香港中旅國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Stock Code : 308)

2024
Annual Report

CONTENTS

CORPORATION INFORMATION

DIRECTORS

Mr. Wu Qiang *(Chairman)*
Mr. Feng Gang *(General Manager)*
Mr. Li Pengyu
Mr. Tsang Wai Hung#
Mr. Tao Xiaobin#
Mr. Fan Zhishi#
Mr. Tse Cho Che Edward*
Mr. Zhang Xiaoke*
Mr. Huang Hui*
Mr. Chen Johnny*
Mr. Song Dawei*
Ms. Fang Xuan*

Non-Executive Director
* Independent Non-Executive Director

AUDIT COMMITTEE

Mr. Chen Johnny *(Chairman)*
Mr. Tse Cho Che Edward
Mr. Zhang Xiaoke
Mr. Huang Hui
Mr. Song Dawei
Ms. Fang Xuan

REMUNERATION COMMITTEE

Mr. Chen Johnny *(Chairman)*
Mr. Tse Cho Che Edward
Mr. Zhang Xiaoke
Mr. Huang Hui
Mr. Song Dawei
Ms. Fang Xuan

NOMINATION COMMITTEE

Mr. Wu Qiang *(Chairman)*
Mr. Tse Cho Che Edward
Mr. Zhang Xiaoke
Mr. Huang Hui
Mr. Chen Johnny
Mr. Song Dawei
Ms. Fang Xuan

COMPANY SECRETARY

Mr. Lai Siu Chung

AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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 Tengis 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 2024 Final Results		26 March 2025
Announcement of 2024 Interim Results		28 August 2024
Announcement of 2023 Final Results		26 March 2024
Announcement of 2023 Interim Results		30 August 2023
Dividends	2024 Final	Nil
	2024 Interim	HK$1.5 cents per share paid on 15 October 2024
	2023 Final	HK$1 cent per share paid on 20 June 2024
	2023 Interim	HK$1.5 cents per share paid on 17 October 2023
Closure of Register of Members for ascertaining shareholders' entitlement to attend and vote at the annual general meeting		Period from 16 May 2025 to 21 May 2025
Annual General Meeting in 2025		21 May 2025
Listing Date		11 November 1992
Issued Shares		5,536,633,709 (as at 31 December 2024)
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%

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 Luzhou Laojiao Culture Tourism Development Co., Ltd.	60%
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 Changyi (Shanghai) Tourism Development Co., Ltd.	51%
CTS (Zhejiang) Qiandao Lake Tourism Development Co., Ltd.	55%
CTS (Yunnan) Tourism Development Co., Ltd.	66%

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

China Travel Hong Kong (Zhuhai) Ocean Spring Co., Ltd.	100%
CTS (Xianyang) Ocean Spring Resort Co., Ltd.	89.14%
Zhuhai Evergrande Ocean Spring Land Co., Ltd.	49%
CTS (Anji) Tourism Development Company Limited	97.09%

4. Supplementary tourist attraction operations

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%
CTS (Shenzhen) City Development 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%

FINANCIAL RATIOS HIGHLIGHTS

		2024	2023
Profit & loss account ratios			
Interest coverage ratio		**39.31**	56.17
Earnings per share	HK cents	**1.91**	4.33
Earnings per share (Diluted)	HK cents	**1.91**	4.33
Dividend per share	HK cents	**1.50**	2.50
Dividend payout ratio	%	**78.37**	57.78
Balance sheet ratios			
Current ratio		**2.02**	1.78
Quick ratio		**0.87**	0.82
Net assets value per share	HK$	**2.91**	2.95
Net bank and other borrowings to equity		**-0.08**	-0.09
Debt to capital ratio	%	**31.58**	33.00
Rate of return ratios			
Return on average equity	%	**1.12**	1.91
Return on total capital and borrowings	%	**1.66**	2.76
Market price ratios			
Dividend yield			
Year low	%	**1.05**	1.38
Year high	%	**1.61**	1.97
Price to earning ratio			
Year low		**48.59**	29.35
Year high		**74.71**	41.83

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)

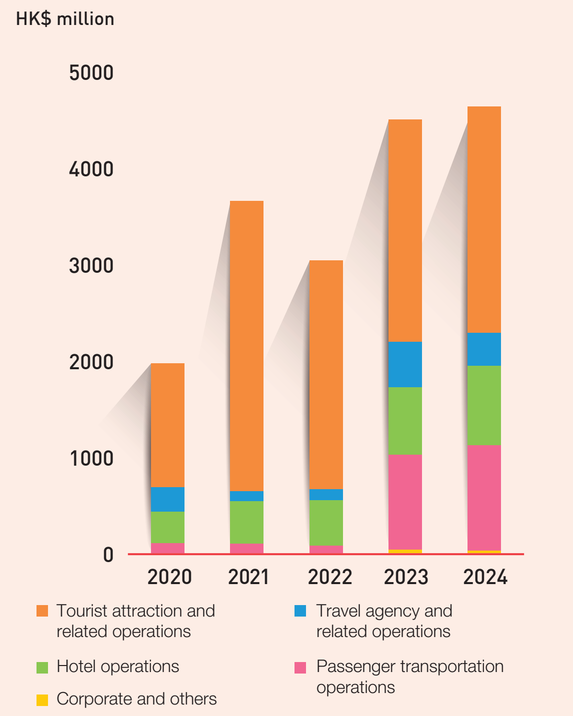
* *Profit before taxation including continuing & discontinued operations*

FIVE YEAR FINANCIAL SUMMARY

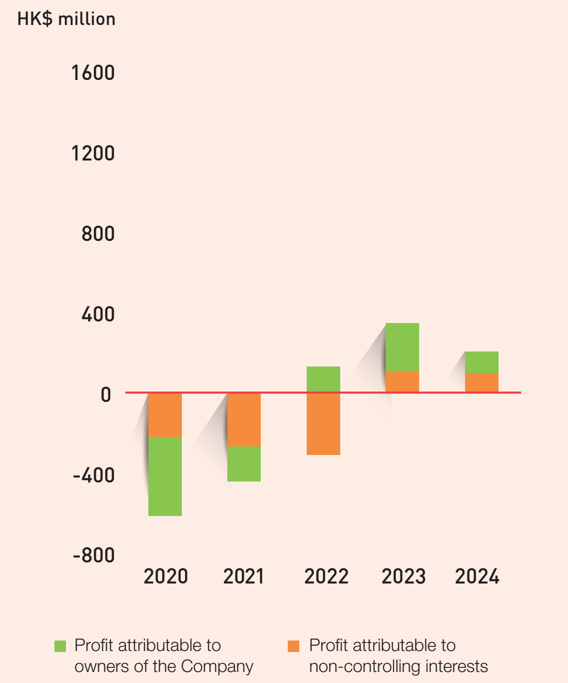
A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements, is set out below.

	2024 **HK$'000**	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
RESULTS					
Continuing operations					
Revenue	**4,627,425**	4,494,211	3,031,936	3,647,829	1,966,709
Cost of sales	**(3,140,379)**	(2,979,093)	(2,723,527)	(3,123,661)	(1,891,006)
Gross profit	**1,487,046**	1,515,118	308,409	524,168	75,703
Other income and gains, net	**168,723**	153,940	238,613	540,412	603,157
Changes in fair value of investment properties	**(222,092)**	(19,126)	(90,724)	36,255	(183,271)
Impairment losses on property, plant and equipment, net	**(32,905)**	–	–	–	–
Selling and distribution costs	**(245,597)**	(273,259)	(331,653)	(350,467)	(403,120)
Administrative expenses	**(845,434)**	(813,264)	(798,627)	(858,304)	(874,070)
Finance income	**51,128**	65,308	53,216	74,787	68,554
Finance costs	**(10,923)**	(12,724)	–	–	–
Share of profits less losses of associates and joint ventures	**68,524**	86,011	(64,047)	48,580	(28,772)
Profit/(loss) before taxation	**418,470**	702,004	(684,813)	15,431	(741,819)
Taxation	**(214,832)**	(356,510)	19,197	(107,018)	129,735
Profit/(loss) for the year from continuing operations	**203,638**	345,496	(665,616)	(91,587)	(612,084)
Discontinued operations					
Profit for the year from discontinued operations	**–**	–	–	–	–
Profit/(loss) for the year	**203,638**	345,496	(665,616)	(91,587)	(612,084)
Attributable to:					
Equity owners of the Company	**105,972**	239,548	(355,792)	174,016	(390,792)
Non-controlling interests	**97,666**	105,946	(309,824)	(265,603)	(221,292)
	203,638	345,494	(665,616)	(91,587)	(612,084)
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
Total assets	**24,473,807**	25,014,439	23,763,327	25,808,398	25,184,194
Total liabilities	**(6,400,040)**	(6,762,389)	(5,785,714)	(6,687,158)	(6,747,931)
Non-controlling interests	**(2,025,883)**	(1,897,686)	(1,778,121)	(1,787,539)	(2,228,804)
Equity attributable to owners of the Company	**16,047,884**	16,354,364	16,199,492	17,333,701	16,207,459

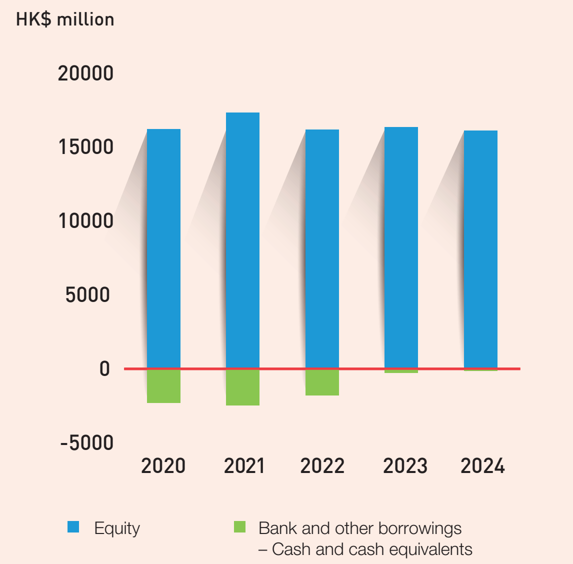
TURNOVER BY PRINCIPAL ACTIVITIES



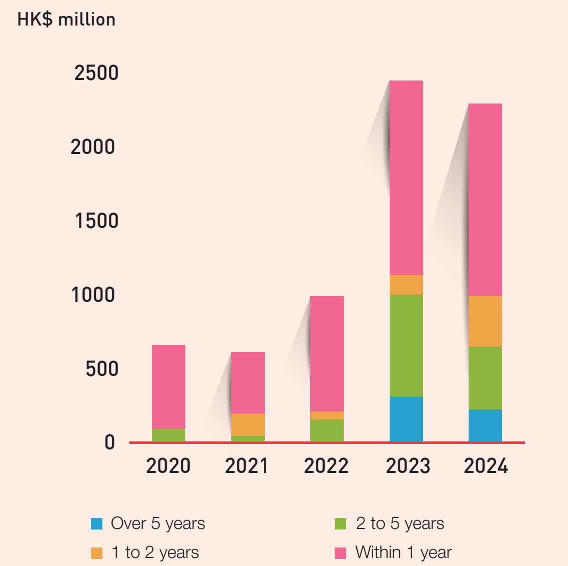
PROFIT FOR THE YEAR



NET BANK & OTHER BORROWINGS TO EQUITY



BANK & OTHER BORROWINGS MATURITY PROFILE



BIOGRAPHIES OF DIRECTORS

MR. WU QIANG *Chairman & Executive Director*
Aged 53, 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 and 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 51, 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 47, 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 66, 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

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.

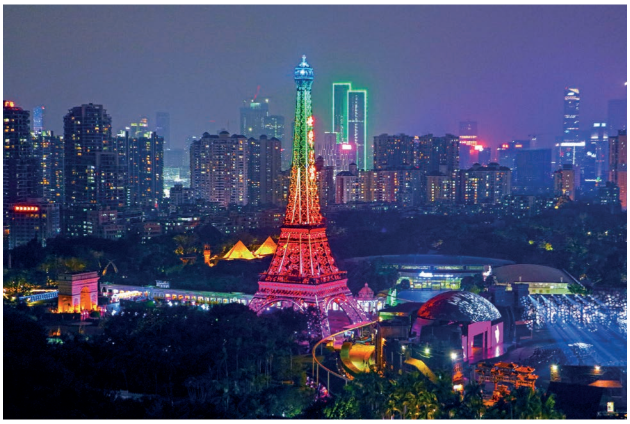
Mr. Tsang holds a Master of Business Administration degree from Leicester University, UK. He had also undertaken various courses at Tsinghua University; the Chinese Academy of Governance; Harvard Business School, and the Royal College of Defense Studies, UK.

MR. TAO XIAOBIN *Non-Executive Director*

Aged 48, appointed in November 2022, is the general manager of the Hong Kong and Macao affairs department of CTS (Holdings) and a director of CTG Development Corporation Limited, a subsidiary of China Tourism Group Corporation Limited ("**CTG**"). Mr. Tao is also a director of some of the subsidiaries of the Company. Mr. Tao was the deputy general manager of the Company from February 2017 to September 2022. He has extensive experience in investment planning, corporate management and financial management. Mr. Tao graduated from Nanjing Audit Institute (now known as Nanjing Audit University) in 1999 with a bachelor's degree in accounting, and obtained a master's degree in business administration from Fudan University in 2004.

MR. FAN ZHISHI *Non-Executive Director*

Aged 55, appointed in November 2022, was a director CTG Investment and Asset Management Corporation Limited, a subsidiary of 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. TSE CHO CHE EDWARD *Independent Non-Executive Director*
Aged 68, appointed in October 2018, is a member of the Audit Committee, Remuneration Committee, and Nomination Committee of the Company. He holds a bachelor's degree and a master's degree in civil engineering from the Massachusetts Institute of Technology, the United States, and a master of business administration as well as a Ph.D. in civil engineering from the University of California, Berkeley, the United States. Mr. Tse is an independent non-executive director of China Oriental Group Company Limited (Stock Code: 581), a director of Fidelity China Special Situations Plc and an independent director of Ping An Life Insurance Company of China, Ltd.. He was an independent non-executive director of Shanghai Pharmaceuticals Holding Co., Ltd. (Stock Code: HK.02607, SH.601607). He has been engaged in management consultancy and corporate senior management for nearly 30 years, with extensive experience and expertise in definition and implementation of corporate transformation, establishment of organizations, business strategy and overseas expansion. He holds the position of Chairman in Gao Feng Advisory Company since April 2014. He was the chairman of the board in Greater China region of Booz & Company Inc., an independent director of Baoshan Iron & Steel Co., Ltd. (stock code SH.600019), a director of Shanghai Automotive Industry Corporation (Group), an executive vice president of corporate planning and development division and business president of Greater China region of HKT Limited, a member of the Strategy Development Committee and a part-time member of the Central Policy Unit of the Hong Kong Special Administrative Region, and a president of Greater China region of Boston Consulting Group, etc..

MR. ZHANG XIAOKE *Independent Non-Executive Director*
Aged 70, appointed in October 2018, is a member of the Audit Committee, Remuneration Committee, and Nomination Committee of the Company. He is a specially-invited expert of the Chinese Academy of Social Sciences and a deputy of the eighth and ninth National People's Congress of the People's Republic of China. Mr. Zhang obtained a doctor of business administration degree from Warnborough College, UK, and an EMBA degree from Xi'an Jiaotong University. Mr. Zhang was the general manager of China International Travel Service, Xi'an, the under-secretary of Shaanxi Provincial Tourism Bureau, and the general manager and chairman of the Shaanxi Tourism Holdings Company. Due to his outstanding performance, Mr. Zhang received about 20 awards and honors such as the excellent manager of national travel agency industry and the outstanding entrepreneur of national tourism industry.

MR. HUANG HUI *Independent Non-Executive Director*
Aged 48, appointed in October 2018, is a member of the Audit Committee, Remuneration Committee, and Nomination Committee of the Company. He obtained two bachelor degrees – in mechanical engineering and in law – and a master degree in law, from Tsinghua University, and a PhD in law from the University of New South Wales, Australia. Mr. Huang is an independent non-executive director of Mao Geping Cosmetics Co., Ltd. (stock code: 01318). He is a professor of law in the faculty of law, the Chinese University of Hong Kong. Mr. Huang specializes in corporate law, securities regulation, financial law, etc. Mr. Huang is a member of the World Bank Panel for Financial Institution Resolution and Insolvency, a specially-invited expert of the Supreme People's Court of the People's Republic of China, an expert advisor of Shanghai Financial Court. He is also an adjunct professor of Law at the University of New South Wales, a Li Ka Shing visiting professor in McGill Law School, a 'Jingtian Scholar' honorary professor at East China University of Political Science and Law, guest professor at China University of Political Science and Law, as well as visiting scholars at Harvard Law School, Michigan Law School, Oxford Law School and Cambridge Law School. He is a specially-invited expert of China Banking Law Society and an elected member of the Standing Committee of China Commercial Law Society. He serves as a designated

arbitrator for the Kuala Lumpur Regional Centre for Arbitration, the South China International Economic and Trade Arbitration Commission and the Shanghai International Economic and Trade Arbitration Commission.

MR. CHEN JOHNNY *Independent Non-Executive Director*
Aged 65, appointed in January 2019, is the Chairman of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee of the Company. Mr. Chen joined the management of Zurich Insurance Group ("**Zurich**") in 2005. He worked in Zurich from March 2005 to February 2015 in multiple senior management roles in the Asia-Pacific region. His last position in Zurich was the chairman of the life and general insurance business in China. Prior to joining Zurich, Mr. Chen was an executive member of the Greater-China Management Board and the Operating Committee of PricewaterhouseCoopers ("**PwC**"), as well as a managing partner of PwC's Beijing office. Mr. Chen is also an independent non-executive director Uni-President China Holdings Ltd. (stock code: 220) and Alibaba Pictures Group Limited (stock code: 1060), both of which are listed on the Main Board of the Stock Exchange. Mr. Chen was an independent non-executive director of Stella International Holdings Limited (stock code: 1836) from February 2009 to May 2023, and the chairman of Convoy Global Holdings Limited (which was then listed on the Main Board of the Stock Exchange and was delisted in April 2021) from December 2017 to March 2021, during which he was also the executive director of Convoy from December 2017 to December 2020 and had been re-designated as a non-executive director in January 2021. From December 2015 to November 2018, he was an independent non-executive director of China Minsheng Financial Holding Corporation Limited (now known as China Vered Financial Holding Corporation Limited) (stock code: 245) and from July 2017 to March 2019, China Dongxiang (Group) Co., Ltd. (stock code: 3818), all of which are listed on the Main Board of the Stock Exchange. From June 2010 to February 2019, he was an independent non-executive director of Viva China Holdings Limited (stock code: 8032) which is listed on the GEM board of the Stock Exchange. Mr. Chen holds a Master of Science Degree in Accounting from the University of Rhode Island and a Bachelor Degree of Accounting from the Johnson & Wales University and is a U.S. certified public accountant.

MR. SONG DAWEI *Independent Non-Executive Director*
Aged 69, 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 54, appointed in March 2025, is a member of the Audit Committee, Remuneration Committee, and Nomination Committee of the Company. 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.

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 and a member of Hong Kong Professionals and Senior Executives Association since January 2021.

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.

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 hereby present the Group's annual results announcement for the year ended 31 December 2024.

