
Hong Kong & Macao International Airport Transportation Service (HK) Co. Limited	HK\$5,000,000	Hong Kong	21.56	21.56	Investment holding
Hong Kong & Macao International Airport Transportation Service Co. Ltd.	HK\$100	Hong Kong	16.34	16.34	Provision of cross boundary bus service between Macau Boundary Crossing Facilities and Hong Kong International Airport via Hong Kong-Zhuhai-Macao Bridge
China International Travel Service (Macao) Ltd.	HK\$5,000,000	Macau	39	39	Travel agency and travel relating services
Hong Kong International Tourist Bus Company Limited (Note)	HK\$10,450,000	Hong Kong	38.56	36	Passenger transportation

The above table lists the associates of the Group which, in the opinion of the Company's directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the Company's directors, result in particulars of excessive length.

Note: On 31 December 2024, the Company signed a cooperation agreement with China International Travel Service (Hong Kong) Holding Ltd to purchase 36% equity interest in Hong Kong International Tourist Bus Company Limited with a cash consideration of HK\$3,704,000. On 24 September 2025, the Company entered into a capital injection agreement with Hong Kong International Tourist Bus Company Limited and its shareholders, acquiring additional 2.56% equity interest in Hong Kong International Tourist Bus Company Limited through a capital contribution of HK\$4,138,000.



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(Expressed in Hong Kong dollars unless otherwise indicated)

20 INVESTMENTS IN ASSOCIATES (continued)

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	開元森泊		Other associates in aggregate		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Gross amounts of the associates						
Non-current assets	2,689,230	2,829,916	668,943	568,244	3,358,173	3,398,160
Current assets	382,153	122,283	2,027,336	2,273,293	2,409,489	2,395,576
Non-current liabilities	(2,063,111)	(2,009,242)	(40,223)	(41,074)	(2,103,334)	(2,050,316)
Current liabilities	(448,275)	(370,978)	(823,291)	(619,707)	(1,271,566)	(990,685)
Equity	559,997	571,979	1,832,765	2,180,756	2,392,762	2,752,735
Revenue	592,382	623,580	2,136,288	1,292,226	2,728,670	1,915,806
Profit from continuing operations	28,829	25,941	508,652	238,060	537,481	264,001
Total comprehensive income	28,829	25,941	508,652	238,060	537,481	264,001
Dividends received from associates	–	–	64,772	62,361	64,772	62,361
Reconciled to the group's interests in the associates						
Gross amounts of net assets of associates	559,997	571,979	1,832,765	2,180,756	2,392,762	2,752,735
Group's effective interest	34%	34%	–	–	–	–
Group's share of net assets of associates	190,399	194,473	406,579	824,763	596,978	1,019,236
Goodwill	295,727	295,727	20,920	20,920	316,647	316,647
Carrying amount in the consolidated financial statements	486,126	490,200	427,499	845,683	913,625	1,335,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21 INVESTMENTS IN JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	69,482	78,974

- (a) Details of the Group's joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Particulars of issued share capital/registered capital	Place of incorporation/operations	Percentage of equity and profit sharing attributable to the Group		Principal activity
			2025	2024	
Handhuvaru Ocean Holidays Private Limited	MVR96,483,180	Maldives	50	50	Hotel Operation
Hong Kong International Airport Ferry Terminal Services Limited	HK\$10,000	Hong Kong	40	40	Provision of handling services of passengers
Shun Tak & CITS Coach (Macao) Limited	HK\$9,708,738	Macau	36	36	Provision of coach service and coach rental services
Chongqing Bashan Yushui Cultural Tourism Development Co., Ltd. ("Bashan Yushui")*	RMB100 million	PRC/ Chinese mainland	–	60	Scenic spot operations

* During the year ended 31 December 2024, the investment cost of this joint venture is contributed by a non-controlling shareholder of CTS Southwest (Chongqing) Tourism Development Co., Ltd. ("CTS Southwest (Chongqing)") upon the establishment of the subsidiary, making Bashan Yushui a 60%-owned joint venture of the Group.

During the year ended 31 December 2025, CTS Southwest (Chongqing) acquired from a third party the remaining 40% equity interest in Bashan Yushui. After the acquisition, Bashan Yushui became a wholly-owned subsidiary of CTS Southwest (Chongqing).

- (b) Aggregate information of joint ventures that are not individually material:

	2025 HK\$'000	2024 HK\$'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated statement of financial position	69,482	78,974
Aggregate amounts of the Group's share of these joint ventures' profits/(losses), net	3,543	(2,557)
Profit/(loss) from continuing operations and total comprehensive income/(loss)	11,913	(4,231)



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22 OTHER FINANCIAL ASSETS

	2025 HK\$'000	2024 HK\$'000
Unlisted equity securities, at fair value		
Guangdong Province China Travel Agency Co., Ltd.	39,105	47,159
Macau Airport Express Co., Ltd.	2,427	911
Metro Express Co., Ltd.	718	585
Alxa Left Banner Tenggerlitong Lake Grassland Tourism Co., Ltd.	10,352	5,446
	52,602	54,101

The unlisted equity investments represent shares in companies engaging in the passenger transportation, tourist attraction and travel agency operations. The Group designated these investments at fair value through other comprehensive income (non-recycling) as the investments are held for strategic purposes. No dividends were received on these investments during the year (2024: Nil). There was no disposal and no transfers of the cumulative gain or loss within equity during the years ended 31 December 2025 and 2024.

23 INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Food and beverages	7,831	11,713
Fuel	2,129	2,273
Spare parts and consumables	120,482	124,809
General merchandise	6,433	8,953
	136,875	147,748

24 PROPERTIES UNDER DEVELOPMENT

	2025 HK\$'000	2024 HK\$'000
At 1 January	3,980,836	3,804,347
Additions	177,335	258,891
Transfer to property, plant and equipment (Note 14)	–	(33,946)
Transfer to completed properties held for sale (Note 25)	(2,177,901)	–
Derecognition of subsidiaries upon completion of the Distribution in Specie (Note 11)	(2,052,707)	–
Currency translation differences	72,437	(48,456)
At 31 December	–	3,980,836

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24 PROPERTIES UNDER DEVELOPMENT (continued)

	2025 HK\$'000	2024 HK\$'000
Properties under development comprise:		
Land use rights	–	2,609,615
Construction cost and capitalised expenditures	–	1,371,221
	–	3,980,836

As at 31 December 2024, certain of the Group's properties under development with a net carrying amount of HK\$1,455,860,000 were pledged to secure bank guarantees in connection with credit facilities granted.

At 31 December 2024, included in the Group's properties under development, amounting to HK\$284,366,000 were certain properties under development of which the Group was in the progress of applying the land use right certificate as at the end of the reporting period.

The analysis of carrying value of land held for property development for sale is as follows:

	2025 HK\$'000	2024 HK\$'000
In the Chinese mainland, with remaining lease term of:		
– 50 years or more	–	2,609,615

At 31 December 2024, the amount of properties under development expected to be recovered after more than one year is HK\$3,980,836,000.

25 COMPLETED PROPERTIES HELD FOR SALE

	2025 HK\$'000	2024 HK\$'000
At 1 January	418,276	503,462
Sold during the year	(46,582)	(76,284)
Transfer from properties under development (Note 24)	2,177,901	–
Derecognition of subsidiaries upon completion of		
the Distribution in Specie (Note 11)	(1,732,763)	–
Provision for impairment	(6,597)	–
Transfer to investment properties (Note 15)	(837,725)	–
Currency translation differences	27,490	(8,902)
At 31 December	–	418,276

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 HK\$'000	2024 HK\$'000
Carrying amount of inventories sold	46,582	76,284

The analysis of carrying value of land included in completed properties held for sale is as follows:

	2025 HK\$'000	2024 HK\$'000
In the Chinese mainland, with remaining lease term of:		
– 50 years or more	–	100,255



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26 TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	270,765	224,109
Less: Loss allowance	(39,743)	(30,646)
	231,022	193,463

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 3 months	139,352	120,803
Over 3 months to 6 months	43,237	40,183
Over 6 months to 12 months	34,767	30,370
Over 1 year to 2 years	13,359	1,283
Over 2 years	307	824
	231,022	193,463

Trade receivables are due within 30 to 90 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 44 to the consolidated financial statements.