The year 2024 marks a crucial period for the in-depth implementation of the national "14th Five-Year Plan". The Company is determined to execute these national strategic decisions and has achieved phased results in various initiatives, guided by our strategy of "based in Hong Kong, deeply-rooted in Hainan, expanding into Mainland China, and refining our overseas operations". The Group continued to enhance its core functions and core competitiveness, and is maintaining its focus on shaping its investment, product, operations and digital capabilities as it strives to enhance its business scale and development level. In 2024, the Group's consolidated revenue was HK$4,627 million, representing a 3% increase compared with the previous year. Profit attributable to shareholders was HK$106 million, representing a 56% decrease compared with the previous year. The Group's cash flow remained steady and sufficient, the debt level was stable and controllable, and the financial position was healthy. As of 31 December 2024, cash and bank balances were HK$2,444 million, total assets were HK$24,532 million, and debt-to-capital ratio was 32%.

An interim dividend of HK1.5 cents per share was paid during the year. The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

EXTERNAL ENVIRONMENT

In 2024, facing a complex and severe situation of increased external pressures and internal difficulties, China's government responded by introducing a series of incremental policies to boost social confidence and revive the economy in overall stability, and successfully accomplished the major goals and tasks of economic and social development. According to the National Bureau of Statistics of China, China's GDP reached RMB134.9 trillion in 2024, representing a year-on-year growth of 5.0% calculated at constant prices. This was higher than the global projected growth rate of around 3%, making China the largest engine for world economic growth.

MR. FENG GANG
Executive Director and General Manager

In Hong Kong, economic activity grew with the support of various government policies. The Hong Kong government has hosted a series of high-profile large-scale events to increase public participation and boost local consumption and tourism. The completion and operation of the three-runway system at Hong Kong International Airport increased its capacity for passenger and cargo flights. The government's efforts to attract high-quality tourists may be followed by further supportive policies, which should revitalise the market once cyclical factors turn favourable, thereby enhancing the Group's profitability.

CORPORATE DEVELOPMENT

At the Central Economic Work Conference in December 2024, "vigorously boosting consumption, improving investment efficiency and comprehensively expanding domestic demand" was placed at the top of a list of nine major tasks. In the overall presence of the parent company's tourism industry, the Company is positioned as a "first-class tourist destination investment and operation service provider" and regards "integrity management and quality service" as its core business philosophy. It promotes the in-depth integration and development of cultural tourism and focuses on fulfilling the people's desire for a better life while improving its operational scale and development level.

At present, the Group invests and operates a number of scenic destinations, maintaining a leading position in the industry. In October 2024, with the attention of leaders from China and Vietnam, the China-Vietnam Detian cross-border Tourism Cooperation Zone was officially put into operation, becoming the first cross-border tourism cooperation zone in China. The Company will focus on innovation, creativity and creation, enhance product and IP creation capabilities, improve the product system of "mountains, rivers, forests, fields, lakes, grasslands and sands" and create seasonal festival-themed projects of "spring, summer, autumn and winter" to form a replicable scenic IP operational model.

The Company adheres to strategic guidance and aims to increase its innovation and development efforts. At the end of 2024, it held a strategic seminar to further refine its strategy, resulting in placing greater emphasis on customer demand-oriented approaches and developing a multi-level and differentiated product series. Focusing on product and IP development, the Company is gradually enhancing the rapid replication and monetisation of product resources. Following the accident at Detian Scenic Spot in August 2024, the Group devised 12 specific actions from four aspects to reshape its system of safety management: "accident warning reflection", "holistic inspection and investigation", "establishment of long-term mechanism" and "strict accountability".

The Group will further increase the proportion of investments and assets in Hong Kong, with the aim of establishing a leading tourism and transportation investment platform in the Guangdong-Hong Kong-Macao Greater Bay Area. The Group will focus on development opportunities of Hong Kong tourism and cultural projects and cooperate with the Hong Kong Government to promote local tourism. It will strengthen the tourism and transportation business, pursue the transformation and upgrading of the bus and vessel businesses operated under Shun Tak-China Travel, and focus on studying and expanding its regional and business presence. As one of the Group's important strategic regions, Hainan will be subject of the "deeply-rooted in Hainan" strategy, to which the Group will intensify its efforts to expand. Overseas, the Group is working to complete the project design and commence the high-standard construction of its Ambara Resort project by 2025. The project's main building is expected to be completed and begin trial operation by the end of 2026. The Group will continue to explore high-quality overseas investment opportunities.

The Company assigns great importance to the national requirements for improving and strengthening the market value management of central enterprise-controlled listed companies. In particular, the Company is striving for breakthroughs in value creation and value release. While promoting performance growth, the Company continues to explore measures such as asset revitalisation. Through high-quality performance briefings, roadshows and reverse roadshows, it aims to communicate its strategy and performance to the capital market, fostering a virtuous cycle where performance growth drives market value enhancement, and market value enhancement in turn fuels corporate development.

The Group fulfills its corporate social responsibilities by engaging in rural revitalisation assistance. The Group has undertaken the task of paired assistance in Shangri-La and Deqin, Yunnan, and introduced external uncompensated assistance funds. During the year, it stepped up efforts in intellectual support, conducting training for 369 grassroots cadres, technical personnels and leaders in poverty-stricken areas. The Group continued to explore new models of industrial assistance, assisted the sale of speciality agricultural products in recipient points and promote the integration of assistance with the tourism industry chain, which resulted in the completion and operation of a boutique homestay project in Yujie Village, the commencement of a boutique homestay project at Tiger Leaping Gorge, a boutique homestay project on Haba Snow Mountain, and approval of the Hot Spring project in Dechen Valley. With a focus on consolidating the achievements of constructing the "Diqing Job-transfer Tourism Boutique Class", the Group is advancing the organic integration of assistance work with cultural tourism, continuing to innovate the mode of cooperation between tertiary institutions and enterprises and education assistance, and is building a "Tibetan incense" and "Straw weaving technology" intangible cultural heritage studio named after China Tourism Group Corporation Limited.

The Group has always placed a high priority on corporate governance, construction of the governance system, improvement of the governance mechanism, and strengthened comprehensive risk management, internal control system construction, and compliance management. For key subsidiaries, the Group plans for both existing and incremental targets in terms of market and asset integration, with particular attention given to sustainable development. The Group systematically advances the implementation of rectification and continues to improve its risk prevention and control capabilities.

PROSPECTS

Looking to 2025, the Chinese economy remains beset by challenges including far-reaching adjustments in the real estate market, restructuring of domestic demand, and the impact of trade wars. However, with the continued deepening of reform and opening up, the steady development of new quality productivity, the strengthening support of macroeconomic policies, and the orderly and effective resolution of key risks, the long-term positive trajectory of the economy remains unchanged. Emerging sectors such as green transformation, the digital economy and AI still promise new growth potential. The Group will maintain its strategic focus, intensify its transformation and development efforts, and deploy strategic emerging industries while adhering fully to risk management and strengthening compliance. The Company will focus on enhancing the efficiency of serving the real economy, adhere to a steady and progressive approach, and strive to achieve stable operations in a diversified and dynamic market environment.

Though it faces a complicated situation, the scenic spot industry is changing in line with a variety of opportunities. The Company will strengthen control over core resources and strategic scenic spots, improve the ability to navigate the cycle, explore IP operational models, and strengthen research and implementation of new content and gameplay. With its diverse and unique offerings, the Company aims to meet the needs of a wide range of consumers. The Company will work to address existing challenges and pursue its business development with great confidence and vigour.

The Group will implement its industry leadership plan to further enhance its competitiveness. It will identify market gaps through benchmarking, improve key indicators, build core competencies, and optimise its competitive strategy. The Group remains cautiously optimistic about the overall business fundamentals and will do its utmost to implement initiatives, maintain steady growth in operations, and accelerate breakthroughs in development bottlenecks to create greater value for shareholders. I would like to express my sincere gratitude to the Board, management and all employees for their dedication, loyalty, diligence and professional performance, and their valuable contributions to the Group.

Wu Qiang
Chairman of the Board

Hong Kong, 26 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

In 2024, the global economy was poised to confront the impacts of geopolitical tensions and extreme weather events, with overall economic growth and inflation gradually declining towards central banks' target level. The International Monetary Fund (IMF) forecasted a global economic growth rate of 3.2% for 2024. Amidst a complex and ever-changing landscape of challenges, China's economy rebounded steadily throughout the year, with a projected year-on-year growth of 5.0% in its gross domestic product (GDP) in 2024. In the face of a challenging and intricate international environment, China's economy has made progress amidst stability, continually solidifying its trajectory of sustained improvement. The Group will remain committed to its corporate mission and objectives of striving to improve efficiency, reduce costs, and further enhance operating performance.

In 2024, the Group's consolidated revenue was HK$4,627 million, representing a 3% increase compared with the previous year. Profit before taxation was HK$418 million, representing a 40% decrease compared with the previous year. Profit attributable to shareholders was HK$106 million, representing a 56% decrease compared with the previous year. Profit attributable to operation was HK$307 million, representing a 8% increase compared with the previous year. The decreased profit for the year ended 31 December 2024 was mainly attributable to a decrease in the fair value of investment properties.

The Group's financial position remained stable and healthy, with adequate investment and financing capabilities. As of 31 December 2024, total assets were HK$24,532 million, representing a 2% decrease compared with the previous year. Equity attributable to shareholders was HK$16,106 million, representing a 2% decrease compared with the previous year. An aggregate of cash and bank balances and pledged and restricted deposits amounted to HK$2,449 million, representing a 10% decrease compared with the previous year. After deducting HK$1,807 million in loans from holding companies, loans from a fellow subsidiary, bank loans and other borrowings, net cash amounted to HK$642 million, representing a 17% decrease compared with the previous year.

DIVIDENDS

An interim dividend of HK1.5 cents per share was paid during the year. The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: HK1 cent per share).

BUSINESS REVIEW

(I) Tourist attractions and related operations

The Group's tourist attractions and related operations mainly comprise:

1. Theme parks: Shenzhen The World Miniature Co., Ltd. ("**Window of the World**") and Shenzhen Splendid China Development Co., Ltd. ("**Splendid China**");

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 Luzhou Laojiao Culture Tourism Development Company Limited ("**CTS Luzhou Culture Tourism**"), 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 Changyi (Shanghai) Tourism Development Co., Ltd. ("**CTS Changyi**"), CTS (Zhejiang) Qiandao Lake Tourism Development Co., Ltd. ("**Qiandao Lake Company**"), and CTS (Yunnan) Tourism Development Co., Ltd. ("**Yunnan Company**");

   Non-controlling investments in scenic spots: Huangshan Yuping Cable Car Company Ltd., Huangshan Taiping Cable Car Co., Ltd., Changsha Colorful World Company Limited, 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: China Travel Hong Kong (Zhuhai) Ocean Spring Co., Ltd. ("**Zhuhai OSR**"), CTS (Xianyang) Ocean Spring Resort Co., Ltd. ("**Xianyang OSR**"), Zhuhai Evergrande Ocean Spring Land Co., Ltd. ("**Evergrande OSR**") and CTS (Anji) Tourism Development Company Limited ("**Anji Company**"); and

4. Supplementary tourist attraction operations: China Heaven Creation International Performing Arts Co., Ltd. ("**Heaven Creation Company**"), CTS (Shenzhen) City Development Co., Ltd. ("**CTS City**"), China Travel Zhiye Culture Development (Shenzhen) Co., Ltd. ("**China Travel Zhiye**"), CTS Scenery (Beijing) Tourism Management Limited ("**CTS Scenery**") and CTS Holiday Travel Management (Hainan) Co., Ltd. ("**CTS Holiday**").

In 2024, the tourism economy returned to a growth tendency, with inbound and outbound travel expanding rapidly. However, revenue from theme parks and leisure resort destinations fell short of expectations due to rainy weather in the Greater Bay Area. As a result of the tailing off of the real estate business, the leisure resort destinations recorded a year-on-year decline in revenue. In 2024, the Group's total revenue from tourist attractions and related operations was HK$2,345 million, representing a 2% increase compared with the previous year. Attributable profit was HK$14 million, compared with attributable loss of HK$100 million for the previous year.

Theme parks

Theme parks suffered a significant drop in visitors due to weather conditions, resulting in lower revenues and profits. In 2024, the revenue of theme parks amounted to HK$596 million, representing an 11% decrease compared with the previous year. Attributable profit was HK$67 million, representing a 15% decrease compared with the previous year.

Natural and cultural scenic spots

Revenue from natural and cultural scenic spots amounted to HK$1,241 million, representing a 30% increase compared with the previous year. Attributable profit amounted to HK$99 million, representing a 39% decrease compared with the previous year.

Revenue from Shapotou Scenic Spot amounted to HK$465 million, representing a 15% increase compared with the previous year. Attributable profit amounted to HK$42 million, representing a 20% increase compared with the previous year.

Shapotou Scenic Spot has strengthened cooperation with OTA platforms to improve the convenience and service quality of online booking. It has also established long-term cooperation with several well-known travel agencies across the country. By leveraging its partners' channel resources, Shapotou Scenic Spot has been promoting the integration of seasonal hotspot attractions such as the Populus Euphratica Forest + Ningxia, creating joint travel products aimed at attracting tourists during the off-season. Revenue from Detian Scenic Spot amounted to HK$290 million, representing a 14% increase compared with the previous year. Detian Scenic Spot has completed its cross-border integrated street cultural tourism design with a "China-Vietnam Landscape Moments" theme, the design scheme for a Sino-Vietnamese street cultural and tourism integration enhancement scheme, and rainbow-themed packaging of the "Paddy Field Waterfall Café". The projects will be built according to the principle of unified upgrading and transformation of the theme scene, to further enhance traffic flow. CTS Luzhou Culture Tourism focused on developing wine culture tourism, with revenue amounting to HK$224 million, representing a 7% increase compared with the previous year. CTS Lugu Lake actively integrated destination products, with revenue decreasing. CTS Bairui mainly focused on Xinjiang's 5A and 4A scenic spots and scarce core areas of major tourist destinations, and recorded a decrease in revenue compared to the previous year. CTS Bairui will intensify development of the custom tours business, creating a synergistic effect across a variety of projects. Qiandao Lake Company was established in December 2023 as the main body responsible for the integrated operation and management of Qiandao Lake Scenic Spot and execution of overall planning and development of Qiandao Lake. Revenue of HK$60 million was recorded for the year, with Qiandao Lake Company accelerating project modification, strengthening marketing and expansion of the scenic area, and increasing the number of group and individual tourists. Yunnan Company was established in December 2023 and will carry out all operation and maintenance work for the Dali Erhai ecological corridor. The Erhai ecological corridor project is a new tourism landmark created by Dali Prefecture. Yunnan Company's participation in the investment and operation of local tourism resources will further improve the Company's brand influence in the southwest region. Yunnan Company recorded revenue of HK$133 million, and will increase its efforts in the implementation of the courier station and utilise the "Dali Erhai IP" to form a revenue growth point. New Century Senbo, an associate of the Company, recorded an attributable profit of HK$17 million.

Leisure resorts

Revenue from leisure resorts was HK$458 million, representing a decrease of 27% compared with the previous year. Attributable loss was HK$153 million, representing a decrease of 48% compared with the previous year. The drop in revenue was mainly attributable to a decrease in revenue recognised from real estate.

Zhuhai OSR recorded revenue of HK$221 million, representing a decrease of 11% compared with the previous year. This was mainly attributable to a decrease in revenue recognised from real estate. Zhuhai OSR has implemented integrated micro-innovations to establish an "integration of two parks" between Mysterious Island Amusement Park and Cute Pet Paradise, enhancing the attractiveness and price-performance ratio of their offerings. Revenue from Xianyang OSR decreased by 25% compared with the previous year. Xianyang OSR has refined its products to meet customer demand, including by upgrading and renovating its hotel's Chinese restaurant and creating a new immersive wedding banquet hall. Anji Company's revenue decreased by 41% compared with the previous year due to a significant decrease in revenue recognised from real estate. Anji Company will strengthen the requirements of the ClubMed hotel management team and control costs to enhance revenue, boost marketing and expansion, and improve profitability in the face of market downturns. Evergrande OSR, our associate, recorded an attributable loss of approximately HK$19 million.

Supplementary tourist attraction operations

Revenue from supplementary tourist attraction operations was HK$50 million, representing a 2% increase compared with the previous year. Attributable profit was HK$1 million, compared with attributable loss of HK$47 million for the previous year.

CTS Scenery was engaged in management and consulting services, and recorded a 29% increase in revenue compared with the previous year. It will collaborate on cultural tourism projects with other industries across various Chinese provinces by leveraging its advantages and resource integration capabilities in cultural creativity, development and operation of cultural-commercial-tourism complexes, and operation and management of scenic spots. This will create complementary industrial advantages and establish a "cultural tourism +" cooperation model for joint project implementation and operation. China Travel Zhiye was engaged in providing tourism planning services and recorded a 24% decrease in revenue compared with the previous year. China Travel Zhiye continued to pursue its overall goal of developing into a first-class national tourism think-tank, and will further enhance its three core business capabilities of planning, marketing and operation. Heaven Creation Company was engaged in creative planning, performing arts and management businesses. Its residence performance has come to a complete halt due to the pandemic. Its development of other businesses also encountered obstacles. Its revenue increased by 11% compared with the previous year.

(II) Travel document and related operations

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

In 2023, the relaxation of pandemic-related travel restrictions and social measures in Hong Kong and Mainland China led to a significant increase in demand for the travel document business. In 2024, as most travel documents that expired during the pandemic were renewed in 2023, demand for the travel document business returned to a normal level. In 2024, the Group's revenue from travel document and related operations was HK$344 million, representing a decrease of 27% compared with the previous year. Attributable profit was HK$176 million, representing a 30% decrease compared with the previous year. China Travel Hi-Tech Computer Hong Kong Ltd. provides system maintenance and data security services for the Group's travel document business. It has been engaged in optimising the Group's travel documents business system and supporting its digital transformation.

(III) 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 Company Limited

The outlook for hotel operations in Hong Kong is optimistic, with the opening of the Metropark Hotel Hung Hom and Green Residence serviced apartment in May 2024 expanding profit growth points, and international tourist arrivals increasing due to the relaxation of travel restrictions worldwide. Hotel operations in Mainland China are also expected to maintain growth. In 2024, revenue from the Group's hotel operations was HK$820 million, representing an 18% increase compared with the previous year. Hotel operations recorded an attributable profit of HK$227 million, representing a 40% increase compared with the previous year.

Key operating data

	2024	2023
Six hotels and one serviced apartment in Hong Kong and Macau *(Metropark Hotel Hung Hom and Green Residence serviced apartment opened in May 2024)*		
Average occupancy rate (%)	**95**	95
Average room rate (HK$)	**760**	748
Beijing Metropark Hotel		
Average occupancy rate (%)	**81**	82
Average room rate (RMB)	**706**	692

(IV) 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 2024, revenue from passenger transportation operations was HK$1,093 million, representing an 11% increase compared with the previous year. Attributable loss was HK$11 million, compared with attributable profit of HK$20 million for the previous year.

Shun Tak-China Travel will seize on opportunities arising from the resumption of cross-border travel, leveraging the "Hong Kong people travelling north" trend and the opening of the "Shenzhen-Zhongshan Bridge". It will develop the market and quickly recover to seek business growth and in-depth participation of local businesses in search of opportunities for integration of resources, and create an influential tourism transportation platform in the Greater Bay Area.

BUSINESS DEVELOPMENT

Tourist attractions and related operations

Pursuant to its strategy of building a "first-class tourist destination investment and operation service provider", the Group focuses on natural and cultural scenic spots and leisure resort product lines via the major pathways of Mainland scenic business and Hong Kong business. These bring its focus to enhancing four major capabilities – investment, products, digitisation and operation – to build first-class national tourism destination projects with branding and influence. Following the principles of "upholding fundamental principles and innovation, quality and efficiency improvement, and integration and development", the Group has played an active role in the five areas of "better serving the good life, promoting economic development, constructing a spiritual home, showcasing China's image, and enhancing mutual understanding among civilisations". The Company further promotes "integrity management and quality service" and the in-depth integration of culture and tourism, and strives to create standardised products and operational systems.