The movements in the loss allowance account in respect of trade receivables during the year are as follow:

	2025 HK\$'000	2024 HK\$'000
Balance at 1 January	30,646	29,526
Impairment losses recognised, net	11,013	1,138
Acquisition of subsidiaries	369	—
Derecognition of subsidiaries upon completion of the Distribution in Specie	(3,144)	—
Currency translation differences	859	(18)
Balance at 31 December	39,743	30,646

The provision for impairment loss on trade receivables have been included in administrative expenses in the consolidated income statement.

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27 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2025 HK\$'000	2024 HK\$'000
Deposits, prepayments and other receivables		362,294	484,975
Amounts due from non-controlling shareholders		10	–
Amounts due from associates	(a)	11,464	17,561
		373,768	502,536
Less: Non-current portion of prepayments and other receivables		(145,254)	(45,846)
		228,514	456,690

None of the above assets is past due. Management has monitored above balances and concluded that no risk on recoverability.

The carrying amounts of the Group's deposits and other receivables approximate to their fair values.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

Note:

(a) The balances are unsecured, interest-free and recoverable on demand.



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28 CASH AND BANK BALANCES AND PLEDGED AND RESTRICTED DEPOSITS

(a) Cash and bank balances comprise:

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	2,064,198	1,936,565
Time deposits	928,655	512,436
	2,992,853	2,449,001
Less: Pledged and restricted bank deposits	(1,086)	(4,811)
Cash and bank balances in the consolidated statement of financial position	2,991,767	2,444,190
Less: Deposits with maturity of more than three months	(135,661)	(156,061)
Cash and cash equivalents in the consolidated cash flow statement	2,856,106	2,288,129

The Group has pledged bank deposits to banks to secure: (a) certain credit facilities granted by suppliers to the Company's subsidiaries; and (b) certain bank guarantees given in lieu of utility and rental deposits.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$2,268,477,483 (2024: HK\$1,731,906,000). The RMB is not freely convertible into other currencies. However, under "Chinese mainland's Foreign Exchange Control Regulations" and "Administration of Settlement, Sale and Payment of Foreign Exchange Provisions", the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and one year, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

(b) Major non-cash transactions

The Group has the following major non-cash transactions during the year:

- (i) During the year ended 31 December 2025, the Group distributed the PrivateCo's shares with a carrying amount of HK\$4,875,372,000 as at the completion date of the Distribution in Specie to the shareholders of the Company and further details are set out in note 11 to the consolidated financial statements.
- (ii) During the year, the Group had non-cash additions to right-of-use assets included in property, plant and equipment and lease liabilities of HK\$91,139,000 (2024: HK\$129,049,000) and HK\$91,139,000 (2024: HK\$126,104,000) respectively, in respect of lease arrangements for properties and office equipment.

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28 CASH AND BANK BALANCES AND PLEDGED AND RESTRICTED DEPOSITS (continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flow as cash flows from financing activities.

	Bank and other borrowings HK\$'000	Loans from holding companies HK\$'000	Loans from a fellow subsidiary HK\$'000	Lease liabilities HK\$'000	Interest payable HK\$'000	Total HK\$'000
At 31 December 2023 and 1 January 2024	1,143,676	337,147	468,981	274,101	–	2,223,905
Changes from financing cash flows:						
New loans	237,919	7,385	–	–	–	245,304
Repayments of loans	(297,118)	–	(21,936)	–	–	(319,054)
Capital element of lease rentals paid	–	–	–	(50,023)	–	(50,023)
Interest element of lease rentals paid	–	–	–	(10,923)	–	(10,923)
Finance cost paid	–	–	–	–	(59,975)	(59,975)
Total changes from financing cash flows	(59,199)	7,385	(21,936)	(60,946)	(59,975)	(194,671)
Other changes						
Finance costs	–	–	–	10,923	59,975	70,898
Increase in lease liabilities from entering into new lease during the year	–	–	–	126,104	–	126,104
Currency translation differences	(52,524)	(7,330)	(9,699)	(16,436)	–	(85,989)
At 31 December 2024	1,031,953	337,202	437,346	333,746	–	2,140,247
Changes from financing cash flows:						
New loans	1,236,101	–	–	–	–	1,236,101
Repayments of loans	(530,307)	–	(43,417)	–	–	(573,724)
Capital element of lease rentals paid	–	–	–	(86,055)	–	(86,055)
Interest element of lease rentals paid	–	–	–	(12,177)	–	(12,177)
Finance cost paid	–	–	–	–	(75,380)	(75,380)
Total changes from financing cash flows	705,794	–	(43,417)	(98,232)	(75,380)	488,765
Other changes						
Finance costs	–	–	–	12,177	75,380	87,557
Increase in lease liabilities from entering into new lease during the year	–	–	–	91,139	–	91,139
Acquisition of subsidiaries	822,125	–	–	3,008	–	825,133
Derecognition of subsidiaries upon completion of the Distribution in Specie (Note 11)	(529,752)	(43,179)	(376,431)	(13,993)	–	(963,355)
Currency translation differences	34,960	15,346	10,181	2,878	–	63,365
At 31 December 2025	2,065,080	309,369	27,679	330,723	–	2,732,851



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28 CASH AND BANK BALANCES AND PLEDGED AND RESTRICTED DEPOSITS (continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases for the Group as a lessee comprise the following:

	2025 HK\$'000	2024 HK\$'000
Within operating cash flows	27,929	11,991
Within investing cash flows	164,193	43,305
Within financing cash flows	98,232	60,946
	290,354	116,242

29 BALANCES WITH HOLDING COMPANIES AND FELLOW SUBSIDIARIES

Except for loans from/(to) fellow subsidiaries and loans from holding companies, all other balances with holding companies and fellow subsidiaries of the Company mainly represent receivables and payables which are of trade nature.

(a) Loans from holding companies

As at 31 December 2025 and 2024, loans from holding companies included the loans from China Travel Service (Holdings) Hong Kong Limited and China Tourism Group Corporation Limited, which are unsecured, interest-bearing from 1.2% to 2.1% per annum and repayable on demand or on 23 May 2031.

Please refer to note 43(a)(i), (ii) and (iv) to the consolidated financial statements for details.

(b) Loans from a fellow subsidiary

As at 31 December 2025 and 2024, loans from a fellow subsidiary represented the loans from CTG Finance Company Limited, which are unsecured, interest-bearing at a rate of 2.8% per annum and repayable in 2026.

Please refer to note 43(a)(v) to the consolidated financial statements for details.

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29 BALANCES WITH HOLDING COMPANIES AND FELLOW SUBSIDIARIES (continued)

Except for the balances with immediate holding company regarding the provision of travel permit administration services which is repayable within three business days in the month following the transactions, the remaining balances with holding companies and the balances with fellow subsidiaries are unsecured, interest-free and repayable on demand.

The ageing analysis based on invoice dates of the balances with holding companies and fellow subsidiaries is as follows:

	2025 HK\$'000	2024 HK\$'000
Amounts due from holding companies		
Within 1 year	13,960	22,588
Amounts due from fellow subsidiaries		
Within 1 year	150,092	306,619

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The above balances do not contain impaired assets.

	2025 HK\$'000	2024 HK\$'000
Amounts due to holding companies		
Within 1 year	2,789	9,659
Amounts due to fellow subsidiaries		
Within 1 year	48,635	26,414

30 TRADE PAYABLES

The ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 3 months	130,533	372,102
Over 3 months to 6 months	28,063	134,413
Over 6 months to 12 months	9,225	54,783
Over 1 year to 2 years	29,035	58,552
Over 2 years	38,290	143,192
	235,146	763,042

The trade payables are interest-free and are normally settled on terms ranging from 30 to 90 days.



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31 OTHER PAYABLES AND ACCRUALS

	Notes	2025 HK\$'000	2024 HK\$'000
Construction in progress payables		129,089	139,035
Accrued employee benefits		286,262	245,202
Contract liabilities	(a)	153,183	165,808
Amounts due to non-controlling shareholders		172,247	64,293
Amount due to an associate	(b)	–	67,060
Loan from an associate	(c)	–	421,148
Other payable and accruals		669,927	1,044,013
		1,410,708	2,146,559

Other payables are non-interest-bearing and are normally settled on terms ranging from 30 to 180 days.

(a) Contract liabilities

	31 December 2025 HK\$'000	31 December 2024 HK\$'000	1 January 2024 HK\$'000
Contract liabilities			
Property development			
– Forward sales deposits and instalments received	–	20,954	81,007
Service contracts			
– Billings in advance of performance	153,183	144,854	154,614
	153,183	165,808	235,621

Typical payment terms which impact on the amounts of contract liabilities recognised are as follows:

Property development

The Group receives 30% of the contract value as a deposit from the customers when the sale and purchase agreement is signed. This deposit is recognised as a contract liability until the property is completed and control passed to the customer. The rest of the consideration is typically paid when legal assignment is completed.

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31 OTHER PAYABLES AND ACCRUALS (continued)

(a) Contract liabilities (continued)

Service contracts

The Group receives deposits from customers when they purchase the travel packages, tourist attraction tickets, hotel services and consultancy services. The contract liabilities are recognised as revenue when the services are provided to the customers.

Movements in contract liabilities

	2025 HK\$'000	2024 HK\$'000
Balance at 1 January	165,808	235,621
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(99,720)	(200,484)
Increase in contract liabilities as a result of billing in advance of service contracts	129,333	109,717
Increase in contract liabilities as a result of receiving forward sales deposits and instalments	—	20,954
Derecognition of subsidiaries upon completion of the Distribution in Specie	(42,238)	—
Balance at 31 December	153,183	165,808

Contract liabilities include sales deposits and instalments received for property sales and billings in advance of performance for service contracts. The decrease in contract liabilities in 2025 was mainly due to the Distribution in Specie.

(b) Amount due to an associate

Amount due to an associate is unsecured, interest-free and repayable on demand.

(c) Loan from an associate

Loan from an associate is unsecured, interest-free and repayable on demand.

32 DEFERRED INCOME

Deferred income primarily represents government grant income.



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33 BANK AND OTHER BORROWINGS

	2025			2024		
	Contractual interest rate per annum (%)	Maturity	HK\$'000	Contractual interest rate per annum (%)	Maturity	HK\$'000
Current						
Bank loan – secured	LPR-1.2% to LPR	2026	23,712	LPR-1.2% to LPR	2025	19,489
Bank loan – secured	N/A	N/A	–	LPR-0.15%	2025	80,887
Bank loan – secured	LPR+1.2%	2026	1,397	LPR+1.2%	2025	3,240
Bank loan – secured	LPR-0.60%	2026	3,213	LPR-0.60%	2025	2,000
Bank loan – secured	LPR-0.65%	2026	22,143	N/A	N/A	–
Bank loan – unsecured	HIBOR+0.9%	2026	180,000	HIBOR+1.0%	2025	200,000
Bank loan – unsecured	1.85%-1.95%	2026	608,933	N/A	N/A	–
Other loans – unsecured	3.00%	2026	54,251	2.25%	2025	52,913
Other loans – unsecured	HIBOR+2%	2026	33,000	HIBOR+2%	2025	33,000
			926,649			391,529
Non-current						
Bank loan – secured	LPR-1.2% to LPR	2027-2033	139,341	LPR-1.2% to LPR	2026-2033	157,847
Bank loan – secured	N/A	N/A	–	LPR-0.15%	2026	284,329
Bank loan – secured	LPR-0.60%	2027-2036	36,728	LPR-0.60%	2026-2036	31,849
Bank loan – secured	LPR+1.2%	2027-2028	3,260	LPR+1.2%	2026-2028	12,958
Bank loan – secured	LPR-0.65%	2037	808,220	N/A	N/A	–
Other loans – unsecured	HIBOR+2.0%	N/A	150,882	HIBOR+2%	N/A	150,882
Other loans – unsecured	N/A	N/A	–	1.20%	2031	2,559
			1,138,431			640,424
Bank and other borrowings			2,065,080			1,031,953

The bank and other borrowings are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
Hong Kong dollar	363,882	383,882
Renminbi	1,701,198	648,071
	2,065,080	1,031,953

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33 BANK AND OTHER BORROWINGS (continued)

At 31 December 2025, the Group's borrowings were repayable as follows:

	2025 HK\$'000	2024 HK\$'000
Bank loans:		
Within 1 year	839,398	305,616
Between 1 and 2 years	54,123	314,747
Between 3 and 5 years	224,024	101,380
More than 5 years	709,402	70,856
	1,826,947	792,599
Other borrowings:		
Within 1 year	87,251	85,913
Between 1 and 2 years	—	—
Between 3 and 5 years	—	1,296
More than 5 years	150,882	152,145
	2,065,080	1,031,953

The carrying amounts of the Group's borrowings approximate to their fair values.

As of 31 December 2025, the Group's bank deposits of approximately HK\$1,086,000 (31 December 2024: HK\$4,811,000) were pledged to banks to secure certain credit facilities granted by suppliers to the Group's subsidiaries, and certain bank guarantees given in lieu of utility and rental deposits and notes payable.

At 31 December 2025, the banking facilities of the Group were secured by land and buildings with carrying value of HK\$812,146,000 (2024: HK\$181,748,000), land use rights with original cost of HK\$73,349,000 (2024: HK\$25,824,000).

The Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 44 to the consolidated financial statements. As at 31 December 2025 and 2024, none of the covenants relating to drawn down facilities had been breached.



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34 LEASE LIABILITIES

At the end of the reporting period, the lease liabilities were repayable as follows:

	2025 HK\$'000	2024 HK\$'000
Within 1 year	105,503	56,065
After 1 year but within 2 years	50,383	77,273
After 2 years but within 5 years	84,222	78,768
After 5 years	90,615	121,640
	225,220	277,681
	330,723	333,746

35 DEFERRED TAX

The movements in deferred tax liabilities and assets during the year, without taking into consideration of the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK\$'000	Surplus on revaluation of properties HK\$'000	Surplus on revaluation of financial assets HK\$'000	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Withholding tax HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2025	136,317	88,637	3,375	214,753	17,043	164,179	624,304
Deferred tax charged/(credited) to the income statement	12,676	(7,866)	-	(2,204)	788	(1,654)	1,740
Acquisition of subsidiaries	-	-	-	34,911	-	-	34,911
Derecognition of subsidiaries upon completion of the Distribution in Specie (Note 11)	(48,686)	(1,656)	-	-	-	(163,106)	(213,448)
Currency translation differences	190	-	-	430	-	581	1,201
Deferred tax credited to other comprehensive income	-	-	(90)	-	-	-	(90)
At 31 December 2025	100,497	79,115	3,285	247,890	17,831	-	448,618
At 1 January 2024	106,069	96,069	4,563	224,614	18,466	165,572	615,353
Deferred tax charged/(credited) to the income statement	33,936	(7,432)	-	(8,252)	(1,423)	-	16,829
Currency translation differences	(3,688)	-	-	(1,609)	-	(1,393)	(6,690)
Deferred tax credited to other comprehensive income	-	-	(1,188)	-	-	-	(1,188)
At 31 December 2024	136,317	88,637	3,375	214,753	17,043	164,179	624,304

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35 DEFERRED TAX (continued)

Deferred tax assets

	Unrealised gain on land contribution to associate HK\$'000	Depreciation charge of right-of-use assets HK\$'000	Provision and accruals HK\$'000	Deferred tax on unpaid LAT HK\$'000	Depreciation in excess of related depreciation allowance HK\$'000	Deferred income HK\$'000	Tax losses HK\$'000	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Total HK\$'000
At 1 January 2025	(1,980)	(747)	(7,737)	(34,569)	(2,403)	(19,284)	(182,510)	-	(249,230)
Deferred tax (credited)/charged to the income statement	-	(1,063)	(1,487)	784	3,348	(840)	21,650	1,840	24,232
Acquisition of subsidiaries	-	-	-	-	-	-	-	(80,890)	(80,890)
Derecognition of subsidiaries upon completion of the Distribution in Specie (Note 11)	1,980	-	1,125	33,887	-	16,432	1,198	-	54,622
Currency translation differences	-	(24)	(8)	(102)	(63)	(242)	(551)	-	(990)
At 31 December 2025	-	(1,834)	(8,107)	-	882	(3,934)	(160,213)	(79,050)	(252,256)
At 1 January 2024	(2,280)	(2,581)	(8,292)	(34,330)	(3,282)	(19,720)	(227,911)	-	(298,396)
Deferred tax charged/(credited) to the income statement	285	1,826	499	(440)	860	270	45,297	-	48,597
Currency translation differences	15	8	56	201	19	166	104	-	569
At 31 December 2024	(1,980)	(747)	(7,737)	(34,569)	(2,403)	(19,284)	(182,510)	-	(249,230)