With the government's support for the tourism industry, consumption upgrading and the rise of new consumer groups, the market size for theme park tourism is expected to continue to expand. Window of the World launched a new product, Jurassic Water World, in the summer, and revamped the Ovation Street commercial outlet to form a themed area integrating "culture, tourism and business". It will build a cultural and tourism business complex with multiple functions such as "culture + product + performing arts + business". In cooperation with Tencent Video, Splendid China is going to introduce the IP of A Dream of Splendour to create the IP powered "Splendid and Flourishing Age", an immersive new cultural and entertainment neighbourhood. Window of the World and Splendid China will focus on transformation development and creating new products in line with market trends.

After the State Council issued the "Action Plan for Promoting Large-scale Equipment Renewals and Consumer Goods Trade-ins" in March 2024, various provinces and municipalities followed up with the issuance of policies. A number of the Group's subsidiaries responded by devising renewal plans to promote the upgrading and replacement of cultural and tourism equipment and facilities at a lower cost to create a better visitor experience. The Company has set up a special taskforce for the integration of culture and tourism, formulated an "Implementation Plan for Deepening the Integration of Culture and Tourism and Promoting the High-Quality Development of Tourism", and holds regular coordination meetings for culture and tourism integration. By these means, it is working to cultivate new business forms, new models and new products in the integration of culture and tourism.

Shapotou Scenic Spot continued the development of a new "scenic spot + characteristic hotel" tourism model, successfully creating a national-level tourist resort. Desert Star Hotel instituted lean management, while Diamond Hotel officially opened and achieved considerable revenue growth during the year. Efforts will be made to expand and penetrate market channels to ensure a stable base of visitors. Detian Scenic Spot carried out a comprehensive self-investigation and self-inspection of structural safety within the scenic spot, and will continue the rectification of safety hazards according to the results of investigations and inspections. The China-Vietnam Detian cross-border Tourism Cooperation Zone in Detian Scenic Spot has gone into operation, becoming the first cross-border tourism cooperation zone in China. For online platforms, "emotional value" products will be built to stimulate tourists' consumption and foster a sense of identification, and will primarily focus on "integration of supply chain, co-

construction of project and acquisition of customers by giving subsidies". By expanding promotion in the form of videos, live broadcasts, travel expert guides, etc, it shaped the IP image of the characteristic tourism destination. Xiufeng Cable Car's revenue and profit increased year-on-year. The Group will strengthen the marketing of the "Waterfall" brand to enhance the scenic spot's traffic flow, and sign an annual preferential agreement with travel agencies to incentivise them to maintain positive marketing efforts during the off-season and ensure the stability of group visitor numbers. The Group disposed of its 51% equity interest in CTS (Guangxi Ningming) Yanhua Tourism Culture Co., Ltd. ("**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 51% equity interest in Huashan Scenic Spot to Guangxi Ningming Feiyue Tourism Industry Investment Co., Ltd. at a consideration of approximately RMB16 million. The disposal of Huashan Scenic Spot aids the Group in optimising its asset portfolio of natural and cultural scenic spots, enhancing the asset turnover rate and cash flow, and further improving its sustainable development. The disposal did not generate any significant gain or loss. CTS Luzhou Culture Tourism will strengthen the marketing development and revenue management of the "Guili Park" hotel. Lanyue Hotel of CTS Lugu Lake commenced operations in September 2024. The hotel offers a variety of immersive local cultural experiences, catering to the preferences of high-net-worth vacationers, and has been awarded multiple accolades as a boutique resort hotel.

Zhuhai OSR transformed and upgraded its existing products and improved service with a view to enriching the "Ocean Spring" brand portfolio with differentiated products. Zhuhai OSR is committed to opening up and cooperation, introducing high-quality external partners, and promoting development and construction of the second phase of the real estate project. The resort is also advancing negotiations with multiple potential partners to explore cooperative development models such as "tourism and wellness" and "tourism and education", and is studying and promoting business transformation and development. Xianyang OSR will repartition the functions of hot springs and hotels to form a new consumption format with deep integration of culture, tourism and business, and will build a cultural tourism and business complex. Anji Company strengthened the marketing of Elf's Mound Farm and Valley Ji City Commercial Street and leveraged the benefits of new products. CTS City's "CTS Investment Building" project is generally positioned as a landmark urban complex of the first rank in the convention and exhibition sector, comprising a modern complex of prestigious offices as well as a convention and exhibition and leisure areas. It has completed the main construction stage, and ongoing development work is being carried out in an orderly manner.

On 10 January 2024, the Company entered into a cooperation agreement with Chongqing Tourism Investment Group Co., Ltd. ("**Chongqing Tourism Group**"), Chongqing Cultural Tourism Development Group Co., Ltd. ("**Chongqing Cultural Tourism**") and Chongqing Tongjing Tourism Development Co., Ltd. ("**Tongjing Company**") to establish a joint venture for the urban renewal of Chongqing amusement park, and the upgrading of Tongjing scenic spot and other cultural tourism projects. The latter will exploit the Chongqing city landscape, the Three Gorges, Wuling style and other resource advantages to create metropolitan area, northeast and southeast Chongqing major brand product lines, to support the overall development of Chongqing's tourism industry. Under the cooperation agreement, the total registered capital of the joint venture is RMB400 million, and the Company contributed capital of RMB220 million, accounting for 55% of the joint venture's equity interest. Tongjing Company contributed capital of approximately RMB168 million, accounting for 41.99% of the equity interest. Chongqing Cultural Tourism contributed capital of approximately RMB12 million, accounting for 3.01% of the equity interest. Chongqing Cultural Tourism agreed to contribute 60% of its equity interest in Chongqing Bashan Yushui Cultural Tourism Development Co., Ltd. ("**Bashan Yushui**") by way of equity investment upon the establishment of the joint venture, making Bashan Yushui a 60%-owned joint venture of the joint venture. The joint venture was established on 11 June 2024 and became a subsidiary of the Company under the name CTS Southwest (Chongqing) Tourism Development Co., Ltd. to facilitate the investment, construction and operation of the Chongqing Amusement Park project.

On 29 November 2024, CTS (Shenzhen) Travel Management Company Limited ("**CTS (Shenzhen)**"), a wholly-owned subsidiary of the Company, Hainan Aerospace City Industrial Investment Holding Co., Ltd. ("**Aerospace City Industrial Investment**") and Wenchang Tourism Culture Investment Co., Ltd. ("**Wenchang Tourism Investment**"), established a joint venture under the name of CTS (Hainan) Aerospace Tourism Development Co., Ltd. ("**CTS Hainan**"). CTS Hainan will focus on building a Wenchang aerospace tourism investment and operation platform, with the upgrading and operation of the Wenchang Aerospace Science Center as its starting point. It plans to develop businesses such as dining, accommodation and vacationing in the surrounding area over the next three to five years, and ultimately establish itself as a domestic and international aerospace tourism destination. The registered capital of CTS Hainan is RMB10 million, with CTS (Shenzhen) contributing capital of RMB5.1 million to account for 51% of the registered capital of CTS Hainan. Aerospace City Industrial Investment will contribute capital of RMB4.8 million, accounting for 48% of the registered capital, while Wenchang Tourism Investment will contribute capital of RMB100,000, accounting for 1% of the registered capital. The project is conducive to implementing the strategic deployment of "**deeply-rooted in Hainan**" by the Company and promoting investment and operational cooperation of influential scenic spots. The project is of high strategic significance: by collaborating with Aerospace City Industrial Investment and Wenchang Tourism Investment, it is conducive to obtaining core resources from aerospace tourism, laying a foundation for further in-depth cooperation in the investment and operation of aerospace tourism products and the development of Wenchang's aerospace tourism zone.

On 3 December 2024, New Century Senbo, an associate of the Company, and Shenzhen Dapeng New District Investment Holding Co., Ltd. ("**Dapeng Investment Holding**") established a joint venture under the name of CTS Senbo (Shenzhen) Tourist Resort Co., Ltd. ("**CTS Senbo**"). The registered capital of CTS Senbo is RMB300 million, of which the Company will contribute capital of RMB153 million, accounting for 51% of the registered capital. New Century Senbo will contribute capital of RMB87 million, accounting for 29% of the registered capital, while Dapeng Investment Holding will contribute capital of RMB60 million, accounting for 20% of the registered capital. CTS Senbo will invest and operate the Longqi Bay Resort project in Dapeng New District, Shenzhen, covering an area of approximately 1,100 mu. With the goal of helping Shenzhen become a world-class tourist destination, it will develop cooperation projects based on the positioning of Dapeng as a coastal eco-tourism resort and the mountain and sea resources of Longqi Bay. The project is in line with the development strategy of the Company's leisure and vacation products in cities and surrounding areas, and is an important exploration for the Company's goal of building a quality "**one-stop leisure and vacation destination in the Greater Bay Area**". It is also of high strategic significance for building a "**new one-stop high-quality resort complex benchmark product and brand IP**", and the project risk is controllable.

On 20 December 2024, CTS (Shenzhen) and Ruijin Cultural Tourism Development Group Co., Ltd. ("**Ruijin Cultural Tourism**") established a joint venture under the name of CTS (Ruijin) Cultural Tourism Development Co., Ltd. ("**CTS Ruijin**"). CTS Ruijin will rent the venue from Ruijin Cultural Tourism, responsible for production and operation of plays, and develop other incremental products. The registered capital of CTS Ruijin is RMB70.71 million, with CTS (Shenzhen) contributing capital of RMB36.06 million, accounting for 51% of the registered capital, and Ruijin Cultural Tourism contributing capital of RMB34.65 million, accounting for 49%. Ruijin Republic Cradle scenic spot is the core scenic spot of Ruijin City, one of the two 5A scenic spots in Ganzhou City, and is the first national patriotic education demonstration base announced by the Central Propaganda Department. The project is a significant initiative for the Company to promote the integration of culture and tourism. Red tourism is also an important supplement to the CTS product system, and the project is of high strategic significance.

On 23 December 2024, CTS (Shenzhen) established CTS (Shantou) Tourism Development Co., Ltd. ("**CTS Shantou**") with registered capital of RMB15 million, fully contributed by CTS (Shenzhen). CTS Shantou acquired the management rights of Nan'ao Island National Forest Park through public bidding. Using the park as the cooperation target, CTS Shantou will invest, operate and manage the park. By enhancing the park's operational service and investing in new experiential products such as transportation, natural campsites and coffee cultural creations, the Company strives to create a high-quality eco-tourism destination.

On 26 December 2024, CTS (Shenzhen) and Daocheng Shengjie Yading Tourism Operation and Management Co., Ltd. ("**Yading Tourism Operation**") established a joint venture under the name of CTS Yading (Daocheng) Tourism Development Co., Ltd. ("**CTS Yading**"). The registered capital of CTS Yading is RMB10 million, of which CTS (Shenzhen) will contribute capital of RMB5.1 million, accounting for 51% of the registered capital, while Yading Tourism Operation will contribute capital of RMB4.9 million, accounting for 49% of the registered capital. The project is a significant initiative for the Company to implement the "deeply-rooted in Western development" strategy, cooperate in world-class tourist destination projects, and develop high-quality tourism resources along the Great Shangri-La Loop. CTS Yading is currently advancing the preparation and opening of hotels in the Daocheng Yading scenic spot, participating in tourism transportation within the scenic spot, and will gradually explore cooperation in cultural and tourism resources in Ganzi Prefecture.

Management business

Through subsidiaries such as CTS Scenery, China Travel Zhiye and CTS Holiday, the Group executes customised scenic spot management services, including custom solutions and full operational services for tourist destinations. The Group now has 27 scenic spots under management, of which seven are 5A grade and eleven are 4A grade. Among these, CTS Scenery is a leading tourist destination operator in China, with the development and consulting for cultural tourism projects, management, and digital marketing being the main focus of the Group's scenic spot management business. It provides tailored solutions and full operational services to tourist destinations. China Travel Zhiye is a fully integrated platform enterprise under the Group, covering four fundamental businesses: planning and design, investment consulting, operational management, and tourism marketing. It offers one-stop services for local cultural tourism development and has extensive experience in pioneering, significant and innovative planning and creation, including "world-class tourist destinations, world-class scenic spot/resorts, first-tier tourist cities, and provincial tourism industry development". With a goal of "leading an in-depth resort lifestyle and becoming a leader and excellent brand creator in China's tourist resort destinations", CTS Holiday focuses on the development, investment and operation of boutique holiday destinations by providing implementable custom solutions and full operational services. CTS Holiday is a professional resort destination management company with a complete tourism industry chain. It owns three major brands, namely the boutique resort hotel Lanyue, the boutique lifestyle hotel Xingchuanshan, and the CTS Resort Hotel Alliance, as well as the "Xinlu Club" professional digital platform, and continued to provide an unparalleled holiday experience to a wide range of customers.

Digital transformation

Driven by technological innovation, the Company has upgraded its management and operation as well as supported high-quality and sustainable business development. In 2024, the Company continued to iterate and enhance the functionality of its digital platforms to optimise booking processes and the customer service experience. By leveraging capabilities such as whole-staff marketing and discount purchase limits, the Company further enhances its self-operated trading volume. The Company successfully integrated with the parent company's Hong Kong platform, CTGO, providing strong support for the expansion of Hong Kong operations, promoted destinations such as Xinjiang, Detian and Lugu Lake, and launched new destination platforms for Dali and Qiandao Lake. Currently, all the Company's controlled scenic spots have adopted digital platforms for integrated online business operations. By introducing tools such as customer review dashboards, large amusement facility monitoring systems and safety hazard reporting devices, as well as releasing big data analysis and user insight reports, the Company has driven improvements in service quality and operational efficiency. The Company has also explored innovative applications of new technologies and products such as AI and drones in scenic areas. It launched the Starway AI Creation Platform, hosted five AIGC creation competitions, and released the Planet Space metauniverse, winning four awards including the National Data Administration's "Golden Apricot Excellence Award". The Company has also implemented five innovative scenarios, such as an AR tour experience at Detian Scenic Spot, Qianxiaobao AI Agent, and drone performances at Window of the World, in order to enhance user experience.

Looking to 2025, the Company will enhance AI empowerment and create new scenario applications such as AI agents to provide more personalised tourism services and experiences while reducing labour- and time-related costs. The Company will build innovative technological applications, explore and implement immersive smart tourism experience projects, actively promote digital transformation, upgrade tourism destinations' digital platforms, enhance membership operations and new media creative marketing capabilities, and drive business synergy. It will further optimise the management dashboard for user comments to improve service quality, and utilise informatisation and intellectualisation to enhance safety management to achieve digital innovation and development.

Passenger transportation operations

The market trend of "Hong Kong people travelling north" and the availability of the Shenzhen-Zhongshan Bridge has led the Company to adjust the operation line in Zhongshan to provide users with a faster touring experience. In line with Hong Kong Government's carbon emissions reduction policy, the Company has accelerated the procurement of electric vehicles to save fuel and maintenance costs. It will also further explore cooperative projects and help address the operational challenges of quota shortages through mergers and acquisitions, thereby strengthening Shun Tak-China Travel's leading position in the Greater Bay Area's integrated cross-border transportation sector. As to its passenger vessel operation, the Company will continue to implement effective cost management and control and dispose of inefficient assets and low-yield routes toward the goal of increasing its share of the cross-border marine transportation market.

Shun Tak-China Travel will explore the low-altitude economy, leveraging interconnectivity in the Greater Bay Area to expand passenger transportation operations. The Company will continue to build its revenue foundation on cross-border passenger transportation operation in synergy with its passenger vessel operation. It aims to seize opportunities presented by events and holiday peaks and devise diversified marketing strategies that integrate bus and ferry services. This will help expand brand influence and help to realise the ambition of being "the largest cross-border passenger transportation platform in the Guangdong-Hong Kong-Macao Greater Bay Area".

On 26 July 2024, China Travel Tours Transportation Services Hong Kong Limited, a non-wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with China International Travel Service (Hong Kong) Holdings Limited, pursuant to which China Travel Tours Transportation Services Hong Kong Limited agreed to purchase seven units of second-hand tour buses with PSL certificates from China International Travel Service (Hong Kong) Holdings Limited at a total consideration of HK$9.98 million. Under the existing government policy, the total number of non-franchised buses in Hong Kong has been capped and there has been zero growth in new PSL registration, while demand for non-franchised bus services has grown steadily after the COVID-19 pandemic. In view of this supply-demand imbalance which has increased the market prices of PSLs, the acquisition will enable the passenger transportation operation to expand its own bus fleet at a reasonable cost to cope with new business opportunities in Hong Kong. For details, please refer to the Company's announcement dated 26 July 2024.

Hong Kong and overseas business

The Group follows a strategy of "based in Hong Kong, deeply-rooted in Hainan, expanding into Mainland China, and refining our overseas operations" while exploring the potential of overseas markets. HOH Company is advancing the Maldives project in an orderly manner; at present, the hydraulic reclamation of Ambara Island is basically completed, and the hotel design programme has entered the refinement phase. We are committed to making the hotel in Maldives a high-quality and distinctive island resort; and the corporate governance system of the joint venture is to be improved.

The Group is studying the revitalisation and optimisation of existing assets, including properties in Hong Kong, with the aim of enhancing operational efficiency and unlocking value. Commencing operation in May 2024, the Metropark Hotel Hung Hom is positioned in the medium- to high-end market, and capable of generating stable and competitive revenue for the Company.

In the second half of 2023, the Group acquired a property at Nos. 8-12 Fenwick Street and Nos. 42-50 Lockhart Road, Wanchai, Hong Kong (the property is now named "**Green Residence**"). Green Residence is a 15-storey serviced apartment with a basement whose close proximity to Kew Green Hotel Wanchai Hong Kong offers a high operational synergy value. In the future, the property's operation will be fully integrated with that of Kew Green Hotel Wanchai Hong Kong, achieving full synergy in management services, resources and facilities to enhance operational efficiency. The interior renovation of all rooms at Green Residence has been completed and the property began operation during the year.

During the year, the Group entered into a strategic cooperation agreement and service contract with a subsidiary of Sun Hung Kai Properties Limited, in which it will provide consulting and operational support services for the cultural tourism project at Ma Wan Park Phase II. The Group focuses on providing support in terms of introducing cultural tourism resources and offering suggestions for scene enhancement, organising tour routes and passenger transport. The Group aims to cultivate an island art community and develop a light holiday destination on the island, establishing it as a new landmark for coastal and island tourism in Hong Kong.

INTERNAL MANAGEMENT

While striving to achieve performance targets through routine operation and management, the Company will simultaneously pursue a new level of development by strengthening its core competitiveness in investment, product, digital and operating capabilities. The Company consolidated the baseline for safety production by improving safety management institutions, enhancing the dual prevention system, and providing safety training and emergency drills for frontline employees.

The Company fully complies with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and regulatory requirements. It continues to optimise its governance mechanism and system, maintain a high standard of corporate governance, continuously improves its internal control management, and has strengthened its system construction. The Company has enhanced its overall risk prevention and control capability to ensure scientific decision-making, efficient operation and controllable risks, thereby ensuring a solid foundation for high quality development.

EMPLOYEES AND REMUNERATION

As of 31 December 2024, the Group employed 7,004 staff. Employees are remunerated on the basis of work performance, professional experience and prevailing industry practice. 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 2024, the Group's cash and bank balances and pledged and restricted deposits amounted to HK$2,449 million, while bank and other borrowings, loans from a fellow subsidiary and loans from the holding companies amounted to HK$1,807 million. The debt-to-capital ratio was 32%. The debt includes bank and other borrowings, trade payables, other payables and accruals, loans from holding companies, loans from a fellow subsidiary and amounts due to holding companies and fellow subsidiaries.

FOREIGN EXCHANGE RISK

The Group has certain assets, borrowings and major transactions which are denominated in foreign currencies, and are 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.