The following is an analysis of the deferred tax balance of the Group for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	(252,256)	(249,230)
Net deferred tax liabilities recognised in the consolidated statement of financial position	448,618	624,304
	196,362	375,074

The Group has tax losses arising in Hong Kong of HK\$360,969,000 (2024: HK\$242,918,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in the Chinese mainland of HK\$630,587,000 (2024: HK\$1,286,353,000) that will expire in one to five years for offsetting against future taxable profit. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The aggregate amount of temporary differences associated with investments in subsidiaries in the Chinese mainland for which deferred tax liabilities have not been recognised totalled approximately HK\$726,823,000 (2024: HK\$760,470,000) at 31 December 2025. In the opinion of the directors, the Company is able to control the timing of the reversal of the temporary difference and, accordingly, the Group has taken into consideration, among others, the probability the temporary difference being reversed in the foreseeable future, and recognised for withholding taxes that would be payable in the foreseeable future on distribution of unremitted earnings by the Company's subsidiaries established in the Chinese mainland in respect of earnings generated.



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36 SHARE CAPITAL

	2025		2024	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Issued and fully paid:				
Ordinary shares				
At 1 January	5,536,633,709	9,222,295	5,536,633,709	9,222,295
Share capital reduction (note)	—	(8,500,000)	—	—
At 31 December	5,536,633,709	722,295	5,536,633,709	9,222,295

Note:

Pursuant to a special resolution passed by the shareholders of the Company at the extraordinary general meeting held on 14 November 2025, an amount of HK\$8,500,000,000 standing to the credit of the share capital account was reduced in accordance with the Hong Kong Companies Ordinance and the credit arising therefrom was to be transferred to the retained profits account.

37 SHARE OPTION SCHEME

On 20 January 2023, the Company passed a resolution in a shareholders' meeting for the adoption of a share option scheme (the "2023 Share Option Scheme") for the purpose of providing the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the directors and employees of the Group and for such other purposes as the board of directors of the Company may approve from time to time. Eligible participants of the Scheme include the directors and employees of the Group.

On 27 January 2023, the Company granted share options to certain directors and employees of the Group to subscribe for, in aggregate, up to 61,404,000 ordinary shares of the Company, subject to acceptance of the grantees under the 2023 Share Option Scheme at an exercise price of HK\$1.72 per share. The price of the Company's shares at the date of grant was HK\$1.71. For detailed information, please refer to the announcement of the Company dated 27 January 2023.

On 19 January 2024, the Company granted share options to certain employees of the Group to subscribe for, in aggregate, up to 3,980,000 ordinary shares of the Company, subject to acceptance of the grantees under the 2023 Share Option Scheme at an exercise price of HK\$1.72. The price of the Company's shares at the date of grant was HK\$1.23. For detailed information, please refer to the announcement of the Company dated 19 January 2024.

The fair value of equity-settled share options granted during the period was estimated as at the date of grant using a trinomial model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used:

Assumptions	Inputs
Dividend yield (%)	1.20%
Volatility (%) (note)	30.77% – 32.84%
Risk-free interest rate (%)	3.21% – 3.23%
Exercise multiple	2.86 – 3.34
Forfeiture rate	0%
Share price (HK\$ per share)	1.25

Note: Volatility is determined by reference to the historical share prices of the Company before the date of grant.

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37 SHARE OPTION SCHEME (continued)

The following share options were outstanding under the 2023 Share Option Scheme during the period:

	31 December 2025		31 December 2024	
	Weighted average exercise price per share HK\$	Number of options	Weighted average exercise price per share HK\$	Number of options
At the beginning of the year	1.72	39,421,460	1.72	58,516,000
Granted during the year	1.72	—	1.72	3,980,000
Cancelled/forfeited during the year	1.72	(24,234,340)	1.72	(23,074,540)
At the end of the year	1.72	15,187,120	1.72	39,421,460

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

Number of options	Exercise price HK\$	Exercise period
14,194,320	1.72	27 January 2027 – 26 January 2032
992,800	1.72	19 January 2028 – 18 January 2033
15,187,120		

The fair values of the share options granted during the year ended 31 December 2024 under the 2023 Share Option Scheme were HK\$1,341,000. The Group reversed equity-settled share option expenses under 2023 Share Option Scheme of HK\$7,634,000 for the year ended 31 December 2025 (2024: recognised share option expenses of HK\$4,306,000).

At the end of the reporting period, the Company had 15,187,120 share options outstanding under the 2023 Share Option Scheme. If the outstanding share options were exercised in full, an additional 15,187,120 ordinary shares of the Company will be issued, resulting in additional share capital of approximately HK\$26,122,000 (before issue expenses).

38 BUSINESS COMBINATION

Acquisition of Jilin Songhua Lake International Resorts Company Limited

On 30 September 2025, CTS Scenery (Beijing) Tourism Management Limited (“CTS Scenery”), a wholly-owned subsidiary of the Company, entered into an agreement with the shareholder of Jilin Songhua Lake International Resorts Company Limited (“Songhua Lake”) to acquire the entire equity interests in Songhua Lake. The transaction was completed on 27 October 2025. Songhua Lake became an indirect wholly-owned subsidiary of the Company.



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38 BUSINESS COMBINATION (continued)

(a) Acquisition of Jilin Songhua Lake International Resorts Company Limited (continued)

The following table summarises the consideration paid for the acquisition of Songhua Lake, and the fair value of the assets acquired and liabilities assumed as at the acquisition date.

	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	739,976
Investment properties	107,266
Prepaid land lease payments	220,201
Right-of-use assets	1,895
Intangible assets	780
Deferred tax assets	80,728
Cash and bank balances	148,356
Trade receivables	14,098
Prepayments and other receivables	12,449
Trade payables	(30,404)
Accruals and other payables	(31,355)
Bank borrowings	(822,125)
Deferred tax liabilities	(34,892)
Lease liabilities	(2,901)
Other assets and liabilities	29,486
Total identifiable net assets at fair value	433,558
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	(132,112)
Satisfied by cash	301,446

The gain on bargain purchase is mainly due to the Group's bargaining power and ability in negotiating the agreed terms with the seller.

	HK\$'000
Cash consideration	(301,446)
Cash and bank balances acquired	148,356
Net cash outflow on acquisition	(153,090)



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38 BUSINESS COMBINATIONS (continued)

(a) Acquisition of Jilin Songhua Lake International Resorts Company Limited (continued)

Since the acquisition, Songhua Lake contributed HK\$78,433,000 to the Group's revenue and HK\$16,635,000 to the consolidated profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit/loss from continuing operations of the Group for the year would have been HK\$4,234,625,000 and HK\$261,234,000, respectively.

(b) Acquisition of Beijing Wanbingxue Sports Co., Ltd. and its subsidiaries

On 30 September 2025, the Company entered into an agreement with the shareholder of Beijing Wanbingxue Sports Co., Ltd. ("Wanbingxue") to acquire the entire equity interests in Wanbingxue and its subsidiaries. The transaction was completed on 27 October 2025. Upon the completion of the acquisition, Wanbingxue and its subsidiaries became direct wholly-owned subsidiaries of the Company. The purchase consideration of RMB5,000,000 was settled in cash during the year.

(c) Acquisition of Chongqing Bashan Yushui Cultural Tourism Development Co., Ltd.

During the year ended 31 December 2025, the CTS Southwest (Chongqing), a non-wholly owned subsidiary of the Company, acquired from a third party the remaining 40% equity interests in Chongqing Bashan Yushui Cultural Tourism Development Co., Ltd. ("Bashan Yushui"), increasing its ownership interest to 100%. Upon the completion of the acquisition, Bashan Yushui became an indirect wholly-owned subsidiaries of CTS Southwest (Chongqing). The purchase consideration of RMB8,072,000 was settled in cash during the year.