CHARGE ON ASSETS

As of 31 December 2024, 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 DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND SIGNIFICANT INVESTMENT

Save as disclosed in the "MANAGEMENT DISCUSSION AND ANALYSIS" section above, 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 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the "MANAGEMENT DISCUSSION AND ANALYSIS" section above, the Group had no future plans for material investments or capital assets during the year ended 31 December 2024.

CONTINGENT LIABILITIES

As of 31 December 2024, the Group's performance bond given to a customer for due performance of a sale contract was HK$0.3 million (31 December 2023: HK$0.3 million).

PROSPECTS

In 2024, despite the escalating geopolitical tensions and the persistent inflationary pressures in certain countries, global inflation has eased significantly. In January 2025, the United Nations released the "World Economic Situation and Prospects 2025", which forecasts global economic growth of 2.8% for 2025, largely unchanged from the level estimated for 2024. The report indicated that although the global economy has managed to sustain growth amidst compounding shocks, it remains inhibited by weak investment and sluggish productivity growth, resulting in a global economic growth that falls short of the 3.2% average level recorded prior to 2019. In January 2025, the International Monetary Fund (IMF) revised its forecasts for China's economic growth and global economic growth for 2025 upwards by 0.1 percentage point from the projections made in October 2024 to 4.6% and 3.3%, respectively. In March 2025, the Chinese government's work report outlined a gross domestic product (GDP) growth target of approximately 5% for 2025.

Looking to 2025, ongoing geopolitical tensions, rising interest rates and potentially escalating trade conflicts (especially between the USA and Mainland China) may give rise to uncertainties that could severely disrupt global trade and investment flows. However, the Chinese government has implemented targeted policies, including fiscal stimulus, monetary easing and support for strategic sectors such as the digital economy, to boost domestic demand and stabilize economic growth. Robust demand in Mainland China is expected to generate spillover effects, benefiting Hong Kong in the process. The Hong Kong economy maintained a steady recovery trend in 2024. According to the latest data from the Census and Statistics Department of the Hong Kong Government, the real GDP grew by 2.4% year-on-year in the fourth quarter of last year. The GDP posted moderate annual growth for two consecutive years following the COVID-19 pandemic, with a real growth rate of 2.5% in 2024, slightly slower than the 3.2% growth of the previous year.

On 30 July 2024, the Political Bureau of the Central Committee of the Communist Party of China met to study the current economic situation. The meeting was of the view that, since the beginning of this year, China's economic operation had been generally stable, with progress amidst stability, and had continued in an upward trend, with the rapid cultivation of new momentum and advantages, and high-quality development was being steadily advanced. The meeting emphasised the general principle of seeking progress while maintaining stability, and of implementing the new development concept in a complete, accurate and comprehensive manner, accelerating the construction of a new development pattern, developing new quality productive forces in accordance with the local conditions, and promoting high-quality development, in order to enhance the sustained upturn and upward trend of the economy.

The Company expects the economies of Hong Kong and Mainland China to continue to recover steadily in 2025, although the outlook remains fraught with challenges due to the adverse impact of high long-term market interest rates on business activities and a variety of geopolitical conditions. Given the interest rate outlook, the risk appetite for corporate investment/business expansion is expected to remain conservative in the near-term. Notwithstanding the uncertainty over the timing and extent of interest rate cuts by the US Federal Reserve, market interest rates are expected to trend downwards, which will also ease the pressure on funding costs.

Overall, the favourable conditions for China's development outweigh the unfavourable, and the trend of stable long-term positive development remains unchanged.

Looking ahead, the Group remains cautiously optimistic, while remaining attuned to global economic turbulence. Despite the challenges ahead, the Group will continue to undertake its corporate mission and objectives and pursue long-term business and profit growth. The Group will continue to explore diversified long-term value-added opportunities for its shareholders and will endeavour to enhance its overall financial position to create greater value. While being committed to achieving sustainable growth in recurring earnings, the Group will also exercise stringent and prudent financial, liquidity and cash flow management in order to maintain a sound financial position.

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024.

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 2024, 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 13 to 17, the "Management Discussion and Analysis" section on pages 18 to 30, the "Financial Review" section on page 7, the "Corporate Governance Report" section on pages 49 to 62, the "Environment, Social and Governance Report" section on pages 63 to 103 and note 44 to the consolidated financial statements on pages 198 to 203 of this Annual Report.

GROUP'S PROFIT

The Group's profit for the year ended 31 December 2024 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 109 to 208.

DIVIDENDS

An interim dividend of HK1.5 cents per share (2023: HK1.5 cents) were paid on 15 October 2024. The Board does not recommend the payment of a final dividend (2023: HK1 cents) for the year ended 31 December 2024.

As at the date of this annual report, the Board was not aware that any shareholders of the Company 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 2024, the Company has not entered into any equity-linked agreements.

DISTRIBUTABLE RESERVES

At 31 December 2024, 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$4,393,214,000.

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

During the year, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

DONATIONS

During the year, the Group made charitable donations amounting to HK$18,098,000.

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. Tao Xiaobin
Mr. Fan Zhishi

Independent non-executive directors:
Mr. Tse Cho Che Edward
Mr. Zhang Xiaoke
Mr. Huang Hui
Mr. Chen Johnny
Mr. Song Dawei
Ms. Fang Xuan *(Appointed on 26 March 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 101 of the Company's Articles of Association (the "**Articles**"), Mr. Feng Gang, Mr. Tsang Wai Hung, Mr. Tao Xiaobin and Mr. Fan Zhishi shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with Article 92 of the Company's Articles of Association, Ms. Fang Xuan, who has been appointed by the Board on 26 March 2025, shall retire at the forthcoming annual general meeting and, being eligible, offer herself 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 12 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 on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the changes in Directors' information since the date of the 2024 Interim Report are set out below:

Name of Director	Changes
Mr. Wu Qiang	– Resigned as the Board Secretary of China Tourism Group Corporation Limited ("**CTG**").
Mr. Feng Gang	– Appointed as a director of China Travel – Shun Tak Culture and Tourism Development Company Limited, a non-wholly owned subsidiary of the Company, on 24 February 2025.
Mr. Tao Xiaobin	– Appointed as the general manager of the Hong Kong and Macao Affairs Department of China Travel Service Holdings (Hong Kong) Limited ("**CTS (Holdings)**") and ceased to be the general manager of the Operation Management Department of CTS (Holdings).

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 2024, there was no arrangement under which a Director has waived or agreed to waive any emoluments.

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.

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 2024 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 26 July 2024, China International Travel Service (Hong Kong) Holdings Limited ("**CITS**") as seller and China Travel Tours Transportation Services Hong Kong Limited ("**CTTTS**"), a non-wholly-owned subsidiary of the Company, as purchaser entered into a sale and purchase agreement, pursuant to which CITS has agreed to sell and CTTTS has agreed to purchase seven (7) units of second hand tour buses with PSL certificates at a total consideration of HK$9,980,000.

CTS (Holdings) is a connected person of the Company by virtue of being a controlling shareholder of the Company. As both CTS (Holdings) and CITS are wholly-owned subsidiaries of CTG, CITS is a connected person of the Company.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules is more than 0.1% but all are less than 5%, the transaction constitutes a connected transaction of the Company and is subject to the reporting, announcement and annual review requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For detailed information, please refer to the announcement of the Company dated 26 July 2024.

Continuing Connected Transactions

(i) On 16 November 2021, the Company and CTG Finance Company Limited ("**CTG Finance**") entered into a financial services framework agreement (the "**2021 Financial Services Framework Agreement**") 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 for a term commenced from 1 January 2022 and ending on 31 December 2024. Under the 2021 Financial Services Framework Agreement, the deposit caps for each of the three years ending 31 December 2024 was RMB1,500 million. The maximum daily deposit amount for the year ended 31 December 2024 was RMB1,031 million. For detailed information, please refer to the announcement of the Company dated 16 November 2021 and the circular of the Company dated 7 December 2021.

    CTS (Holdings) is a connected person of the Company by virtue of being a substantial shareholder. As CTG holds the entire issued share capital of CTS (Holdings), CTG and the CTG Group are connected persons of the Company under the Listing Rules. CTS Finance is a non-wholly-owned subsidiary of CTG and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2021 Financial Services Framework Agreement constitutes continuing connected transactions for the Company under the Listing Rules.

    Since the Loan Services are on normal commercial terms (or better to the Group) and no security over the assets of the Group is granted in respect of the financial assistance given by CTS Finance, the loan services are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under the Listing Rules.

    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 2021 Financial Services Framework Agreement exceed 25% but all are less than 75% and the highest of the deposit caps is more than HK$10,000,000, the deposit service (including the deposit caps) constitutes major 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.

At the extraordinary general meeting of the Company held on 23 December 2021, the Company obtained independent shareholders' approval of the 2021 Financial Services Framework Agreement and the deposit caps in relation to the continuing connected transactions contemplated thereunder. 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.

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.

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. For detailed information, please refer to the announcement of the Company dated 26 March 2025.

(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));

(e) Provision of entrusted procurement services in respect of Permit IC Cards to CTS (Holdings) (Note (5)); and

(f) Provision of management services to the CTG Group (Note (6)).

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.

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 30 December 2021, the Company entered into a master lease agreement (the "**2021 Master Lease Agreement**") with CTG to obtain lease of office premises from the CTG Group for a term commenced from 1 January 2022 and ending on 31 December 2024.

In view of the expected increase in office space to be leased to the Group by the CTG Group and the expected rise in rental rate, the Group envisaged that the annual cap in respect of the year ending 31 December 2024 will not be sufficient. On 28 December 2023, the annual cap for the year ending 31 December 2024 has been revised and increased from HK$13,230,000 to HK$34,000,000.

As CTS (Holdings) is a controlling shareholder of the Company and CTG holds the entire issued share capital of CTS (Holdings), CTG and the CTG Group are connected persons of the Company under the Listing Rules. For detailed information, please refer to the Company's announcement dated 30 December 2021 and 28 December 2023.

On 31 December 2024, the Company entered into a master lease agreement (the "**2024 Master Lease Agreement**") with CTG to renew the terms of the continuing connected transactions under the 2021 Master Lease Agreement for a term commencing from 1 January 2025 and ending on 31 December 2027, where the Group will continue to obtain lease of office premises from the CTG Group. 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 Property 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.

(6) On 18 March 2022, the Company and CTG entered into a management services master agreement (the "**2022 Management Services Master Agreement**") pursuant to which the Company agreed to provide management services to a group of subsidiaries of CTG, the principal business of which include investment, development and management of tourism real estate projects, for a term commenced on 18 March 2022 and ending on 31 December 2024. The 2022 Management Services Master Agreement will enable the Company to benefit from the quality tourism resources of CTG with synergies and maximized asset yields, and expand the Company's revenue stream and increase its cash flow. The annual cap for each of the three years ending 31 December 2024 is RMB60,500,000. The actual amount of the transactions for the year ended 31 December 2024 was RMB Nil.

CTS (Holdings) is a connected person of the Company by virtue of being a substantial shareholder. As CTG holds the entire issued share capital of CTS (Holdings), CTG is a connected person of the Company under the Listing Rules. The entering into of the 2022 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. For detailed information, please refer to the Company's announcement dated 18 March 2022.

The maximum aggregate annual consideration for the aforementioned continuing connected transactions for the year ended 31 December 2024 and the actual amounts of such transactions for the year ended 31 December 2024 are as follows:

	Caps for the years ended/ending 31 December				Actual amounts for the year ended 31 December
	2023	2024	2025	2026	2024
	'000	'000	'000	'000	'000
I. Continuing connected transactions with the CTS (Holdings) Group					
(a) Provision of Travel Permit Administration Services by CTSEP	HK$400,000	HK$400,000	HK$325,500	HK$325,500	HK$287,947
(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	HK$6,000	N/A	HK$3,315
II. Continuing connected transactions with the CTG Group					
(a) Lease arrangements with the CTG Group as lessor	HK$19,289	HK$34,000	HK$17,780	HK$48,240	HK$31,047
(b) Lease arrangements with the CTG Group as lessee	HK$14,600	HK$16,000	HK$17,600	N/A	HK$7,004
(c) Lease of tourism management system to the CTG Group as lessee	HK$4,000	HK$4,000	HK$4,000	N/A	HK$3,945
(d) Provision of management services to the CTG Group	RMB60,500	RMB60,500	N/A	N/A	RMBNil

(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 2024 was RMB3.782 million. For detailed information, please refer to the Company's announcement dated 10 November 2023.

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 2024 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 2024 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 2024. Save as disclosed above, for the year ended 31 December 2024, 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.

DETAILS OF PERFORMANCE GUARANTEE UNDER RULE 14.36B

As disclosed in the announcement of the Company dated 24 December 2020, pursuant to an equity purchase agreement (the "**Equity Purchase Agreement**") dated 24 December 2020 entered into among CTS Scenery Resort Investment Company Limited ("**CTS Scenery Resort**", an indirect wholly-owned subsidiary of the Company), New Century Tourism Group Co., Ltd. ("**New Century Tourism**") and Hangzhou New Century Senbo Tourism Investment Co., Ltd. (the "**Target Company**") in relation to the acquisition of 34% of the equity interest and its ancillary rights and benefits of the Target Company (the "**Target Equity**") by CTS Scenery Resort (the "**Acquisition**"), New Century Tourism has provided a performance guarantee to CTS Scenery Resort for a term of 4 years and has made the following performance commitments:

(a) the Target Company shall not be at a loss for the year of 2020. If the Target Company records losses for the year of 2020, New Century Tourism shall, on a dollar for dollar basis, make compensation for the amount of loss to the Target Company in the form of donation.

(b) the accumulated net profit during the period from year 2021 to 2023 shall not be less than RMB150 million (the "**Committed Performance**"). Financial data is to be audited by an accounting firm recognized by CTS Scenery Resort. If the Target Company's accumulated net profit from year 2021 to 2023 is less than RMB150 million, CTS Scenery Resort has the right to require New Century Tourism to buy back the Target Equity held by CTS Scenery Resort based on the Consideration plus an interest rate of 8.5% per annum (simple interest);

(c) If the actual audited net profit reaches the Committed Performance but failed to reach 120% of the Committed Performance (i.e. accumulated net profit of RMB180 million during the period from year 2021 to 2023), CTS Scenery Resort is entitled to launch a tender offer to New Century Tourism for the then equity of the Target Company held by New Century Tourism, with the offer price not less than the equity proportion of the tender offer x the Target Group's overall valuation of the Acquisition (RMB1,150 million) x (1+N x 8.5%) (N = n/360, n = total days from the date of Completion to the date of signing the formal agreement of the tender offer). New Century Tourism has the right to decide whether or not to accept the offer and if not, CTS Scenery Resort has the right to require New Century Tourism to buy back the Target Equity held by CTS Scenery Resort based on the Consideration plus an interest rate of 8.5% per annum (simple interest), the repurchase price of which shall be deducted from the dividend of CTS Scenery Resort received from the Target Company; and

(d) On the basis that, the actual audited accumulated net profit of the Target Company exceeds RMB180 million from year 2021 to 2023, and there are no material adverse changes on various material matters of the Target Company including assets, business, team, brand, etc., and there are no breach of the Equity Purchase Agreement by the Target Company and New Century Tourism, while New Century Tourism having undertaken to comply with the requirements of the stock exchange in the place where CTS Scenery Resort is listed in respect of the acquisition of equity interest/material acquisition of assets, and reorganisation, including but not limited to undertaking performance commitments, etc., CTS Scenery Resort has the right to launch a tender offer for the then equity of the Target Company held by New Century Tourism to New Century Tourism within 3 months after the issuance of the audit report, with the offer price being the long-term valuation of the Target Company (being 19 times of the audited net profit in 2023 with an upper limit of not more than RMB1.9 billion) x the equity proportion of the tender offer. If the tender offer is not accepted by New Century Tourism, CTS Scenery Resort has the right to require New Century Tourism to buy back the Target Equity held by CTS Scenery Resort based on the Consideration plus an interest rate of 8.5% per annum (simple interest), the repurchase price of which shall be deducted from the dividend of CTS Scenery Resort received from the Target Company.

CTS Scenery Resort completed the acquisition of the 34% equity interest in the Target Company from New Century Tourism in February 2021. The Target Company recorded a profit of RMB69.98 million, RMB51.77 million and RMB93.44 million for year 2021, 2022 and 2023, respectively, based on its audited accounts. The accumulated net profit during the period from year 2021 to 2023 was no less than RMB150 million, and hence the Committed Performance has been met. CTS Scenery Resort has not launched a tender offer for the equity of the Target Company held by New Century Tourism to New Century Tourism.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2024, 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 of Hong Kong Limited (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

	Interests in shares					
Name of Director	Corporate interest	Personal interest	Family interest	Interests in underlying shares pursuant to share options	Aggregate interests	% of the issued share capital as at 31 December 2024
Mr. Feng Gang	–	–	–	1,098,800	1,098,800	0.02%
Mr. Li Pengyu	–	–	–	849,560	849,560	0.02%

Save as disclosed above, as at 31 December 2024, 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.

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 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 2024 and 31 December 2024 were 495,147,370 shares and 514,241,910 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.

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 2024 are set out below.

	Number of share options								
Name or category of participant	**Balance as at 1 January 2024**	**Granted during the year**	**Exercised during the year**	**Cancelled during the year**	**Lapsed during the year**	**Balance as at 31 December 2024**	**Date of grant**	**Exercise period (Note 1&6)**	**Exercise price (HK$)**
Directors									
Feng Gang	1,640,000	–	–	–	(541,200)	1,098,800	27 January 2023	27 January 2025 to 26 January 2032	1.72
Li Pengyu	1,268,000	–	–	–	(418,440)	849,560	27 January 2023	27 January 2025 to 26 January 2032	1.72
Sub-Total	2,908,000	–	–	–	(959,640)	1,948,360			
Other employees in aggregate	55,608,000	–	–	–	(20,473,200)	35,134,800	27 January 2023	27 January 2025 to 26 January 2032	1.72
		3,980,000	–	–	(1,641,700)	2,338,300	19 January 2024	19 January 2026 to 18 January 2033	1.72
Sub-total	55,608,000	3,980,000			(22,114,900)	37,473,100			
Total	58,516,000	3,980,000	–	–	(23,074,540)	39,421,460			

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 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. Fair value of share options granted during the year was HK$1,341,000, and 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 26 January 2030	27 January 2023 to 26 January 2025 (a)
	Second 33% of the share options	27 January 2026 to 26 January 2031	27 January 2023 to 26 January 2026 (b)
	Remaining 34% of the share options	27 January 2027 to 26 January 2032	27 January 2023 to 26 January 2027 (c)
19 January 2024	First 33% of the share options	19 January 2026 to 18 January 2031	19 January 2024 to 19 January 2026 (a)
	Second 33% of the share options	19 January 2027 to 18 January 2032	19 January 2024 to 19 January 2027 (b)
	Remaining 34% of the share options	19 January 2028 to 18 January 2033	19 January 2024 to 19 January 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 ("△**EVA**") 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 △EVA 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 △EVA shall be greater than 0.

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

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 2024.

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 0.71%.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, 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 2024
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)	75,484,000	1.36%
	Beneficial owner	256,860,000	4.64%
Surpassing Investment Limited	Beneficial owner (Note 3)	75,484,000	1.36%

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 75,484,000 shares in which Surpassing Investment Limited is interested pursuant to Part XV of the SFO.

Save as aforesaid, as at 31 December 2024, the Directors are not aware of any other person (other than Directors or Chief Executive of the Company) 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 2024 are set out in note 33 to the consolidated financial statements.