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39 PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

Name	Place of incorporation or registration/operation	Particulars of issued share capital	Proportion of ordinary shares held by the Group (%)		Principal activities
			2025	2024	
Aldington International Ltd.	Western Samoa	10 ordinary shares of US\$1 each	100	100	Investment holding
Beijing CTS (Hong Kong) Grand Metropark Hotel Co., Ltd. ³	Chinese mainland	US\$12,000,000	100	100	Property investment holding and hotel operations
China Heaven Creation International Performing Arts Co., Ltd. ^{3,5}	Chinese mainland	RMB29,640,000	78	78	Production of arts performances
China Travel Service Entry Permit Service Hong Kong Limited	Hong Kong	10 ordinary shares HK\$1,000 10,000 non-voting deferred shares HK\$1,000,000	100	100	Entry permit handling agency
China Travel Express Ltd.	Hong Kong	10,000 ordinary shares HK\$10,000	100	100	Passenger transportation
China Travel Hi-Tech Computer Hong Kong Ltd.	Hong Kong	10,000,000 ordinary shares HK\$10,000,000	100	100	Trading of computer equipment, provision of computer services and investment holding
China Travel Hong Kong (Zhuhai) Ocean Spring Co., Ltd. ^{2,5,8}	Chinese mainland	US\$231,000,000	–	100	Hot spring resort operations
China Travel Service Property Investment Hong Kong Limited	Hong Kong	11,075 ordinary shares HK\$468,001,000 1,000,000 non-voting deferred shares HK\$100,000,000	90.29	90.29	Tour operations, PRC entry permit handling agency, investment holding and travel agency
China Travel Tours Transportation Services Hong Kong Ltd. ⁶	Hong Kong	2 ordinary shares HK\$200 5,000 non-voting deferred shares HK\$500,000	75	75	Passenger transportation
CTS H.K. Metropark Hotels Management Company Ltd.	Hong Kong	100,001 ordinary shares HK\$100,001	100	100	Hotel management
北京港中旅維景國際酒店管理有限公司 ³	Chinese mainland	HK\$5,000,000	100	100	Hotel management
CTS Scenery Resort Investment Company Ltd. ²	Chinese mainland	RMB132,250,000	100	100	Investment in and management of resort hotels and scenic spots
中旅(深圳)城市發展有限公司 ^{3,8}	Chinese mainland	RMB326,000,000	–	100	Property development

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39 PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation or registration/operation	Particulars of issued share capital	Proportion of ordinary shares held by the Group (%)		Principal activities
			2025	2024	
Jilin Songhua Lake International Resorts Company Limited	Chinese mainland	RMB1,100,000,000	100		– Tourist attraction operations
Beijing Wanbingxue Sports Co., Ltd.	Chinese mainland	RMB5,000,000	100		– Tourist attraction operations
Glading Development Ltd.	Hong Kong	2 ordinary shares HK\$2 2 non-voting deferred shares HK\$2	100	100	Property investment holding and hotel operations
Guangdong CTS (HK) & Jinhua Transportation Ltd. ^{2,6}	Chinese mainland	HK\$30,000,000	50	50	Passenger transportation
Hotel Metropole Holdings Ltd.	BVI/Hong Kong	1 ordinary share of US\$1 each 100 non-voting deferred shares of US\$1 each	100	100	Property investment holding and hotel operations
Jiangxi Xing Zi Lu Shan Xiu Feng Passage Cable Car Co., Ltd. ³	Chinese mainland	RMB3,800,000	80	80	Cable car operations
Mart Harvest Ltd.	Hong Kong	2 ordinary shares HK\$2 100 non-voting deferred shares HK\$100	100	100	Property investment holding
Metrocity Hotel Ltd.	BVI/Hong Kong	1 ordinary share of US\$1 each 100 non-voting deferred shares of US\$1 each	100	100	Property investment holding and hotel operations
Mutual Great (Hong Kong) Ltd. ⁵	Hong Kong	1 ordinary share HK\$1	100	100	Investment holding
New Bus Holdings Ltd. ⁶	Hong Kong	1,000,000 ordinary shares HK\$1,000,000	40	40	Passenger transportation
Splendid China ^{1,5}	Chinese mainland	RMB184,000,000	51	51	Tourist attraction operations
Window of the World ^{1,5}	Chinese mainland	US\$29,500,000	51	51	Tourist attraction operations
Sociedade De Fomento Predial Fu Wa (Macau), Limitada	Macau	MOP200,000	100	100	Property investment holding and hotel operations
Triumph King Ltd.	Hong Kong	2 ordinary shares HK\$2 100 non-voting deferred shares HK\$100	100	100	Property investment holding
Well Done Enterprises Inc.	BVI/Hong Kong	1 ordinary share of US\$1	100	100	Property investment holding and hotel operations



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39 PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation or registration/operation	Particulars of issued share capital	Proportion of ordinary shares held by the Group (%)		Principal activities
			2025	2024	
CTS (Xianyang) Ocean Spring Resort Co., Ltd. ^{1,8}	Chinese mainland	RMB451,000,000	–	89.14	Hot spring resort operations
中旅快線運輸(深圳)有限公司 ^{3,6}	PRC/Chinese mainland	RMB10,000,000	50	50	Passenger transportation and investment holding
中旅快線運輸(珠海)有限公司 ^{2,6}	PRC/Chinese mainland	RMB10,000,000	50	50	Passenger transportation
CTS (Anji) Tourism Development Company Limited ^{1,5,8}	PRC/Chinese mainland	US\$82,834,661	–	97.09	Tourist attraction operations
珠海海泉灣博派會展服務有限公司 ^{3,8}	PRC/Chinese mainland	RMB6,000,000	–	60	Conference and exhibition operations
CTS (Ningxia) Shapotou Tourist Spot Co., Ltd. ^{1,5,6}	PRC/Chinese mainland	RMB192,117,800	46	46	Tourist attraction operations
CTS (Ningxia) Shapotou Cable Car Co., Ltd. ^{1,5}	PRC/Chinese mainland	RMB8,100,000	51	51	Tourist attraction operations
港中旅(深圳)旅遊管理有限公司 ^{2,5}	PRC/Chinese mainland	RMB1,000,000	100	100	Tourist attraction management
內蒙古港中旅天創景區建設管理有限公司 ³	PRC/Chinese mainland	RMB50,000,000	78	78	Tourist attraction management
CTSHK Transportation (Macao) Company Limited	Macau	MOP5,000,000	50.25	50.25	Passenger transportation
中旅風景(北京)旅遊管理有限公司 ^{3,5}	PRC/Chinese mainland	RMB5,000,000	100	100	Tourist attraction consulting services
廣西中旅德天瀑布開發有限公司 ^{3,5}	PRC/Chinese mainland	RMB1,000,000,000	70	70	Tourist attraction operations
Shun Tak-China Travel Shipping Investments Limited ⁶	BVI/Hong Kong	US\$10,000	50	50	Investment holding
Shun Tak-China Travel Ferries Limited ⁶	BVI/Hong Kong	US\$2	50	50	Investment holding
Shun Tak – China Travel Macau Ferries Limited ⁶	BVI/Hong Kong	US\$1	50	50	Shipping
CTS (Zhejiang) Qiandao Lake Tourism Development Co, Ltd ³	PRC/Chinese mainland	RMB500,000,000	55	55	Tourist attraction operations
China Travel Southwest (Chongqing) ^{3,7}	PRC/Chinese mainland	RMB400,000,000	55	55	Tourist attraction operations

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39 PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation or registration/operation	Particulars of issued share capital	Proportion of ordinary shares held by the Group (%)		Principal activities
			2025	2024	
FEH Company Limited ⁶	Macau	MOP100,000	50	50	Shipping
Shun Tak China Travel Ship Management (Macau) Limited ⁶	Macau	MOP10,000,000	50	50	Shipping management
STCT Ferry Services (Macau) Limited ⁶	Macau	MOP10,000,000	50	50	Shipping
Estoril Tours Travel Agency Limited ⁶	Macau	MOP1,000,000	50	50	Travel agency
Far East Hydrofoil Company, Limited ⁶	Hong Kong	HK\$2,000	50	50	Shipping
Shun Tak-China Travel Ship Management Limited ⁶	Hong Kong	HK\$200	50	50	Ship management
Celeworld Limited ⁶	Hong Kong	HK\$10	50	50	Fuel supply
Ocean Shipbuilding & Engineering Limited ⁶	Hong Kong	HK\$200	50	50	Ship repairing
Shun Tak-China Travel Turbojet Limited ⁶	Hong Kong	HK\$20	50	50	Provision of food and beverage services
Shun Tak-China Travel International Marine Consultant Limited ⁶	Hong Kong	HK\$2	50	50	Investment holding
Turbojet Ferry Services (Guangzhou) Limited ⁶	Hong Kong	HK\$2	50	50	Investment holding
Turbojet Shipyard Limited ⁶	Hong Kong	HK\$2	50	50	Shipping repairment
Hongkong Macao Hydrofoil Company, Limited ⁶	Hong Kong	HK\$10,000,000	50	50	Shipping
Sino Advantage Limited ⁶	Hong Kong	HK\$2	50	50	Logistics and courier services
Shun Tak-China Travel International Logistics Investment Limited ⁶	Hong Kong	HK\$2	50	50	Investment holding
Turbojet Travel Services Limited ⁶	Hong Kong	HK\$750,000	50	50	Travel agency
CTS Bairui Xinjiang Tourism Development Co. Ltd. ³	Chinese mainland	RMB150,000,000	61.33	61.33	Tourist attraction operations
Chongqing Bashan Yushui Cultural Tourism Development Co., Ltd ⁷	Chinese mainland	RMB100 million	55	–	Scenic spot operations



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39 PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the Company's directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Company's directors, result in particulars of excessive length.

The English names of certain subsidiaries referred to in the consolidated financial statements represent management's best efforts at translating the Chinese names of these companies as no English names have been registered.

- 1 Sino-foreign equity joint ventures
- 2 Registered as wholly-foreign-owned enterprises under PRC law
- 3 Registered as limited liability companies under PRC law
- 4 On 23 April 2024, the Group decided to dispose of its 51% equity interest in 中旅(廣西寧明)岩畫旅遊文化有限公司 ("Huashan Scenic Spot") by public listing on the website of Shenzhen United Property and Equity Exchange in July 2024, and subsequently entered into an equity transfer agreement under which the Group agreed to dispose of its 51% equity interest in Huashan Scenic Spot to Guangxi Ningming Feiyue Tourism Industry Investment Co., Ltd. at a consideration of approximately RMB16,000,000. The transaction was completed on 1 July 2024 and the Group has recorded a disposal gain of HK\$1,794,000 in the consolidated income statement during the year.
- 5 Directly owned by the Company
- 6 Proportion of ordinary shares held by the Group is less than 51%, but the Group remains control over the entity
- 7 On 10 January 2024, the Company entered into a cooperation agreement with a series of independent third parties to establish "CTS Southwest (Chongqing)". The total registered share capital of the CTS Southwest (Chongqing) is RMB400,000,000. Based on the contractual terms, the Company is required to contribute capital of RMB220,000,000 in cash, accounting for 55% of the equity interest of CTS Southwest (Chongqing), while the remaining 41.99% and 3.01% of the equity interest of CTS Southwest (Chongqing) will be contributed by other non-controlling shareholders in cash and 60% of the equity interest of Bashan Yushui, respectively. After the completion of this transaction, CTS Southwest (Chongqing) became a non-wholly owned subsidiary of the Group and Bashan Yushui is a 60% owned joint venture held by CTS Southwest (Chongqing). As at 31 December 2024, the Company has contributed RMB15,000,000 for the capital of CTS Southwest (Chongqing). During the year ended 31 December 2025, CTS Southwest (Chongqing) acquired from a third party the remaining 40% equity interest in Bashan Yushui. After the acquisition, Bashan Yushui became a wholly-owned subsidiary of CTS Southwest (Chongqing).
- 8 The financial statements of these subsidiaries were deconsolidated from the Group's consolidated financial statements upon completion of the Distribution in Specie and further details are disclosed in note 11 to the financial statements.

40 CONTINGENT LIABILITY

At the end of the reporting period, a material contingent liability not provided for in the consolidated financial statements was as follows:

	2025 HK\$'000	2024 HK\$'000
Performance bond given to a customer for due performance of a sales contract	300	300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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41 OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its certain property, plant and equipment and investment properties (notes 14 and 15) under operating lease arrangements. Leases for investment properties are negotiated for terms ranging from one to five years, and those for certain property, plant and equipment for terms ranging from one to five years. The terms of the leases for investment properties generally require the tenants to pay security deposits.

At 31 December 2025, other than those as disclosed in note 15 for investment properties, the Group had future aggregate minimum lease receivables under non-cancellable operating leases with its tenants as follows:

	2025 HK\$'000	2024 HK\$'000
Equipment and motor vehicles:		
Within one year	4,692	6,092
In the second to fifth years, inclusive	3,693	1,524
	8,385	7,616

42 COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

(a)

	2025 HK\$'000	2024 HK\$'000
Property project, land and buildings:		
Contracted, but not provided for	20,520	459,591
Plant and equipment and motor vehicles:		
Contracted, but not provided for	8,654	26,713
Scenic spots:		
Contracted, but not provided for	14,176	27,733
Unpaid capital contribution to subsidiaries:		
Contracted, but not provided for	340,937	551,308

- (b) In 2019, CTS Guangxi Detian Waterfall Tourism Development Co., Ltd., a non-wholly owned subsidiary of the Group ("Detian"), has signed a cooperation agreement with the local government about the transferral of the operating rights of the Detian Scenic Spot. The consideration is RMB130 million, which is payable upon completion of the transfer process.

As at 31 December 2025, the transfer of operating rights is yet to complete. The management is of the view that no provision is required for the consideration.



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43 RELATED PARTY TRANSACTIONS

In addition to those related party balances and transactions disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions and balances with related parties during the year:

(a) Significant transactions with related parties

	Notes	2025 HK\$'000	2024 HK\$'000 (restated)
Travel-related income from	(a)		
– immediate holding company**		216,857	291,425
– fellow subsidiaries*		5,996	4,519
Hotel-related income from	(a)		
– immediate holding company		–	387
– fellow subsidiaries		20,576	2,755
Management income from	(b)		
– fellow subsidiaries*		1,934	1,870
Rental income from	(c)		
– immediate holding company*		167	367
– fellow subsidiaries*		6,714	4,313
– a non-controlling shareholder		147	147
– other related parties		1,782	4,038
Travel-related expenses paid to	(a)		
– fellow subsidiaries*		(10,777)	(11,182)
Management expenses paid to	(b)		
– fellow subsidiaries*		(4,006)	(2,121)
Lease liabilities due to:	(d)		
– immediate holding company*		525	5,018
– fellow subsidiaries*		1,564	23,742
– other related parties		126,851	154,884

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43 RELATED PARTY TRANSACTIONS (continued)

(a) Significant transactions with related parties (continued)

	Notes	2025 HK\$'000	2024 HK\$'000 (restated)
Related interest expense (lease liabilities):	(d)		
– immediate holding company*		(147)	(402)
– fellow subsidiaries*		(181)	(437)
– other related parties		(5,144)	(5,629)
Amount of rent payable per month:	(d)		
– immediate holding company*		(489)	(481)
– fellow subsidiaries*		(1,044)	(899)
– other related parties		(1,977)	(1,963)
Other operating expenses paid to			
– other related parties		(30,898)	(32,296)

The travel permit administration income was determined in accordance with the terms of an agency agreement entered into between the parties and was charged at 45% of the gross fee revenue from travel permit applications.

* These related party transactions contain connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by the Listing Rules are provided in section "Connected transactions and continuing connected transactions" of the Directors' Report. The amounts disclosed above included certain income/expenses which are exempted from the announcements and reporting requirement as they are below de minimis threshold under the Listing Rule 14A.76(1).

Notes:

- (a) Travel-related and hotel-related income and expenses are entered into in the normal course of business based on terms mutually agreed by the parties.
- (b) Management income and expense are charged at rates in accordance with relevant contracts.
- (c) Rental income is charged in accordance with respective tenancy agreements.
- (d) The outstanding balances arising from the leasing arrangement with the immediate holding company, fellow subsidiaries, an associate, a non-controlling shareholder and other related parties are included in "lease liabilities" (Note 34).