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 11 September 2019, the Company, as borrower, entered into a facility agreement with a bank for an uncommitted revolving loan up to an aggregate amount of HK$1,000,000,000. The bank may at any time without prior notice modify, cancel or suspend the facility(ies) at its sole discretion including, without limitation, cancelling any unutilized facilities, and declaring any outstanding amount to be immediately due and payable. On 21 September 2021, the bank adjusted the aggregate amount of the uncommitted revolving loan under the facility agreement from HK$1,000,000,000 to HK$500,000,000. Pursuant to the terms of the facility agreement, the Company undertook with the bank, inter alia, that (i) CTS (Holdings) 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 (ii) CTS (Holdings) shall be wholly-owned, indirectly or directly, by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC ("**SASAC**") and is under the direct or indirect management control by SASAC.

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.

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 with management the accounting principles and practices adopted by the Group and discussed the risk management, internal control and financial reporting matters including the review of the audited financial statements.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 49 to 62.

AUDITORS

The financial statements of the Company for the year ended 31 December 2024 were audited by Ernst & Young. Ernst & Young will retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the 2025 annual general meeting to re-appoint them and to authorize the Directors to fix their remuneration.

ON BEHALF OF THE BOARD

Wu Qiang
Chairman
Hong Kong, 26 March 2025

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and other stakeholders and enhance shareholder value. The principle of the Company's corporate governance is to promote effective internal control and risk management measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects, and to ensure that its affairs are conducted in accordance with applicable laws and regulations. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value and formulate its business strategies and policies. The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance.

The Company has adopted and 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 2024, 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 "**Articles**"). 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.2.2 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 20 May 2024 (the "**AGM**") due to his other business commitments. Mr. Tse Cho Che Edward, an independent non-executive Director, 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 12 Directors, being 3 Executive Directors, 3 Non-Executive Directors and 6 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 31 to 48. 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.

The relationships among members of the Board (if any) are disclosed in the "Biographies of Directors" section on pages 8 to 12.

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.

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. Six out of the 12 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 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 2024 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.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the year, the Company organized a training programme for Directors to update the Directors on the role and responsibilities of directors under the laws and regulations of Hong Kong. During the year, the Directors participated in the following professional developments:

	Type of Trainings		
Name of Directors	**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. Tao Xiaobin	√	–	√
Mr. Fan Zhishi	√	–	√
Independent Non-executive Directors:			
Mr. Tse Cho Che Edward	√	√	√
Mr. Zhang Xiaoke	√	√	√
Mr. Huang Hui	√	√	√
Mr. Chen Johnny	√	√	√
Mr. Song Dawei	√	–	√

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

Board Meetings

During the year ended 31 December 2024, the Board held four regular meetings. 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:	Mr. Chen Johnny *(Chairman)*
	Mr. Tse Cho Che Edward
	Mr. Zhang Xiaoke
	Mr. Huang Hui
	Mr. Song Dawei
	Ms. Fang Xuan *(Appointed on 26 March 2025)*

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 three meetings during the year ended 31 December 2024 and reviewed the audited financial statements for the year ended 31 December 2023 and the unaudited interim financial statements for the six months ended 30 June 2024, 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.

The Company's annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee.

Remuneration Committee
Members:

Independent Non-Executive Directors:	Mr. Chen Johnny *(Chairman)*
	Mr. Tse Cho Che Edward
	Mr. Zhang Xiaoke
	Mr. Huang Hui
	Mr. Song Dawei
	Ms. Fang Xuan *(Appointed on 26 March 2025)*

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 2024 are disclosed in the notes to the consolidated financial statements.

The Remuneration Committee held one meeting during the year ended 31 December 2024 and reviewed the Directors' fees for 2024, the labour cost enforcement for the year 2023 and the labour budgeting arrangement for the year 2024 and the grant of share options to subscribe for, in aggregate, up to 3,980,000 ordinary shares to certain employees of the Group. The Remuneration Committee considered the performance targets imposed on the grantees with reference to factors including but not limited to, as and when appropriate, sales performance, operating performance, financial performance of the Group, corporate sustainability parameters and discipline and responsibility. The Remuneration Committee also considered the vesting period to which the share options granted are subject (which is not less than 12 months as required under the Listing Rules). The Remuneration Committee also reviewed the lapse of share options following the non-fulfilment of certain performance targets.

Nomination Committee
Members:

Executive Director:	Mr. Wu Qiang *(Chairman)*
Independent Non-Executive Directors:	Mr. Tse Cho Che Edward
	Mr. Zhang Xiaoke
	Mr. Huang Hui
	Mr. Chen Johnny
	Mr. Song Dawei
	Ms. Fang Xuan *(Appointed on 26 March 2025)*

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.

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 2024 and reviewed the re-election of retiring Directors at the 2024 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 11 male Directors and 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 2024 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.

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 2024 are set out as follows:

	Number of Meetings Attended/Eligible to attend for the year ended 31 December 2024					
Name of Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Annual General Meeting**	**Extraordinary General Meeting**
Executive Directors:						
Mr. Wu Qiang	3/4	N/A	N/A	0/1	0/1	0/1
Mr. Feng Gang	4/4	N/A	N/A	N/A	0/1	1/1
Mr. Li Pengyu	3/4	N/A	N/A	N/A	1/1	0/1
Non-executive Directors:						
Mr. Tsang Wai Hung	3/4	N/A	N/A	N/A	1/1	0/1
Mr. Tao Xiaobin	4/4	N/A	N/A	N/A	1/1	1/1
Mr. Fan Zhishi	4/4	N/A	N/A	N/A	1/1	1/1
Independent Non-executive Directors:						
Mr. Tse Cho Che Edward	4/4	3/3	1/1	1/1	1/1	1/1
Mr. Zhang Xiaoke	3/4	3/3	1/1	1/1	1/1	1/1
Mr. Huang Hui	4/4	2/3	1/1	1/1	1/1	1/1
Mr. Chen Johnny	4/4	3/3	1/1	1/1	1/1	1/1
Mr. Song Dawei	2/4	2/3	1/1	1/1	1/1	1/1

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

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 2024.

AUDITORS' REMUNERATION

During the year ended 31 December 2024, the remuneration to the Company's auditors, Ernst & Young is set out as follows:

Services rendered	Fees paid/payable HK$'000
Audit services	4,248
Non-audit services	
– Tax consultation fee	315
– Others	290
Total	4,853

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 104 to 108.

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.

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.

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.

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. 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 2024.

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.

CONSTITUTIONAL DOCUMENTS

During the year, there was no change in the constitutional documents of the Company.

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).

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 2024, the Company held press and analyst conferences following the release of its 2023 annual results and 2024 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 2024 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 2024 annual general meeting was held on 20 May 2024 and there was one EGM held on 23 December 2024. 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 ninth 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 2024.

1.2 Reporting Scope

This ESG Report covers the period from 1 January 2024 to 31 December 2024 (the "**Reporting Period**"), which is consistent with the 2024 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 16 operating units with significant impact. The 16 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**")
Passenger transportation operations
China Travel Tours Transportation Services Hong Kong Limited ("**China Travel Tours Transportation Services**")

1.3 Reporting Principles

We have prepared this ESG Report in accordance with the *Environmental, Social and Governance Reporting Guide* (the "**Guide**") 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 and the "comply or explain" provisions 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 Guide.

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 *Greenhouse gases – Part 1: Specification with Guidance at Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals* • GB/T 32150-2015 *General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises* • *Guidelines for Accounting and Reporting Greenhouse Gas Emission from Other Industrial Enterprises (Trial)* • *Guidelines for Accounting and Reporting Approach of Greenhouse Gas Emission from Enterprises in Land Transportation (Trial)* • *Greenhouse Gas Protocol: Greenhouse Gas Emissions from Transport or Mobile Sources* • *How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* • *Announcement on the Release of the Carbon Dioxide Emission Factor of Electricity in 2022* • *Manual of the Second National Pollution Source Census of Life Sources and Pollution Emission Factors (Trial)* • *Manual of Accounting Methods and Coefficients of Statistical Surveys on Pollution Sources* • *Technical Guidelines for the Compilation of Emission Inventory for Road Vehicles (Trial)* • *Technical Guidelines for the Compilation of Air Pollutant Emission Inventory for Non-road Mobile Sources (Trial)*
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.

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 of the Company 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, we conducted ESG risk identification and assessment work. We established an ESG risk list and invited relevant business units to participate in ESG risk assessment surveys. Based on this, we analyzed the ESG risk assessment results and identified three key ESG risks, i.e., climate change acute risk, infectious diseases, and cybersecurity risk. The Board had confirmed the above results. 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.

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.

The table below shows the communication methods and 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 ❖ Fulfill 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

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

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 realization 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:

- Organize 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:

- For the hotel business segment, Metropark Hotel Mongkok is 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, Zhuhai OSR completed its energy consumption target for 2024, and reduced energy costs by 4% year-on-year despite the addition of a new hotel. Detian Scenic Spot committed to reducing its intensity of carbon dioxide emission by no less than 0.8% in 2024 compared to 2023, and promoted the achievement of the target through measures such as adopting energy-efficient lights. Shapotou Scenic Spot set a target to reduce carbon dioxide emission intensity by no less than 1.0% in 2024 compared to 2023, and formed an Energy Conservation and Environmental Protection leading group led by the general manager to oversee the strategic deployment of energy usage control and environmental protection initiatives.

- In terms of the passenger transportation operations segment, China Travel Tours Transportation Services is committed to reducing the generation of air pollutants and greenhouse gases, as well as hazardous waste including waste engine oil. To this end, China Travel Tours Transportation Services has replaced outdated vehicles with new environmentally friendly vehicles, which not only reduce fuel consumption but also decrease exhaust emissions. Meanwhile, China Travel Tours Transportation Services has arranged for professional recycling companies to uniformly recycle waste engine oil and other hazardous waste from its affiliated repair shops, thereby reducing secondary storage and transportation pollution.

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, Metropark Hotel Mongkok was awarded the Gold Award under the Charter on External Lighting by the Environment and Ecology Bureau of Hong Kong.

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, so as 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, Beijing Metropark Hotel has promoted green and low-carbon concepts through events like "Earth Hour";

- 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, Beijing Metropark Hotel has optimized lighting in public areas and building exteriors according to daylight hours; Zhuhai OSR has adjusted the operation times of streetlights and power equipment based on weather conditions to minimize energy consumption;

- Each business segment has developed relevant energy management policies to gradually adopt more energy-efficient LED lights;

- The energy-saving management system was improved in order to implement relevant measures. In the scenic spot business segment, Zhuhai OSR has implemented an annual cost-reduction plan to strengthen daily energy consumption management; Anji Company has established an energy-saving committee and holds monthly energy-saving meetings. In terms of the passenger transportation operations segment, China Travel Tours Transportation Services has 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 has adopted *Water and Electricity Consumption Data Collection Procedures and Energy-saving Measures*, and collects energy consumption statistics on a regular basis. Additionally, Splendid China applies 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 use a small number of packaging materials, including Beijing Metropark Hotel, Shapotou Scenic Spot and Detian Scenic Spot consuming approximately 0.07 tonnes, 0.02 tonnes and 4.53 tonnes of paper packaging such as cardboard boxes, cartons and bags respectively, while Shapotou Scenic Spot and Detian Scenic Spot consuming approximately 0.12 tonnes and 0.41 tonnes of plastic materials such as plastic tapes, boxes and tapes respectively.

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
	2024	2023		2024	2023	
Electricity use	104,132.67	90,840.79	MWh[2]	22.50	20.21	MWh/ million HK$
Natural gas	15,403.43	18,935.78		3.33	4.21	
Gasoline	3,481.48	2,595.29		0.75	0.58	
Diesel fuel	71,930.91	65,509.99		15.54	14.58	
Liquified petroleum gas	10,993.20	12,272.11		2.38	2.73	
Town gas	2,313.30	2,408.16		0.50	0.54	
Liquefied Natural Gas[3]	503.64	361.65		0.11	0.08	
Total	208,758.63	192,923.78		45.51	42.93	
Refrigerant	2,200.10	1,038.70	kg	–	–	

Notes:

1. In 2024, data from all 16 operating units including seven 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. Metropark Hotel Hung Hom was not included in 2023. We use the Group's consolidated revenue HK$4,627.43 million in 2024 as the denominator for intensity calculation in 2024, and the Group's consolidated revenue HK$4,494.21 million in 2023 as the denominator for intensity calculation in 2022, to reflect the energy consumption per million HK$.

2. 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).

Energy consumption intensity of China Travel Tours Transportation Services:

Energy consumption intensity	2024	Energy consumption source
Fuel used for operation/ Total vehicle mileage	9.56 GJ/thousand km	Natural gas, gasoline, purchased electricity

Case Studies

Sustainable Tourism at Zhuhai OSR

Zhuhai OSR adheres to the concept of green development and is committed to building a low-carbon holiday resort. During the Reporting Period, Zhuhai OSR completed several energy-saving and emission-reduction projects, including the coal-to-gas conversion project. It also made full use of idle spaces such as office and dormitory rooftops to deploy distributed photovoltaic power generation projects. In addition, the resort actively promoted the geothermal water heat recovery projects to further improve energy efficiency. Although there was a new hotel put into operation, Zhuhai OSR completed its energy consumption target for 2024, and reduced energy costs by 4% compared with 2023.

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, 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 constant 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, Anji Company 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 and Shapotou Scenic Spot have set targets for reducing the intensity of greenhouse gas emissions. To ensure the achievement of targets, Detian Scenic Spot and Shapotou Scenic Spot have taken 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:

Scope of Emissions	2024[1]	2023[1]	Unit[4]
Scope 1 emissions and intensity[2]	27,882.60	26,228.86	tCO_2e
	6.03	5.84	tCO_2e/million HK$
Natural gas	3,079.77	3,786.03	tCO_2e
Gasoline	839.57	584.78	
Diesel fuel	18,577.79	16,954.61	
Liquified petroleum gas	2,658.21	2,648.74	
Town gas	445.20	459.43	
Liquified natural gas	94.69	64.36	
Ethanol gasoline	0.54	–	
Refrigerant	2,186.83	1,730.91	
Scope 2 emissions and intensity[3]	56,799.46	51,259.03	tCO_2e
	12.27	11.41	tCO_2e/million HK$
Electricity use	56,704.36	51,157.22	tCO_2e
Town gas	95.10	101.81	

Notes:

1. In 2024, data from all 16 operating units include seven 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. Metropark Hotel Hung Hom was not included in 2023. We use the Group's consolidated revenue HK$4,627.43 million in 2024 as the denominator for intensity calculation in 2024, and the Group's consolidated revenue HK$4,494.21 million in 2023 as the denominator for intensity calculation in 2022, to reflect the energy consumption per million HK$.

2. 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.

3. 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 2024 and 2023 was updated (as 0.5366 tCO2/MWh) in accordance with the *Announcement on the Release of the Carbon Dioxide Emission Factor of Electricity in 2022* issued by the Ministry of Ecology and Environment of PRC.

4. tCO_2e 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 (CO_2) as the reference.

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 (NOx), particulate matter (PM) and other harmful solid particles.

During the Reporting Period, we covered the data of 185 operating vehicles from China Travel Tours Transportation Services and operating vehicles from other operating units, in addition to the equipment including stove 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	219.29
Hydrocarbon	58.13
Nitrogen Oxide	248.75
Particulate Matter	19.93

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 recycling 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 2024 was 2,873,171.18 cubic meters[1]. The intensity is 620.90 cubic meters/million HK$.

Case Studies

Adopt water-saving equipment
Metropark Hotel Macau has fully adopted water – saving showerheads, effectively reducing water resource consumption.

Rainwater Collection and Utilization
Window of the World collects rainwater and channels it into the scenic spot's water systems for reuse, saving approximately 21,800 cubic meters of water annually and significantly improving water resource efficiency.

Lake Water for Irrigation
Anji Company extracts water from the scenic spot's lake to irrigate its gardens, enhancing the rational use of water resources.

Notes:

1. Data from all 16 operating units include seven 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.

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 organizations 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 advocate 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 wastes are recycled by third-party recycling companies.

Waste Disposed (by types)[1]	2024		Unit	Intensity of waste generated
Non-hazardous waste	***Incurred***	***Recycled***		***Tonne/million HK$***
Total	17,174.82	9,650.55		3.70
Food waste	857.00	404.00		0.19
Domestic waste	14,976.45	8,686.00		3.24
Paper	21.00	1.76		0.00[2]
Metal	0.62	0.62		0.00[3]
Plastic	7.40	5.60		0.00[4]
Glass	583.28	502.00		0.13
Construction waste	696.50	50.00	tonnes	0.15
Other non-hazardous waste	0.57	0.57		0.00[5]
Hazardous waste	***Incurred***	***Recycled***		***kg/million HK$***
Total	1.13	0.72		0.24
Medical waste	0.06	–		0.01
Chemical waste	0.17	–		0.04
Hazardous chemicals	0.78	0.70		0.17
Printer cartridges	0.03	0.02		0.01
Toner	0.08	–		0.02

Notes:

1. Data from all 16 operating units include seven 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$4,627.43 million in 2024 as the denominator for all intensity calculations to reflect the waste generated per million HK$.
2. The data is rounded to two decimal places and the actual value is 0.00454.
3. The data is rounded to two decimal places and the actual value is 0.00013.
4. The data is rounded to two decimal places and the actual value is 0.00160.
5. The data is rounded to two decimal places and the actual value is 0.00012.

Case Studies

Recycle Waste Cooking Oil

During the Reporting Period, Metropark Hotel Mongkok collected a total of 488 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.

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 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, minimizing 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.

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 rank promotion of employees in the headquarters in 2024, 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 the 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 abide 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 laws.

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 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, Detian Scenic Spot, CTS Luzhou Culture Tourism and Window of the World 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 sounds 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, Shapotou Scenic Spot, Detian Scenic Spot, Beijing Metropark Hotel, CTS Luzhou Culture Tourism and Anji Company arrange professional clinics to provide free health checks for employees every year. Beijing Metropark Hotel has also established an occupational health management mechanism with designated personnel. The Hotel regularly promotes occupational safety and health knowledge, holds occupational safety lectures, and helps employees to keep abreast of occupational and health knowledge in a timely manner, identifying factors that endanger health and the principles and methods of preventing harm. 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 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, 48 employees were injured by accidents and the lost working days due to work injury amounted to 1,967.

Case Studies

Sending "Cool Breeze" campaign Launched by CTS Luzhou Culture Tourism

On 20 August 2024, CTS Luzhou Culture Tourism's Party General Branch and trade union jointly launched the Sending "Cool Breeze" campaign. The campaign strengthened care and support for frontline employees working under high-intensity conditions across various sectors, and united the employees' thoughts and actions towards the company's development.

Case Studies

"Sending Warmth" campaign during the Mid-Autumn Festival Launched by Window of the World

In September 2024, the trade union of Window of the World organized the "Caring for Employees, Warm Mid-Autumn Festival" campaign, sending festival blessings and condolence gifts to all employees and those in need.

Fun Sports Day Launched by Zhuhai OSR

On 15 December 2024, Zhuhai OSR organized its fourth Employee Fun Sports Day with the theme of "Striving with Ambition, Triumph through Youthful Endeavour". Through a variety of fun and engaging competitions, employees showcased their competitive spirit and teamwork in an enjoyable atmosphere, further fostering a positive and dynamic corporate culture.

Case Studies

Series of Activities on "Fire Safety Publicity Month" Launched by Metropark Hotel Mongkok

During the National Fire Safety Awareness Month in November 2024, Metropark Hotel Mongkok launched a series of activities under the theme of "Fire Safety for All, Life First", including "Fire Safety Inspections" and "Fire Safety Drills and Training", etc. Metropark Hotel Mongkok also jointly organized fire safety education and publicity activities with Kew Green Hotel Mongkok. Through watching fire safety education videos and creating fire safety posters, these activities aimed to enhance hotel employees' attention to fire safety, effectively improving the overall fire safety awareness.