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(Expressed in Hong Kong dollars unless otherwise indicated)

43 RELATED PARTY TRANSACTIONS (continued)

(a) Significant transactions with related parties (continued)

- (i) On 26 May 2017, China Tourism Group Corporation Limited ("China Tourism Group"), as a lender, entered into a loan agreement with CTS (Ningxia) Shapotou Tourist Spot Co., Ltd. ("Shapotou"), as a borrower, for a term of three years commencing from 26 May 2017 with repayable on demand clause, pursuant to which China Tourism Group, the ultimate holding company of the Company, has agreed to provide a loan of RMB30,000,000 to Shapotou, a non-wholly-owned subsidiary. On 26 May 2023, Shapotou entered into an extension agreement with China Tourism Group to extend the loan maturity date to 25 May 2031, respectively. The interest rate is at a fixed rate of 1.2% per annum. As at 31 December 2025 and 31 December 2024, the loan balance of RMB30,000,000 remained outstanding and unsettled.
- (ii) On 24 May 2017, China Tourism Group, as a lender, entered into a loan agreement with CTS (Anji) Tourism Development Company Limited ("Anji"), as a borrower, for a term of three years commencing from 24 May 2017 with repayable on demand clause, pursuant to which China Tourism Group has agreed to provide a loan of RMB39,000,000 to Anji, a subsidiary of the Company. On 24 May 2020 and 24 May 2023, China Tourism Group and Anji renewed the loan agreement twice for a term commencing from 24 May 2020 and expiring on 23 May 2023, and commencing from 24 May 2023 and expiring on 23 May 2031, respectively. The interest rate of the loan made under the loan agreement is at a fixed rate of 1.2% per annum. As at the date of Distribution in Specie, the arrangement remained effective with RMB39,000,000 withdrawn (2024: RMB39,000,000).
- (iii) On 8 November 2018, the Company and CTG Finance Company Limited ("CTS Finance"), a fellow subsidiary, entered into a financial services framework agreement in respect of the provision of (i) deposit services, (ii) the comprehensive credit line services, (iii) the entrustment loan services; and (iv) the cross-border RMB cash pooling services by CTS Finance for a term commencing from 1 January 2019 and ending on 31 December 2021. On 16 November 2021, the Company entered into an extension agreement with CTS Finance to extend the terms of such services for a term of three years commencing from 1 January 2022 and ending on 31 December 2024. On 12 November 2024, the Company entered into an extension agreement with CTS Finance to extend the terms of such services for an additional three years commencing from 1 January 2025 and ending on 31 December 2027. On 26 March 2025, the Company entered into the 2025 Financial Services Framework Agreement with CTG Finance in relation to the provision of financial services by CTG Finance to the Group for a term commencing from 26 March 2025 and ending on 31 December 2027. As at 31 December 2025, the related deposit balance was RMB263,529,000 (2024: RMB1,109,218,000). These transactions also constitute continuing connected transactions as defined under the Listing Rules.
- (iv) On 26 October 2022, China Travel Service (Holdings) Hong Kong Limited ("CTS (Holdings)"), as a lender, entered into a loan agreement with the Company, as a borrower, for a term of one year commencing from 26 October 2022 and ending on 26 October 2023, pursuant to which CTS (Holdings), the immediate holding company, has agreed to provide a loan of RMB230,000,000 to the Company. On 26 October 2023, CTS (Holdings) renewed the loan agreement for a term commencing from 26 October 2023, and expiring on 26 October 2024. The interest rate of the loan made under the loan agreement was at a fixed rate of 2.8% per annum. On 26 October 2024, CTS (Holdings) renewed the loan agreement for a term commencing from 26 October 2024, and expiring on 26 October 2025. The interest rate of the loan agreement dropped to a fixed rate of 2.5% per annum. On 26 October 2025, CTS (Holdings) renewed the loan agreement for a term commencing from 26 October 2025, and expiring on 26 October 2026. The interest rate of the loan agreement has dropped to a fixed rate of 2.1% per annum. As at 31 December 2025, the arrangement remained effective with RMB249,000,000 withdrawn (2024: RMB243,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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43 RELATED PARTY TRANSACTIONS (continued)

(a) Significant transactions with related parties (continued)

- (v) On 15 August 2023, CTS Finance entered into a loan agreement with CTS (Ningxia) Shapotou Tourist Spot Co., Ltd., a subsidiary of the Company. This loan agreement involved an amount of RMB25,000,000. The loan commenced on 15 August 2023 and is repayable on 14 August 2026. It carries a fixed interest rate of 2.8% per annum. As at 31 December 2025, the arrangement remained effective with RMB25,000,000 withdrawn (31 December 2024: RMB25,000,000). Additionally, on 15 August 2023, CTS Finance entered into another loan agreement with CTS (Zhuhai) Haiquanwan Co., Ltd, a subsidiary of the Company, for a loan amount of RMB400,000,000. The loan term commenced on 21 September 2023 and is repayable in September 2026. This loan originally carried an interest rate of 3% per annum. On 20 September 2024, both parties duly signed a supplementary agreement revising the interest rate. Commencing on 21 September 2024, the interest rate was set at 2.6% per annum. As at the date of Distribution in Specie, the arrangement remained effective with RMB340,000,000 withdrawn (2024: RMB380,000,000).

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 is as follows:

	2025 HK\$'000	2024 HK\$'000
Short term employee benefits	9,760	10,491
(Reversal of)/equity-settled share option expenses	(1,718)	25
Total remuneration paid to key management personnel	8,042	10,516

Total remuneration is included in "employee benefit expenses" (see note 7).

(c) Commitments with related parties

- (i) On 6 May 2012, a subsidiary of the Group entered into a land lease arrangement as a lessee with its non-controlling shareholder, which will remain effective until 2032.
- (ii) On 25 December 2009, a subsidiary of the Group entered into an operating land lease arrangement as a lessee with a local government authority with a leasing period of 20 years.



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44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial assets and liabilities mainly comprise other financial assets, trade and other receivables, pledged and restricted deposits, cash and bank balances, trade payables, other payables and accruals, loans and balances with holding companies and fellow subsidiaries, loan from an associates and bank and other borrowings. Details of these financial instruments are disclosed in the respective notes to the consolidated financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Liquidity risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. The Group's 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 the Group maintains sufficient cash to meet its liquidity requirements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2025				
	Carrying value HK\$'000	Within 1 year or on demand HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Trade payables	235,146	235,146	—	—	235,146
Other payables and accruals	1,257,525	1,257,525	—	—	1,257,525
Loans from holding companies	309,369	281,232	1,572	33,371	316,175
Loans from a fellow subsidiary	27,679	28,152	—	—	28,152
Lease liabilities	330,723	117,649	152,339	92,119	362,107
Amounts due to holding companies	2,789	2,789	—	—	2,789
Amounts due to fellow subsidiaries	48,635	48,635	—	—	48,635
Bank and other borrowings	2,065,080	976,834	471,309	897,218	2,345,361
	4,276,946	2,947,962	625,220	1,022,708	4,595,890

	2024				
	Carrying value HK\$'000	Within 1 year or on demand HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Trade payables	763,042	763,042	—	—	763,042
Other payables and accruals	1,980,751	1,980,751	—	—	1,980,751
Loans from holding companies	337,202	269,180	78,440	—	347,620
Loans from a fellow subsidiary	437,346	97,253	357,040	—	454,293
Lease liabilities	333,746	56,341	188,040	89,640	334,021
Amounts due to holding companies	9,659	9,659	—	—	9,659
Amounts due to fellow subsidiaries	26,414	26,414	—	—	26,414
Bank and other borrowings	1,031,953	409,630	447,885	230,175	1,087,690
	4,920,113	3,612,270	1,071,405	319,815	5,003,490



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44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and balances with group companies. The Group's 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 the Group considers to have low credit risk.

The Group's 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 the Group has significant exposure to individual customers. As the Group's trade and other receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade and other receivables and balances with group companies at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Foreign currency risk

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

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity except for retained profits.



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44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Increase/ decrease in RMB rate %	Increase/ decrease in profit before tax from continuing operations HK\$'000
2025		
If Hong Kong dollar weakens/strengthens against RMB	5	23,155
If Hong Kong dollar weakens/strengthens against RMB	10	46,309
2024		
If Hong Kong dollar weakens/strengthens against RMB	5	2,743
If Hong Kong dollar weakens/strengthens against RMB	10	5,486

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. The Group's exposure to changes in interest rates relates primarily to the Group's bank loans. The Group does not use financial derivatives to hedge against the interest rate risk. The Group's interest rate risk profile as monitored by management is set out below.