Employee Birthday Team-Building Activity Launched by Detian Scenic Spot

In December 2024, Detian Scenic Spot held an employee birthday team-building activity themed "Grateful for You, Growing Together". Over 50 participants, including executives and employees from various departments, attended the activity. At the celebration, executives began by sending warm birthday wishes to the employees. When it came to the game session, all employees participated in diverse fun games together, which further enhanced the friendship among employees and strengthened team cohesion.

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 grow.

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 organized 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, providing 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 reached 358,777 hours.

Case Studies

Xianyang OSR 's Etiquette Training on Telephone Service

In August 2024, Xianyang OSR organized a telephone etiquette training, in line with the Company's work arrangements for "Integrity in Operations, Excellence in Service". This training aimed to further enhance employees' service skills, strengthen standardized service management, and comprehensively deepen the provision of high-quality service.

Shapotou Scenic Spot's Spring Training

On 6 March 2024, Shapotou Scenic Spot held a Spring Training Kick-off Meeting titled "Quality Service Drives Development", to further enhance employees' service skills, establish an excellent service image, and accumulate energy for the work in the new year. Over 600 executives and employees attended the meeting.

Case Studies

Splendid China Launched the First Session of the Live-Streaming Training Series

To expand the Company's new media marketing channels and enhance employees' live-streaming skills, Splendid China organized the first session of its live-streaming training series, titled "Live-Streaming Preparation and Techniques" in August 2024. Splendid China invited external experts to conduct the training, with over 40 employees from various departments participating.

4.4 Employee Management Performance Indicators

Basic data of employees		2024
Total number of employees[1]		5,687
By gender	Male	3,279
	Female	2,408
By employment type	Full-time	5,517
	Part-time	170
By age	Under 30 years old	1,344
	30-50 years old	3,090
	Over 50 years old	1,253
By region	Hong Kong	622
	Macau	44
	Mainland China	5,013
	Other regions/countries	8

Notes:

1. The number of employees at the end of the Reporting Period is from all 16 operating units including seven 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.

Employee turnover rate[1]

Category		2024
By gender	Male	21%
	Female	24%
By age	Under 30 years old	50%
	30-50 years old	15%
	Over 50 years old	11%
By region	Hong Kong	27%
	Macau	27%
	Mainland China	22%
	Other regions/countries	0%

Notes:

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

Category			2024
Total number of employees trained		**Number**	5,280
Percentage of employees trained			
By gender	Male	Percentage[1]	58%
	Female	Percentage	42%
By employee category	Senior management	Percentage	2%
	Middle management	Percentage	7%
	General employees	Percentage	91%
Average hours of employees trained			
By gender	Male	Average hours[2]	60
	Female	Average hours	78
By employee category	Executive management	Average hours	127
	Middle management	Average hours	60
	General employees	Average hours	67

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

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 work with more than 1,577 suppliers in total, including 546 from Hong Kong, 184 from Macau and 847 from Mainland China. 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 conduct comprehensive evaluations on various suppliers through "annual supplier evaluation" and signing 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 717 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.

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.

Case Studies

Supplier Evaluation and Supply Chain Risk Management
Metropark Hotel Kowloon holds 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 requires 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 organization 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, and evacuation 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 police to ensure the safety of all guests.

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

Case Studies

Splendid China Launched First Aid Training

During the Reporting Period, Splendid China held the "Empowerment – First Aid Training Series". The training aims at popularizing first aid knowledge and enhancing employees' ability to respond to emergencies and accidental injuries, thereby reducing losses caused by sudden situations.

Customer Satisfaction

To optimize 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 1,488 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 77 in Hong Kong on TripAdvisor and scores 4.39 on Ctrip. Metropark Hotel Macau scores 4.65 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 518 valid questionnaires, with an overall satisfaction score of 96.83. Metropark Hotel Macau 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.

In terms of the scenic spot business segment, CTS Luzhou Culture Tourism and Shapotou Scenic Spot have established a comprehensive service quality inspection system, respectively issued the Efficient Complaint Handling Mechanisms of Tourism and the Measures for Handling Service Complaints, improved the process of handling customer complaints, regularly conducted internal service quality inspection, and formed an inspection report; Detian Scenic Spot also establishes and improves the First-asked Responsibility System and Should Know and Should be Aware of, regularly launches relevant training, organises the complaint handling team, notifies the customer service situation of complaints in the weekly meeting, analyses and proposes corrective measures to each complaint, and forms the complaint and corrective measures ledger. During the Reporting Period, CTS Luzhou Culture Tourism analysed customer comments through the OTA platform, with an overall satisfaction rate of 97.5%; According to customer comments management dashboards, Detian Scenic Spot and Shapotou Scenic Spot achieved annual visitor service satisfaction rates of 98.2% and 98.4% respectively; Xianyang OSR achieved a 97.8% net satisfaction rate in 2024; Anji Company scored 96.7 in its customer satisfaction survey; Zhuhai OSR achieved annual visitor service satisfaction rates of 98.7%, with a 107% increase in online positive comments compared to 2023.

Case Studies

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 “Popular Hotel of the Year” by Meituan Hotel in 2023.

Case Studies

Listed in the Annual Selection of Multiple Online Platforms

During the Reporting Period, Xianyang OSR was ranked first on the 2023 annual High-End Hotel Good Review List of Douyin, and was selected for the 2023 Ctrip Reputation List of Xianyang Hot Spring Hotels.

Annual Excellent Cultural Tourism Corporate in China

During the Reporting Period, Splendid China was awarded the “Annual Excellent Cultural Tourism Corporate in China” of the Tourism Real-Estate Ultra Evaluation.

Case Studies

Shenzhen Time-honoured Brand

During the Reporting Period, both Window of the World and Splendid China served as vice president units of the Shenzhen Tourist Attractions Association.

Typical Cases for Innovative Development In the Tourism Industry of Guangxi

During the Reporting Period, Detian Scenic Spot’s innovative cross-border tourism and cooperation model titled “One Ticket for Traveling in Two Countries, One-Stop Service” was successfully selected as one of the 2nd Typical Cases for Innovative Development In the Tourism Industry of Guangxi.

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. Wind of the World signed contracts with copyright owners for all music material, and the uses 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 fulfill 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, integrity operation 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, ensures that the information of tourists will not be disclosed and protects privacy and the 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 Anti-corruption

We attach great importance to corporate probity and integrity operation. 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 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 sorting 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 Sorting 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 2024 with all department heads and also issued the Family Integrity Advocacy Letter to 221 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 organized an annual warning education conference in 2024, attended by over 760 individuals, including the Directors, cadres, and key personnel. Additionally, Hong Kong-based employees were arranged to receive training at the Hong Kong Independent Commission Against Corruption. Through activities such as party discipline education, integrity lectures, case study briefings, watching anti-corruption films, and visits to integrity education bases, the Company reinforced the legal, disciplinary and anti-corruption awareness of all participants.

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.

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

Shapotou Scenic Spot's Tree-Planting Theme Event

Shapotou Scenic Spot implements the ecological concept of "Lucid Waters and Lush Mountains Are Invaluable Assets ". On 21 April 2024, Shapotou Scenic Spot in conjunction with other organizations, carried out a voluntary tree-planting activity themed "Inheriting the Spirit of Shapotou in the New Era, Becoming a Pioneer in Loving, Planting and Protecting Trees". Over 100 Party and League members from the scenic spot participated in the tree-planting event.

"The Shapotou Cup" 6th National Desert Fitness Sports Competition

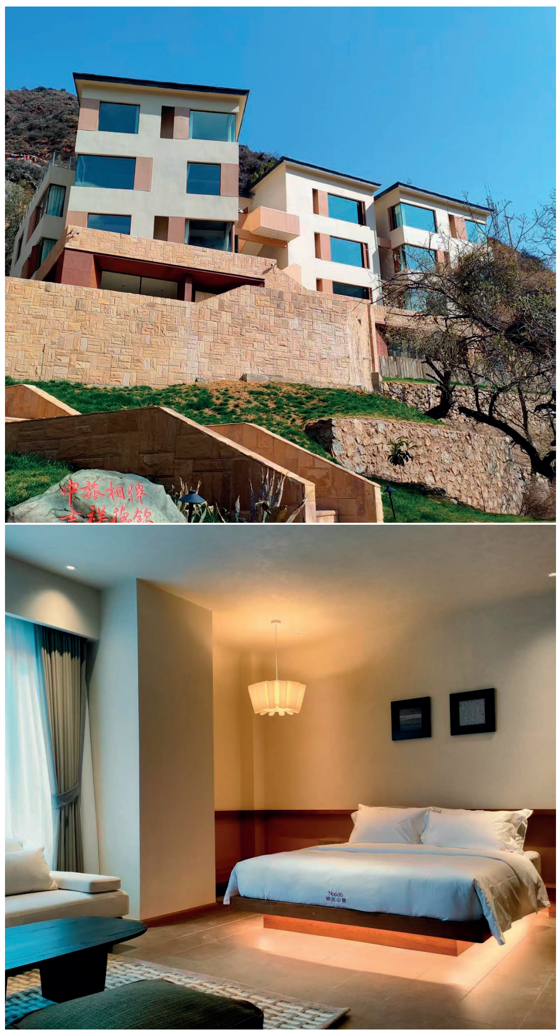
In recent years, Shapotou Scenic Spot has actively grasped the new trend of "Sports + Culture + Tourism" industry integration and development, integrated the desert, Yellow River, wetlands and other high-quality characteristics of tourism resources, and successfully hosted a number of international and domestic sports competitions and branded competitions. During the Reporting Period, Shapotou Scenic Spot hosted the "Shapotou Cup" 6th National Desert Fitness Sports Competition, featuring 7 team events, 6 individual events, and 3 family events. The competition attracted 1,190 athletes and sports enthusiasts from various provinces and cities to participate.

6.2 Rural Revitalization

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, in terms of assistance funding, we introduced more than the planned amount of assistance funds to Shangri-La City and Deqin County, including RMB1.098 million of gratuitous funds and RMB28 million of non-gratuitous funds; Through innovative sales methods, we provided consumer assistance worth RMB920,000 and helped to achieve sales of RMB2.63 million. In terms of training and exchange, we conducted training for a total of 369 relevant personnel throughout the year. We also established a talent exchange mechanism for the tourism professionals and arranged for three tourism professionals from the assisted regions to study at Splendid China. In terms of distinctive industrial assistance, we supported the construction and operation of several homestay projects and strengthened cooperation with other organizations to facilitate the implementation of assistance projects in Luhuo County; We also promoted the organic integration of assistance work with cultural tourism, established an intangible cultural heritage workshop named after China Tourism Group. In terms of educational assistance, the news of “Star of Hope” study tours we organized was reported and reprinted by various well-known media.

In the future, we will further deepen our rural revitalization 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 realization of common prosperity as a central enterprise. At the same time, we will actively explore the deep integration of “tourism + rural revitalization” and create a new demonstration model of rural revitalization. We will provide strong support for the comprehensive implementation of the national rural revitalization strategy, helping to thrive rural industries, create liveable ecological environments, enrich rural lives, and drive rural revitalization to new heights.



Yujie Village Boutique Homestay Project

APPENDIX – SEHK ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE 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
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	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

Subject Areas	Content	Disclosure Section
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
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
A4 General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Response to Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to Climate Change
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

Subject Areas	Content	Disclosure Section
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
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

Subject Areas	Content	Disclosure Section
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
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

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

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 109 to 206, which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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") 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"), and we have 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.

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 31 December 2024, 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$1,107 million and HK$207 million, respectively, at the reporting date. As at 31 December 2024, 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. The calculation of the recoverable amounts of the Resorts Related Assets is 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 are 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 estimation, 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$33 million had been recognised by the Group during the year on the Resorts Related Assets. The impairment assessment of the Resorts Related Assets is identified as a key audit matter because the aggregate carrying amount of the Resorts Related Assets is significant to the consolidated financial statements as at 31 December 2024 and the determination of the recoverable amounts of these assets involves significant management judgement and estimation. The related disclosures are included in notes 2.4, 3 and 13 to the consolidated financial statements.	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 HKFRSs; • Obtaining and assessing, with the assistance of our internal specialist, 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
Fair value measurement of investment properties	
As at 31 December 2024, the Group had investment properties with a total carrying amount of HK$3,233 million. These properties are mainly located in Hong Kong, Macau and the Mainland China. 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 is significant to the consolidated financial statements as at 31 December 2024 and the determination of the fair value involves significant judgements and estimation. The related disclosures are included in notes 2.4, 3 and 14 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 HKFRSs 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 HKSAs 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 HKSAs, 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.

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.

Ernst & Young
Certified Public Accountants
Hong Kong

26 March 2025

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Notes	2024 HK$'000	2023 HK$'000
Revenue	*4*	**4,627,425**	4,494,211
Cost of sales		**(3,140,379)**	(2,979,093)
Gross profit		**1,487,046**	1,515,118
Other income and gains, net	*7*	**168,723**	153,940
Fair value loss of investment properties		**(222,092)**	(19,126)
Impairment losses on property, plant and equipment		**(32,905)**	–
Selling and distribution costs		**(245,597)**	(273,259)
Administrative expenses		**(845,434)**	(813,264)
Operating income	*7*	**309,741**	563,409
Finance income	*6*	**51,128**	65,308
Finance costs	*6*	**(10,923)**	(12,724)
Finance income, net	*6*	**40,205**	52,584
Share of profits and losses of:			
– associates		**71,081**	89,675
– joint ventures		**(2,557)**	(3,664)
Profit before taxation		**418,470**	702,004
Tax expense	*10*	**(214,832)**	(356,510)
Profit for the year		**203,638**	345,494
Attributable to:			
Equity owners of the Company		**105,972**	239,548
Non-controlling interests		**97,666**	105,946
Profit for the year		**203,638**	345,494
Earnings per share for profit attributable to equity owners of the Company (HK cents)	*12*		
Basic earnings per share		**1.91**	4.33
Diluted earnings per share		**1.91**	4.33

The notes on pages 117 to 206 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	2024 HK$'000	2023 HK$'000
Profit for the year	**203,638**	345,494
Other comprehensive (loss)/income for the year		
Items that will not be reclassified subsequently to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling), net of tax	**(9,111)**	27,330
Exchange differences on translation of foreign operations attributable to non-controlling interests, net	**(25,149)**	–
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations attributable to equity owners of the Company, net	**(174,088)**	(67,741)
Other comprehensive loss for the year, net of tax	**(208,348)**	(40,411)
Total comprehensive (loss)/income for the year	**(4,710)**	305,083
Attributable to:		
Equity owners of the Company	**(76,277)**	223,663
Non-controlling interests	**71,567**	81,420
Total comprehensive (loss)/income for the year	**(4,710)**	305,083

The notes on pages 117 to 206 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024
(Expressed in Hong Kong dollars)

	Notes	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**9,638,670**	9,568,333
Investment properties	*14*	**3,232,813**	3,464,007
Prepaid land lease payments	*15*	**444,477**	425,654
Goodwill	*16*	**1,354,468**	1,354,686
Other intangible assets	*17*	**121,301**	112,734
Investments in associates	*19*	**1,335,883**	1,322,266
Investments in joint ventures	*20*	**78,974**	68,532
Derivative financial instrument	*27*	**–**	1,145
Other financial assets	*21*	**54,101**	64,400
Prepayments and other receivables	*26*	**45,846**	13,560
Deferred tax assets	*35*	**249,230**	298,396
Total non-current assets		**16,555,763**	16,693,713
Current assets			
Inventories	*22*	**147,748**	168,955
Properties under development	*23*	**3,980,836**	3,804,347
Completed properties held for sale	*24*	**418,276**	503,462
Trade receivables	*25*	**193,463**	183,540
Deposits, prepayments and other receivables	*26*	**456,690**	598,837
Amounts due from holding companies	*29*	**22,588**	26,089
Amounts due from fellow subsidiaries	*29*	**306,619**	311,924
Tax recoverable		**950**	27
Pledged and restricted deposits	*28*	**4,811**	60,157
Cash and bank balances	*28*	**2,444,190**	2,663,388
Total current assets		**7,976,171**	8,320,726
Total assets		**24,531,934**	25,014,439

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024
(Expressed in Hong Kong dollars)

	Notes	2024 HK$'000	2023 HK$'000
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital	36	**9,222,295**	9,222,295
Reserves		**6,883,715**	7,132,069
		16,106,010	16,354,364
Non-controlling interests		**2,025,883**	1,897,686
Total equity		**18,131,893**	18,252,050
LIABILITIES			
Non-current liabilities			
Deferred income	32	**561,643**	586,347
Loans from a fellow subsidiary	29	**350,957**	468,981
Lease liabilities	34	**277,681**	218,532
Bank and other borrowings	33	**640,424**	662,964
Deferred tax liabilities	35	**624,304**	615,353
Total non-current liabilities		**2,455,009**	2,552,177
Current liabilities			
Trade payables	30	**763,042**	880,596
Other payables and accruals	31	**2,146,559**	2,237,856
Loans from holding companies	29	**337,202**	337,147
Loans from a fellow subsidiary	29	**86,389**	–
Amounts due to holding companies	29	**9,659**	4,978
Amounts due to fellow subsidiaries	29	**26,414**	49,182
Lease liabilities	34	**56,065**	55,569
Tax payables		**128,173**	164,172
Bank and other borrowings	33	**391,529**	480,712
Total current liabilities		**3,945,032**	4,210,212
Total liabilities		**6,400,041**	6,762,389
Total equity and liabilities		**24,531,934**	25,014,439

These financial statements were approved and authorised for issue by the board of directors on 26 March 2025 and were signed on its behalf by:

Wu Qiang
Director

Feng Gang
Director

The notes on pages 117 to 206 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024
(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 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	-	-	-	-	-	-	(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 income/(loss) 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 11)	-	-	-	-	-	-	-	(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**

* These reserve accounts comprise the consolidated reserves of HK$6,883,715,000 (2023: HK$7,132,069,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024
(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 and reserve funds[1] 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 2023	9,222,295	–	1,330,750	(422,980)	202,583	(609,491)	8,766	6,467,569	16,199,492	1,778,121	17,977,613
Comprehensive income											
Profit for the year	–	–	–	–	–	–	–	239,548	239,548	105,946	345,494
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	–	–	–	–	–	–	26,431	–	26,431	899	27,330
Exchange differences on translation of foreign operations, net	–	–	–	–	–	(42,316)	–	–	(42,316)	(25,425)	(67,741)
Total other comprehensive income/(loss) for the year, net of tax	–	–	–	–	–	(42,316)	26,431	–	(15,885)	(24,526)	(40,411)
Total comprehensive income/(loss) for the year	–	–	–	–	–	(42,316)	26,431	239,548	223,663	81,420	305,083
Transactions with owners											
Transfer from retained profits	–	–	–	–	8,671	–	–	(8,671)	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(3,939)	(3,939)
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	–	42,084	42,084
Equity-settled share option arrangement (Note 37)	–	14,259	–	–	–	–	–	–	14,259	–	14,259
Dividends paid (Note 11)	–	–	–	–	–	–	–	(83,050)	(83,050)	–	(83,050)
Total transactions with owners for the year	–	14,259	–	–	8,671	–	–	(91,721)	(68,791)	38,145	(30,646)
At 31 December 2023	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

Note:

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

The notes on pages 117 to 206 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Notes	**2024 HK$'000**	2023 HK$'000
Cash flows from operating activities			
Profit before taxation		**418,470**	702,004
Adjustments for:			
Finance income	6	**(51,128)**	(65,308)
Finance costs	6	**10,923**	12,724
Fair value loss of a derivative financial instrument	7(a)	**1,145**	21,422
Impairment losses on property, plant and equipment, net	7(b)	**32,905**	–
Impairment loss on investment in an associate	7(b)	**6,669**	–
Gain on disposal of property, plant and equipment, net	7(a)	**(26,619)**	(945)
Gain on disposal of subsidiaries	7(a)	**(4,892)**	–
Depreciation	7(b)	**507,282**	523,783
Amortisation of prepaid land lease payments	7(b)	**17,352**	21,054
Equity-settled share option expense	37	**4,306**	14,259
Provision for impairment of trade and other receivables, net	7(b)	**1,138**	8,842
Gain on bargain purchase of subsidiaries	7(a)	**–**	(4,819)
Reversal of provision for membership refund	7(a)	**(9,328)**	(14,929)
Fair value loss of investment properties	7(b)	**222,092**	19,126
Share of profits of associates		**(71,081)**	(89,675)
Share of losses of joint ventures		**2,557**	3,664
		1,061,791	1,151,202
Decrease in inventories		**21,207**	30,962
Increase in properties under development and completed properties held for sale		**(148,661)**	(86,557)
Decrease/(increase) in trade receivables, deposits, prepayments and other receivables		**98,800**	(144,964)
Decrease/(increase) in amounts due from holding companies		**3,501**	(23,347)
Decrease in amounts due from fellow subsidiaries		**5,305**	11,023
Increase/(decrease) in trade payables, other payables and accruals		**(209,354)**	142,865
Increase/(decrease) in amounts due to related companies		**(18,087)**	18,555
Decrease in deferred income, net of sales tax		**(10,014)**	(16,877)
Cash flows from operations		**804,488**	1,082,862
Hong Kong, PRC and Macau profits taxes paid		**(112,191)**	(61,361)
Net cash flows from operating activities		**692,297**	1,021,501

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from investing activities			
Finance income received		**51,128**	65,308
Dividends received from associates		**62,361**	70,947
Repayment of loan to a fellow subsidiary		**–**	233,302
Purchases of property, plant and equipment, intangible assets and prepaid land lease payments		**(862,479)**	(1,059,576)
Proceeds from disposal of property, plant and equipment		**137,167**	1,771
Purchase of an investment property		**(6,544)**	(31,500)
Investment in an associate		**(10,937)**	(35,546)
Acquisition of a subsidiary, net	38	**–**	(897,929)
Proceeds from disposal of subsidiaries		**46,501**	–
Withdrawal of pledged and restricted deposits		**55,698**	1,679
Placement of pledged and restricted deposits		**(352)**	(57,779)
Withdrawal of non-pledged time deposits with original maturity of more than three months when acquired		**203,041**	382,519
Placement of non-pledged time deposits with original maturity of more than three months when acquired		**(157,170)**	(203,041)
Net cash flows used in investing activities		**(481,586)**	(1,529,845)
Cash flows from financing activities			
Principal element of lease rental paid		**(50,023)**	(57,452)
Interest element of lease rental paid		**(10,923)**	(12,724)
Finance costs paid		**(59,975)**	(46,213)
Dividends paid	11	**(138,417)**	(83,050)
Dividends paid to non-controlling shareholders		**(98,284)**	(3,939)
Contribution from non-controlling shareholders		**157,507**	42,084
New bank and other borrowings		**237,919**	419,594
Repayment of bank and other borrowings		**(297,118)**	(159,452)
New loans from a fellow subsidiary		**–**	472,159
Repayment of loans from a fellow subsidiary		**(21,936)**	–
New loans from holding companies		**7,385**	7,254
Net cash flows from/(used in) financing activities		**(273,865)**	578,261
Net increase/(decrease) in cash and cash equivalents		**(63,154)**	69,917
Cash and cash equivalents at beginning of year		**2,460,347**	2,415,457
Effect of foreign exchange rate changes, net		**(109,064)**	(25,027)
Cash and cash equivalents at end of year	28(a)	**2,288,129**	2,460,347

The notes on pages 117 to 206 form part of these financial statements.

1 CORPORATE INFORMATION

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

– Tourist attraction and related operations

– Travel document and related operations

– Hotel operations

– Passenger transportation operations

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 People's Republic of China (the "PRC") state-owned enterprise.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) 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 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 interest;

- 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.

2 ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. 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).

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.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the consolidated financial statements.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

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

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

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

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 HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs 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 consolidated financial statements.

2 ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. 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 HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 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 consolidated 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.

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. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2 ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

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 consolidated 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. 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 consolidated 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 consolidated 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 consolidated financial statements.

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.

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 recognised in profit or loss or other comprehensive income.

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.

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.

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.

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.

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation

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	Over the lease terms
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.

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.

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.

(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.

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets (continued)

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.

(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.

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

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.

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.

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

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.

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.

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Derecognition of financial assets (continued)

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.

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

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

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.

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.

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

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.

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.

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Income tax (continued)

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.

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.

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

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 live 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;

(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;

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

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).

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.

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Share-based payments (continued)

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.

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 Mainland China 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.

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

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.

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.

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.

2 ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Foreign currencies (continued)

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.

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$32,905,000 had been recognised on property, plant and equipment during the year, details of which are included in note 13 to the consolidated financial statements (2023: Nil).

(ii) Provision of Land Appreciation Tax ("LAT")

LAT is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures.

The subsidiaries engaging in the property development business in Mainland China are subject to LAT in accordance with the relevant Mainland China tax laws and regulations. However, the implementation of these tax laws and regulations varies amongst various Mainland China cities and the Group has not finalised its LAT returns with various tax authorities. The estimation of LAT is complex and involves management exercising a high degree of judgement and estimates. Accordingly, the Group recognises these tax liabilities based on management's best estimates with reference to the computation of the tax consultant engaged by the Group. The final tax outcome of these matters could be different from the amounts that were initially recorded.

For the year ended 31 December 2024, a LAT provision of HK$7,772,000 (2023: HK$198,220,000) has been recognised and included in "Tax expense" in the consolidated income statement, details of which are included in note 10 to the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Judgement and estimation uncertainty (continued)

(iii) Net realisable value ("NRV") of stock of properties held by the Group and the Group's associate

Management judgement and estimation is required to assess the recoverability of the stock of properties held by the Group and the Group's associate, 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.

(iv) 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 2024 was HK$3,232,813,000 (2023: HK$3,464,007,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the consolidated financial statements.

4 OPERATING SEGMENT INFORMATION

Executive directors of the Company is the Group’s chief operating decision-maker 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. A summary of details of the operating segments is as follows:

(a) the tourist attraction and related operations segment engages in the operation of theme parks, scenic spots, cable car systems, skiing facilities, hot spring resorts, other resorts, arts performance and tourism property development mainly located in Mainland China;

(b) the travel document and related operations segment engages in the provision of travel document and related services in Hong Kong and Mainland China;

(c) the hotel operations segment engages in the provision of hotel accommodation, food and beverage services in Hong Kong, Macau and Mainland China; and

(d) the passenger transportation operations segment engages in the provision of cross-border transportation services to individuals travelling between Hong Kong, Macau and Mainland China, vehicle and vessel rental and charter operations in Hong Kong, Macau and Mainland China.

4 OPERATING SEGMENT INFORMATION (continued)

Management has determined the operating segments based on the information reviewed by the chief operating decision maker and monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. 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 disposal of subsidiaries, 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 2024

	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
Segment revenue							
Sales to external customers	2,345,323	343,908	820,211	1,093,388	4,602,830	24,595	4,627,425
Inter-segment revenue	939	110	436	230	1,715	2,250	3,965
	2,346,262	344,018	820,647	1,093,618	4,604,545	26,845	4,631,390
Elimination of inter-segment revenue					(1,715)	(2,250)	(3,965)
Revenue					4,602,830	24,595	4,627,425
Segment results	13,791	176,028	226,660	(10,506)	405,973	(99,435)	306,538
Non-controlling interests							85,414
							391,952
Equity-settled share option expenses, net of tax							(4,306)
Fair value loss of investment properties, net of tax							(214,660)
Fair value loss of a derivative financial instrument, net of tax							(859)
Gain on disposal of subsidiaries, net of tax							4,892
Net gain on disposal of property, plant and equipment, net of tax							26,619
Profit for the year							203,638

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	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	268,730	31,883	96,505	120,494	517,612	7,022	524,634
– owned property, plant and equipment	236,205	16,387	82,313	98,448	433,353	4,246	437,599
– right-of-use assets and prepaid land lease payments	32,525	15,496	14,192	22,046	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

4 OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2023

	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
Segment revenue:							
Sales to external customers	2,303,832	474,230	693,873	988,687	4,460,622	33,589	4,494,211
Inter-segment revenue	255	2,187	696	75	3,213	2,520	5,733
	2,304,087	476,417	694,569	988,762	4,463,835	36,109	4,499,944
Elimination of inter-segment revenue					(3,213)	(2,520)	(5,733)
Revenue					4,460,622	33,589	4,494,211
Segment results	(99,817)	250,769	161,678	19,580	332,210	(48,930)	283,280
Non-controlling interests							105,946
							389,226
Equity-settled share option expenses, net of tax							(14,259)
Gain on bargain purchase of a subsidiary, net of tax							4,819
Fair value loss of investment properties, net of tax							(19,171)
Fair value loss of a derivative financial instrument, net of tax							(16,066)
Net gain on disposal of property, plant and equipment, net of tax							945
Profit for the year							345,494

4 OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2023 (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	11,719,165	1,928,752	4,369,285	1,548,392	19,565,594	4,058,047	23,623,641
Investments in associates	1,209,125	–	–	98,300	1,307,425	14,841	1,322,266
Investments in joint ventures	43,122	–	–	25,410	68,532	–	68,532
Inter-segment receivables	2,549,811	79,783	475,302	164,842	3,269,738	7,050,774	10,320,512
	15,521,223	2,008,535	4,844,587	1,836,944	24,211,289	11,123,662	35,334,951
Elimination of inter-segment receivables							(10,320,512)
Total assets							25,014,439
Segment liabilities	4,356,959	153,630	515,415	883,807	5,909,811	852,578	6,762,389
Inter-segment payables	3,396,624	119,418	1,495,806	755,885	5,767,733	4,552,779	10,320,512
	7,753,583	273,048	2,011,221	1,639,692	11,677,544	5,405,357	17,082,901
Elimination of inter-segment payables							(10,320,512)
Total liabilities							6,762,389
Other segment information:							
Share of profits and losses of associates	56,281	–	–	33,916	90,197	(522)	89,675
Share of profits and losses of joint ventures	–	–	–	(3,559)	(3,559)	(105)	(3,664)
Capital expenditure *(note (a))*	464,030	95,174	958,989	17,313	1,535,506	559,055	2,094,561
– owned property, plant and equipment	435,142	56,223	14,573	12,473	518,411	549,861	1,068,272
– right-of-use assets and prepaid land lease payments	28,888	38,951	1,326	4,840	74,005	9,194	83,199
– investment properties	–	–	31,500	–	31,500	–	31,500
– assets from acquisition of a subsidiary	–	–	911,590	–	911,590	–	911,590
Depreciation and amortisation	267,828	29,284	109,892	130,345	537,349	7,488	544,837
– owned property, plant and equipment	234,616	15,300	97,303	122,409	469,628	4,809	474,437
– right-of-use assets and prepaid land lease payments	33,212	13,984	12,589	7,936	67,721	2,679	70,400
Provision for impairment/(written back of provision for impairment) of trade and other receivables	8,348	–	11	–	8,359	483	8,842

Notes:

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

4 OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2024 HK$'000	2023 HK$'000
Hong Kong	**2,014,515**	1,927,120
Mainland China and Macau	**2,612,910**	2,567,091
	4,627,425	4,494,211

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

	2024 HK$'000	2023 HK$'000
Hong Kong	**8,868,810**	6,619,149
Mainland China and Macau	**7,383,622**	9,710,623
	16,252,432	16,329,772

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 2024 (2023: Nil).

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

	2024 **HK$'000**	2023 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Types of goods or services		
– Tourist attraction and related income	**2,037,239**	1,855,296
– Travel document and related income	**343,908**	474,272
– Hotel income	**837,083**	735,833
– Passenger transportation income	**1,093,388**	988,687
– Property sales income	**126,605**	291,478
– Consultancy and service income	**29,042**	28,871
	4,467,265	4,374,437
Revenue from other sources		
Gross rental income from investment properties		
– Fixed lease payments	**160,160**	119,774
	4,627,425	4,494,211

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

As at 31 December 2024, there was no amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts (2023: Nil).

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 to its revenue from property sales as the performance obligation is part of a contract that has an original expected duration of one year or less.

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

6 FINANCE INCOME, NET

	2024 HK$'000	2023 HK$'000
Finance income:		
Bank deposits and entrustment loans	**51,128**	65,308
Interest expense:		
Lease liabilities	**(10,923)**	(12,724)
Bank and other borrowings	**(59,975)**	(46,213)
	(70,898)	(58,937)
Less: Interest expense capitalised into properties under development and property, plant and equipment	**59,975**	46,213
Finance costs	**(10,923)**	(12,724)
Finance income, net	**40,205**	52,584

* The borrowing costs have been capitalised at a rate of 4.77% per annum (2023: 3.68%).

7 OPERATING INCOME/(LOSS)

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

		2024 HK$'000	2023 HK$'000
(a)	Other income and gains, net		
	Foreign exchange differences, net	**(2,940)**	4,970
	Government grants	**(10,014)**	(16,877)
	Management fee income	**(216)**	(677)
	Gain on disposal of property, plant and equipment, net	**(26,619)**	(945)
	Gain on disposal of subsidiaries	**(4,892)**	–
	Gain on bargain purchase of subsidiaries (Note 38)	**–**	(4,819)
	Fair value loss of a derivative financial instrument	**1,145**	21,422
	Reversal of provision for membership refund	**(9,328)**	(14,929)
	Other rental income, net	**(24,492)**	(26,419)
	Other	**(91,367)**	(115,666)
		(168,723)	(153,940)
(b)	Other items:		
	Depreciation charge (Note 13)		
	– owned property, plant and equipment	**437,599**	474,437
	– right-of-use assets	**69,683**	49,346
		507,282	523,783
	Amortisation of prepaid land lease payments (Note 15)	**17,352**	21,054
	Employee benefit expenses (including directors' remuneration)		
	– Wages and salaries	**1,396,047**	1,354,483
	– Equity-settled share option expenses (Note 37)	**4,306**	14,259
	– Retirement benefit scheme contributions	**61,976**	47,208
		1,462,329	1,415,950
	Provision for impairment of trade and other receivables, net (Note 25)	**1,138**	8,842
	Lease payments not included in the measurement of lease liabilities	**9,964**	7,759
	Direct operating expenses of investment properties	**4,254**	3,893
	Fuel cost	**304,549**	250,928
	Cost of properties sold	**76,284**	166,583
	Auditor's remuneration	**4,125**	3,755
	Fair value loss of investment properties (Note 14)	**222,092**	19,126
	Impairment losses on property, plant and equipment (Note 13)	**32,905**	–
	Impairment loss on investment in an associate (Note 19)	**6,669**	–

* At 31 December 2024, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2023: 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.

8 BENEFITS AND INTERESTS OF DIRECTORS

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	
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$'000	Total HK$'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

8 BENEFITS AND INTERESTS OF DIRECTORS (continued)

The remuneration of every director is set out below:

For the year ended 31 December 2023:

	Emoluments paid or receivable in respect of a person's services as a director of the Company or its subsidiary undertaking									
Name	Fees	Salary	Discretionary bonuses	Housing allowance	Equity-settled share option expenses	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	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$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	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	–	399	503	219	–	–	2,010
Mr. Li Pengyu	–	1,029	187	–	309	35	29	–	–	1,589
Mr. Wu Qiang (Chairman)	–	137	34	–	508	84	44	–	–	807
Non-Executive Directors										
Mr. Fan Zhishi	–	–	–	–	–	–	–	–	–	–
Mr. Tao Xiaobin	–	–	–	–	–	–	–	–	–	–
Mr. Tsang Wai Hung	300	–	–	–	–	–	–	–	–	300

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 (2023: Nil).

9 FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year include two directors of the Company (2023: one). Details of the remuneration of the five highest paid individuals for the year are as follows:

	2024 **HK$'000**	2023 HK$'000
Salaries, housing allowances, other allowances and benefits in kind	**5,278**	5,281
Equity-settled share option expenses	**1,764**	1,634
Discretionary bonuses	**759**	758
Retirement benefit scheme contributions	**1,446**	1,127
	9,247	8,800

The emoluments fell within the following bands:

	Number of employees	
	2024	2023
HK$1,000,001 to HK$1,500,000	**3**	4
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**–**	–
HK$2,500,001 to HK$3,000,000	**–**	–
	5	5

10 TAX EXPENSE

(a) Hong Kong Profits Tax has been provided at the rate of 16.5% (2023: 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 Mainland China 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.

	2024 **HK$'000**	2023 HK$'000
Current – Hong Kong		
Charge for the year	**71,758**	68,612
Over-provision in prior years	**(6,316)**	(627)
	65,442	67,985
Current – Mainland China and Macau		
Charge for the year	**76,192**	34,435
Over-provision in prior years	**–**	–
	76,192	34,435
LAT	**7,772**	198,220*
Deferred tax (Note 35)	**65,426**	55,870
Total tax expense for the year	**214,832**	356,510

* Additional LAT provision of HK$198,220,000 has been recognised during the year ended 31 December 2023 based on the latest best estimate with reference to the computation of the tax consultant engaged by the Group for certain property development projects undergoing LAT clearance process.

Pillar Two income taxes

The Group is in scope of Pillar Two rules for the year ended 31 December 2024. However, as of the reporting date, no Pillar Two legislation has been enacted or substantively enacted in jurisdictions where the Group operates. The Group is still in the process of assessing the potential exposure to Pillar Two income taxes. Based on the assessment carried out, the enactment or substantial enactment of Pillar Two legislation in additional jurisdictions in which the Group operates does not expect a material impact to the Group's overall exposure to Pillar Two income taxes yet. Quantitative information to indicate potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable. The Group expects to be in a position to report the potential exposure in its next interim financial statements for the period ending 30 June 2025.

10 TAX EXPENSE (continued)

(b) A reconciliation of the tax expense of the Group applicable to profit 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:

	2024 HK$'000	2023 HK$'000
Profit before taxation	**418,470**	702,004
Share of profits and losses of associates	**(71,081)**	(89,675)
Share of losses of joint ventures	**2,557**	3,664
	349,946	615,993
Tax at the applicable tax rates	**56,916**	99,980
Income not subject to tax	**(30,757)**	(42,780)
Expenses not deductible for tax purposes	**58,394**	42,844
Effect of withholding tax on the distributed/distributable profits of the Group's PRC subsidiaries and associates	**5,597**	5,736
Tax losses utilised from previous periods	**(19,026)**	(99,822)
Tax losses not recognised	**86,673**	96,707
LAT	**7,772**	198,220
Temporary difference not recognised	**55,579**	56,252
Over-provision in prior years, net	**(6,316)**	(627)
Tax expense	**214,832**	356,510

(c) The share of tax attributable to associates amounting to HK$24,870,000 (2023: HK$29,142,000) 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$1,188,000 (2023: HK$2,979,000).

11 DIVIDENDS

	2024 **HK$'000**	2023 HK$'000
Interim – HK1.5 cents (2023: HK1.5 cents) per ordinary share	**83,050**	83,050
Final – Nil (2023: HK1 cent) per ordinary share	**–**	55,367

An interim dividend of HK1.5 cents per share was paid during the year. The board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: HK1 cent per share).

12 EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

The calculation of basic and diluted earnings per share is based on profit attributable to equity owners of the Company for the year ended 31 December 2024 of HK$106 million (2023: HK$240 million) and the weighted average of 5,536,633,709 ordinary shares (2023: 5,536,633,709 ordinary shares) in issue during the year.

The share options granted by the Group had no dilutive effect during the year ended 31 December 2024 and 2023.