Interest rate profile

The following table details, as reported to the management of the Group, the interest rate profile of the Group's borrowings at the end of the reporting period.

	2025 Effective interest rate %	HK\$'000	2024 Effective interest rate %	HK\$'000
Fixed rate borrowings:				
Lease liabilities	2.65-5.71%	330,723	2.65-5.46%	333,746
Bank loans	1.85-1.95%	608,933	—	—
Other borrowings	3%	54,251	1.2-2.25%	55,472
		993,907		389,218
Variable rate borrowings:				
Bank loans	2.45-3.98%	1,218,015	2.65-5.33%	792,598
Other borrowings	5.08%	183,882	6.34%	183,882
		1,401,897		976,480
Total borrowings		2,395,804		1,365,698
Fixed rate borrowings as a percentage of total borrowings		41%		28%

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44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 0.5% in interest rates, with all other variables held constant, would have decreased/increased the Group's profit before tax from continuing operations by approximately HK\$21,016,000 (2024: would have increased/decreased the Group's profit before tax from continuing operations by approximately HK\$9,190,000) and decreased/increased the Group's retained profits by approximately HK\$21,016,000 (2024: increased/decreased the Group's retained profits by approximately HK\$9,190,000).

The sensitivity analysis above has been determined assuming that the change in interest rates has occurred at the end of the reporting period.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group prices its products and services commensurately with the level of risk and secures access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure and strives to maintain a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors its capital structure on the basis of a debt-to-capital ratio. The debt includes bank and other borrowings, trade and other payables and accruals, amounts due to holding companies and fellow subsidiaries and lease liabilities. Capital represents equity attributable to equity owners of the Company.

The Group assessed the range at which it maintains its adjusted net debt-to-capital ratio to be 10% to 50% (2024: 10% to 50%). In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The Group's adjusted net debt-to-capital ratios at 31 December 2025 and 2024 were as follows:

	2025 HK\$'000	2024 HK\$'000
Trade payables	235,146	763,042
Other payables and accruals	1,410,708	2,146,559
Loans from holding companies	309,369	337,202
Loans from a fellow subsidiary	27,679	437,346
Amounts due to holding companies	2,789	9,659
Amounts due to fellow subsidiaries	48,635	26,414
Lease liabilities	330,723	333,746
Bank and other borrowings	2,065,080	1,031,953
Debt	4,430,129	5,085,921
Capital	11,270,021	16,106,010
Debt-to-capital ratio	39%	32%



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44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value estimation

The following hierarchy is used for determining and disclosing the fair values:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2024: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

	2025			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Other financial assets	–	–	52,602	52,602
	–	–	52,602	52,602

	2024			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Other financial assets	–	–	54,101	54,101
	–	–	54,101	54,101

Other financial assets

	Valuation technique	Significant unobservable input	Range
Unlisted equity securities	Market comparable companies	Discount for lack of marketability	16.4% to 22.1%

The fair value of unlisted equity securities is determined using the price/earning ratios or enterprise value/earning before interest, taxes, depreciation and amortisation ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2025, it was estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by HK\$669,000 (2024: HK\$693,000). The analysis was performed on the same basis for 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

45 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Note	31 December 2025 HK\$'000	31 December 2024 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		5,496	742
Investment property		2,879	3,078
Investments in subsidiaries		4,855,519	7,828,158
Investment in a joint venture		42,334	42,906
Right-of-use assets		–	2,192
Other financial asset		39,104	47,159
Loans to subsidiaries		649,333	1,857,081
Total non-current assets		5,594,665	9,781,316
Current assets			
Inventories		58	58
Deposits, prepayments and other receivables		346	328
Amounts due from subsidiaries		5,288,280	5,317,734
Amounts due from fellow subsidiaries		10	246
Amount due from an associate		2	2
Loan to a fellow subsidiary		33,000	–
Cash and bank balances		451,171	121,898
Total current assets		5,772,867	5,440,266
Total assets		11,367,532	15,221,582
EQUITY			
Equity attributable to owners of the Company			
Share capital		722,295	9,222,295
Reserves	a	9,376,571	4,438,503
		10,098,866	13,660,798



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

45 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

Statement of financial position of the Company (continued)

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
LIABILITIES		
Non-current liability		
Deferred tax liability	3,319	3,713
Total non-current liability	3,319	3,713
Current liabilities		
Other payables and accruals	58,175	65,876
Amounts due to subsidiaries	239,148	1,116,063
Amounts due to holding companies	2,165	2,271
Amounts due to fellow subsidiaries	7,212	6
Tax payable	73,559	107,911
Loans from holding companies	276,155	262,692
Lease liabilities	—	2,252
Bank and other borrowings	608,933	—
Total current liabilities	1,265,347	1,557,071
Total liabilities	1,268,666	1,560,784
Total equity and liabilities	11,367,532	15,221,582

The statement of financial position of the Company was approved by the board of directors on 31 March 2026 and was signed on its behalf by:

Wu Qiang
Director

Feng Gang
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

45 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(a) Reserve movement of the Company

	Share option reserve HK\$'000	Fair value reserve (non-recycling) HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance at 1 January 2024	14,259	37,462	4,509,303	4,561,024
Profit for the year and total comprehensive income for the year	–	–	22,328	22,328
Equity investments at FVOCI – net movement in fair value reserve (non-recycling)	–	(7,572)	–	(7,572)
Dividends paid	–	–	(138,417)	(138,417)
Equity-settled share option arrangement	1,140	–	–	1,140
At 31 December 2024	15,399	29,890	4,393,214	4,438,503
Balance at 1 January 2025	15,399	29,890	4,393,214	4,438,503
Profit for the year and total comprehensive income for the year	–	–	1,328,322	1,328,322
Equity investments at FVOCI – net movement in fair value reserve (non-recycling)	–	(7,249)	–	(7,249)
Share capital reduction	–	–	8,500,000	8,500,000
Special dividend by way of Distribution in Specie	–	–	(4,875,370)	(4,875,370)
Equity-settled share option arrangement	(7,635)	–	–	(7,635)
At 31 December 2025	7,764	22,641	9,346,166	9,376,571



PARTICULARS OF PRINCIPAL HOTEL PROPERTIES

31 December 2025

Location	Attributable interest of the Group	Lease term
<i>CTS (HK) Grand Metropark Hotel Beijing</i> No. 338 Guanganmen Nei Street, Xicheng District, Beijing, PRC	100%	Medium
<i>Metropark Hotel Causeway Bay Hong Kong</i> 148 Tung Lo Wan Road, Causeway Bay, Hong Kong	100%	Long
<i>Metropark Hotel Kowloon Hong Kong</i> 75 Waterloo Road, Kowloon, Hong Kong	100%	Long
<i>Metropark Hotel Macau</i> 199 Rua de Pequim, Macau	100%	Medium
<i>Metropark Hotel Mongkok Hong Kong</i> 22 Lai Chi Kok Road, Mongkok, Kowloon, Hong Kong	100%	Medium
<i>Kew Green Hotel Wanchai Hong Kong (formerly known as Metropark Hotel Wanchai Hong Kong)</i> 41-49 Hennessy Road, Wanchai, Hong Kong	100%	Long
<i>Metropark Hotel Hung Hom</i> 1 Cheong Tung Road, Hung Hom	90.29%	Medium



PARTICULARS OF PRINCIPAL INVESTMENT PROPERTIES

31 December 2025

Location	Use	Lease term
Portions of Basement Levels 2 and 3, 1st to 9th, 11th, 12th and 16th Floor CTS (HK) Grand Metropark Hotel Beijing No. 338 Guanganmen Nei Street, Xicheng District, Beijing, PRC	Carpark/Shop/Office	Medium
The Whole of Ground Floor with its Flat Roof, China Travel Building, No. 77 Queen's Road Central, Hong Kong	Shop	Long
Units 1105-1109 and 1112, Zhongong Plaza, Huangpu Boulevard, Tianhe District, Guangzhou, PRC	Office	Medium





香港 **中旅** 國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Stock Code : 308)



2025

Annual Report