13 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 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 23)	–	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

13 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 2023							
At 31 December 2022 and at 1 January 2023							
Cost	5,781,290	3,253,045	1,724,288	1,911,378	417,524	3,541,526	16,629,051
Accumulated depreciation and impairment	(2,775,591)	(1,102,021)	(1,162,308)	(692)	(143,460)	(2,315,333)	(7,499,405)
	3,005,699	2,151,024	561,980	1,910,686	274,064	1,226,193	9,129,646
At 1 January 2023	3,005,699	2,151,024	561,980	1,910,686	274,064	1,226,193	9,129,646
Additions	–	108	510	804,823	56,482	264,028	1,125,951
Acquisition of subsidiaries (Note 38)	–	–	–	–	–	590	590
Disposals and write-off	–	–	(826)	–	–	–	(826)
Depreciation	(99,932)	(83,507)	(32,270)	–	(49,346)	(258,728)	(523,783)
Transfer within property, plant and equipment	354,002	82,700	247,419	(752,233)	–	68,112	–
Currency translation differences	(10,608)	(97,351)	(8,708)	(21,527)	(5,424)	(19,627)	(163,245)
At 31 December 2023	3,249,161	2,052,974	768,105	1,941,749	275,776	1,280,568	9,568,333
At 31 December 2023:							
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

(i) At 31 December 2023, included in the Group's land and buildings amounting to HK$179,037,000 were certain buildings of which the Group was in the progress of applying the certificate of buildings as at the end of the reporting period.

At 31 December 2024, certain of the Group's buildings with a net carrying amount of HK$181,748,000 (2023: HK$70,036,000) were pledged to secure bank guarantees in connection with credit facilities granted.

13 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 2024, the carrying amount of these properties amounted to approximately HK$109 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 2025. 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 year ended 31 December 2024, 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 31 December 2024, the major assets of Zhuhai Resort were land and properties with a carrying value before impairment amounting to HK$1,140,000,000 (2023: HK$1,183,000,000) which belong to tourist attraction and related operations segment. The recoverable amount of HK$1,107,000,000 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 2025 to 2042, a discount rate of 9% and a growth rate used to extrapolate cash flow projections of 2%. Hence, an impairment loss of HK$33 million had been recognised during the year.

As at 31 December 2024, the major assets of Xianyang Resort were land and properties with a carrying value before impairment amounting to HK$207,000,000 (2023: HK$208,000,000) which belong to tourist attraction and related operations segment. The recoverable amounts of HK$207,000,000 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 2025 to 2046, a discount rate of 9% and a growth rate used to extrapolate cash flow projections of 2%.

At 31 December 2024, accumulated impairment losses amounted to HK$407,313,000 (2023: HK$382,585,000).

In the opinion of the Company's directors, an increase of 1 percentage point in the discount rate for the impairment test of Zhuhai Resort and Xianyang Resort would further cause the carrying amounts of these resorts to exceed the recoverable amounts by approximately HK$110 million, and a decrease in both the revenue growth rate and the terminal growth rate of these resorts by 10% would cause the carrying amounts of these resorts to exceed the recoverable amounts by approximately HK$85 million.

13 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	2024 HK$'000	2023 HK$'000
Properties leased for own use, carried at depreciated cost	(i)	**301,285**	263,348
Office equipment, carried at depreciated cost	(ii)	**12,186**	12,428
		313,471	275,776

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 HK$'000	2023 HK$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	**61,083**	39,546
Office equipment	**8,600**	9,800
	69,683	49,346
Interest on lease liabilities (Note 6)	**10,923**	12,724
Expense relating to short-term leases	**11,050**	7,668
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**941**	91

During the year, additions to right-of-use assets were HK$129,049,000 (2023: HK$56,482,000). 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 15 to the consolidated financial statements.

14 INVESTMENT PROPERTIES

	2024 HK$'000	2023 HK$'000
At fair value		
At 1 January	**3,464,007**	2,552,662
Additions	**6,544**	31,500
Changes in fair value recognised in income statement	**(222,092)**	(19,126)
Acquisition of a subsidiary (Note 38)	**–**	911,000
Currency translation differences	**(15,646)**	(12,029)
At 31 December	**3,232,813**	3,464,007

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 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	**–**	**–**	**2,512,200**	**2,512,200**
Outside Hong Kong:				
– Commercial properties	**–**	**–**	**720,613**	**720,613**
	–	**–**	**3,232,813**	**3,232,813**

	Fair value measurement as at 31 December 2023 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	–	–	2,651,100	2,651,100
Outside Hong Kong:				
– Commercial properties	–	–	812,907	812,907
	–	–	3,464,007	3,464,007

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 (2023: Nil).

(Expressed in Hong Kong dollars unless otherwise indicated)

14 INVESTMENT PROPERTIES (continued)

The Group measures their investment properties at fair value. The investment properties were revalued on 31 December 2024 by RHL Appraisal Limited, independent professionally qualified valuers, at HK$3,232,813,000 (2023: HK$3,464,007,000).

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 2024 and 31 December 2023, the range of premium/(discount) used in the direct comparison approach is as follows:

	2024 Range of premium/ discount
Hong Kong	**-40% to 50%**
Outside Hong Kong	**-28% to 10%**

	2023 Range of premium/ discount
Hong Kong	-17% to 12%
Outside Hong Kong	-3% to 5%

14 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:

	2024 **HK$'000**	2023 HK$'000
Within 1 year	**77,264**	67,333
After 1 year but within 2 years	**45,308**	54,550
After 2 years but within 3 years	**15,558**	24,836
After 3 years but within 4 years	**8,161**	1,145
After 4 years but within 5 years	**1,074**	550
	147,365	148,414

15 PREPAID LAND LEASE PAYMENTS

	2024 **HK$'000**	2023 HK$'000
At 1 January	**450,140**	445,250
Additions	**43,305**	26,717
Amortisation	**(17,352)**	(21,054)
Currency translation differences	**(8,845)**	(773)
At 31 December	**467,248**	450,140
Current portion included in deposits, prepayments and other receivables	**(22,771)**	(24,486)
Non-current portion	**444,477**	425,654

At 31 December 2024, included in the Group's prepaid land lease payments, amounting to HK$9,723,000 (2023: HK$9,936,000) were 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 2024, certain of the Group's land use rights with an original cost of HK$25,824,000 (2023: HK$8,504,000) were pledged to secure bank guarantees in connection with credit facilities granted.

16 GOODWILL

	2024 HK$'000	2023 HK$'000
At 1 January	**1,660,401**	1,660,548
Currency translation differences	**(218)**	(147)
At 31 December	**1,660,183**	1,660,401
Accumulated impairment	**(305,715)**	(305,715)
Net book amount	**1,354,468**	1,354,686

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 11% (2023: 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 13% (2023: 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 (2023: Level 3 of the fair value hierarchy).

16 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	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Carrying amount of goodwill	**1,244,769**	1,244,769	**61,545**	61,910	**48,154**	48,154	**1,354,468**	1,354,686

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 2024 and 2023. 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.

17 OTHER INTANGIBLE ASSETS

	Trademarks HK$'000	Passenger service licences and quota HK$'000	Total HK$'000
Cost and net book value:			
At 1 January 2023, 31 December 2023 and 1 January 2024	34,291	78,443	112,734
Additions	–	8,567	8,567
At 31 December 2024	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.

18 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 2024 is HK$2,025,883,000, of which HK$481,315,000 (2023: HK$497,005,000) is attributable to Shun Tak – China Travel Shipping Investments Limited ("Shun Tak – China Travel") representing for 50% of equity for non-controlling interests, HK$297,192,000 (2023: HK$306,867,000) is attributed to China Travel Service Property Investment Hong Kong Limited ("CTSPI") representing for 9.71% of equity for non-controlling interests and HK$254,916,000 (2023: HK$280,131,000) is attributed to Shenzhen 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	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Non-current assets	**1,206,727**	1,305,656	**3,617,132**	3,160,222	**461,809**	521,813
Current assets	**316,551**	377,521	**127,172**	67,623	**365,240**	360,861
Non-current liabilities	**(234,092)**	(227,575)	**(517,650)**	(15,695)	**(135,298)**	(136,146)
Current liabilities	**(326,556)**	(461,592)	**(165,974)**	(51,831)	**(171,513)**	(174,832)
Net assets	**962,630**	994,010	**3,060,680**	3,160,319	**520,238**	571,696

Summarised income statement

	Shun Tak – China Travel		CTSPI		Window of the World	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Revenue	**651,928**	679,581	**141,269**	31,732	**439,741**	476,634
Profit/(loss) after taxation	**14,559**	52,453	**(135,638)**	29,383	**129,462**	142,268
Total comprehensive income/(loss)	**14,559**	52,453	**(135,638)**	29,383	**129,462**	142,268
Total comprehensive income/(loss) attributable to non-controlling interests	**7,280**	26,226	**(13,170)**	2,853	**63,436**	69,711

18 SUBSIDIARIES (continued)

Summarised cash flows

	Shun Tak – China travel		CTSPI		Window of the World	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Net cash flows (used in)/ generated from operating activities	**186,720**	122,405	**116,692**	9,285	**178,952**	284,179
Net cash flows from/(used in) investing activities	**24,517**	(6,311)	**(131,275)**	(481,864)	**53,624**	(166,065)
Net cash flows from/(used in) financing activities	**(179,063)**	(53,691)	**(2,222)**	282,237	**(126,994)**	(91,739)
Net increase/(decrease) in cash and cash equivalents	**32,174**	62,403	**(16,805)**	(190,342)	**105,582**	26,375
Cash and cash equivalents at end of year	**225,262**	193,088	**32,321**	49,126	**355,543**	249,961

The financial information above is the amounts before any inter-company eliminations.

19 INVESTMENTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Share of net assets	**1,026,115**	1,005,829
Goodwill	**316,647**	316,647
Provision for impairment	**(6,879)**	(210)
	1,335,883	1,322,266

The movements for the provision for impairment on investments in associates is as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**210**	210
Impairment loss (Note 7)	**6,669**	–
At 31 December	**6,879**	210

The provision for impairment loss on investment in associates have been included in administrative expenses in the consolidated income statement.

(Expressed in Hong Kong dollars unless otherwise indicated)

19 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 2024	2023	Principal activities
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	PRC/Mainland China	**26**	26	Scenic spot operations
Huangshan Taiping Cable Car Co. Ltd.	US$6,975,000	PRC/Mainland China	**30**	30	Cable car operations
Huangshan Yuping Cable Car Company Ltd.	RMB19,000,000	PRC/Mainland China	**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	PRC/Mainland China	**49**	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	PRC/Mainland China	**34**	34	Resort operations
中旅桃花源(常德)文化旅遊發展有限公司	RMB50,500,000	PRC/Mainland China	**34**	34	Tourism services
Hong Kong & Macao International Airport Transportation Service (HK) Co. Limited	HK$5,000,000	Hong Kong	**21.56**	25	Investment holding
Hong Kong & Macao International Airport Transportation Service Co. Ltd.	HK$100	Hong Kong	**15**	25	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$450,000	Hong Kong	**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.

19 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		恒大海泉灣		Other associates in aggregate		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Gross amounts of the associates								
Non-current assets	**2,829,916**	1,700,414	**150**	221	**568,094**	556,426	**3,398,160**	2,257,061
Current assets	**122,283**	152,850	**1,219,084**	1,247,498	**1,054,209**	1,343,024	**2,395,576**	2,743,372
Non-current liabilities	**(2,009,242)**	(1,081,688)	**(1,020)**	(2,211)	**(40,054)**	(51,586)	**(2,050,316)**	(1,135,485)
Current liabilities	**(370,978)**	(258,376)	**(305,656)**	(284,685)	**(314,051)**	(461,376)	**(990,685)**	1,004,437
Equity	**571,979**	513,200	**912,558**	960,823	**1,268,198**	1,386,488	**2,752,735**	2,860,511
Revenue	**623,580**	789,125	**1,437**	113,455	**1,290,789**	1,670,445	**1,915,806**	2,573,025
Profit/(loss) from continuing operations	**25,941**	136,475	**(39,943)**	(68,749)	**278,003**	467,159	**264,031**	534,885
Total comprehensive income/(loss)	**25,941**	136,475	**(39,943)**	(68,749)	**278,003**	467,159	**264,031**	534,885
Dividends received from associates	**–**	15,007	**–**	–	**62,361**	55,940	**62,361**	70,947
Reconciled to the group's interests in the associates								
Gross amounts of net assets of associates	**571,979**	513,200	**912,558**	960,823	**1,268,198**	1,386,488	**2,752,735**	2,860,511
Group's effective interest	**34%**	34%	**49%**	49%	**–**	–	**–**	–
Group's share of net assets of associates	**194,473**	174,488	**447,153**	470,803	**377,610**	360,328	**1,019,236**	1,005,619
Goodwill	**295,727**	295,727	**–**	–	**20,920**	20,920	**316,647**	316,647
Carrying amount in the consolidated financial statements	**490,200**	470,215	**447,153**	470,803	**398,530**	381,248	**1,335,883**	1,322,266

20 INVESTMENTS IN JOINT VENTURES

	2024 HK$'000	2023 HK$'000
Share of net assets	**78,974**	68,532

(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
			2024	2023	
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")*	RMB10 million	PRC/ Mainland China	**60**	–	Scenic spot operations

* 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. Please refer to note 39 to the consolidated financial statements for the information of the CTS Southwest (Chongqing).

(b) Aggregate information of joint ventures that are not individually material:

	2024 HK$'000	2023 HK$'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated statement of financial position	**78,974**	68,532
Aggregate amounts of the Group's share of these joint ventures' losses, net	**(2,557)**	(3,664)
Loss from continuing operations and total comprehensive loss	**(4,231)**	(10,346)

21 OTHER FINANCIAL ASSETS

	2024 **HK$'000**	2023 HK$'000
Unlisted equity securities, at fair value		
Guangdong Province China Travel Agency Co., Ltd.	**47,159**	55,572
Macau Airport Express Co., Ltd.	**911**	372
Metro Express Co., Ltd.	**585**	531
Alxa Left Banner Tenggerlitong Lake Grassland Tourism Co., Ltd.	**5,446**	7,925
	54,101	64,400

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 (2023: Nil). There was no disposal and no transfers of the cumulative gain or loss within equity during the years ended 31 December 2024 and 2023.

22 INVENTORIES

	2024 **HK$'000**	2023 HK$'000
Food and beverages	**11,713**	44,313
Fuel	**2,273**	3,923
Spare parts and consumables	**124,809**	115,033
General merchandise	**8,953**	5,686
	147,748	168,955

23 PROPERTIES UNDER DEVELOPMENT

	2024 **HK$'000**	2023 HK$'000
At 1 January	**3,804,347**	3,158,298
Additions	**258,891**	696,722
Transfer to property, plant and equipment (Note 13)	**(33,946)**	–
Currency translation differences	**(48,456)**	(50,673)
At 31 December	**3,980,836**	3,804,347

23 PROPERTIES UNDER DEVELOPMENT (continued)

	2024 HK$'000	2023 HK$'000
Properties under development comprise:		
Land use rights	**2,609,615**	2,662,801
Construction cost and capitalised expenditures	**1,371,221**	1,141,546
	3,980,836	3,804,347

As at 31 December 2024, certain of the Group's properties under development with a net carrying amount of HK$1,455,860,000 (2023: HK$1,487,702,000) 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 (2023: HK$290,585,000) 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:

	2024 HK$'000	2023 HK$'000
In Mainland China, with remaining lease term of:		
– 50 years or more	**2,609,615**	2,662,801

The amount of properties under development expected to be recovered after more than one year is HK$3,980,836,000 (2023: HK$3,605,698,000).

24 COMPLETED PROPERTIES HELD FOR SALE

	2024 HK$'000	2023 HK$'000
At 1 January	**503,462**	678,345
Sold during the year	**(76,284)**	(166,583)
Currency translation differences	**(8,902)**	(8,300)
At 31 December	**418,276**	503,462

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 HK$'000	2023 HK$'000
Carrying amount of inventories sold	**76,284**	166,583

The analysis of carrying value of land included in completed properties held for sale is as follows:

	2024 HK$'000	2023 HK$'000
In Mainland China, with remaining lease term of:		
– 50 years or more	**100,255**	164,688

25 TRADE RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**224,109**	213,066
Less: Loss allowance	**(30,646)**	(29,526)
	193,463	183,540

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:

	2024 HK$'000	2023 HK$'000
Within 3 months	**120,803**	99,454
Over 3 months to 6 months	**40,183**	44,510
Over 6 months to 12 months	**30,370**	33,119
Over 1 year to 2 years	**1,283**	2,463
Over 2 years	**824**	3,994
	193,463	183,540

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:

	2024 HK$'000	2023 HK$'000
Balance at 1 January	**29,526**	21,044
Impairment losses recognised, net	**1,138**	8,842
Currency translation differences	**(18)**	(360)
Balance at 31 December	**30,646**	29,526

The ageing analysis of these receivables, based on the invoice date, is as follows:

	2024 HK$'000	2023 HK$'000
Over 3 months to 6 months	**471**	563
Over 6 months to 12 months	**980**	27
Over 1 year to 2 years	**2,634**	1,629
Over 2 years	**26,561**	27,307
	30,646	29,526

The provision for impairment loss on trade receivables have been included in administrative expenses in the consolidated income statement.

26 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2024 HK$'000	2023 HK$'000
Deposits, prepayments and other receivables		**484,975**	598,345
Amounts due from associates	(a)	**17,561**	14,052
		502,536	612,397
Less: Non-current portion of prepayments and other receivables		**(45,846)**	(13,560)
		456,690	598,837

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.

27 DERIVATIVE FINANCIAL INSTRUMENT

	2024 HK$'000	2023 HK$'000
Put option of 34% equity interests of an associate	**–**	1,145

28 CASH AND BANK BALANCES AND PLEDGED AND RESTRICTED DEPOSITS

(a) Cash and bank balances comprise:

	2024 **HK$'000**	2023 HK$'000
Cash and bank balances	**1,936,565**	1,403,702
Time deposits	**512,436**	1,319,843
	2,449,001	2,723,545
Less: Pledged and restricted bank deposits	**(4,811)**	(60,157)
Cash and bank balances in the consolidated statement of financial position	**2,444,190**	2,663,388
Less: Deposits with maturity of more than three months	**(156,061)**	(203,041)
Cash and cash equivalents in the consolidated cash flow statement	**2,288,129**	2,460,347

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$1,731,906,000 (2023: HK$2,215,728,000). The RMB is not freely convertible into other currencies. However, under "Mainland China'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.

28 CASH AND BANK BALANCES AND PLEDGED AND RESTRICTED DEPOSITS (continued)

(b) 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$'000	Loan from an associate HK$'000	Lease liabilities HK$'000	Interest payable HK$'000	Total HK$'000
At 31 December 2022 and 1 January 2023	654,913	334,725	–	438,837	272,461	–	1,700,936
Changes from financing cash flows:							
New loans	419,594	7,254	472,159	–	–	–	899,007
Repayments of loans	(159,452)	–	–	–	–	–	(159,452)
Reclassification	234,518	–	–	–	–	–	234,518
Capital element of lease rentals paid	–	–	–	–	(57,452)	–	(57,452)
Interest element of lease rentals paid	–	–	–	–	(12,724)	–	(12,724)
Finance cost paid	–	–	–	–	–	(46,213)	(46,213)
Total changes from financing cash flows	494,660	7,254	472,159	–	(70,176)	(46,213)	857,684
Other changes							
Finance costs (Note 6)	–	–	–	–	12,724	46,213	58,937
Increase in lease liabilities from entering into new lease during the year	–	–	–	–	56,482	–	56,482
Currency translation differences	(5,897)	(4,832)	(3,178)	(6,590)	2,610	–	(17,887)
At 31 December 2023	1,143,676	337,147	468,981	432,247	274,101	–	2,656,152
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 (Note 6)	**–**	**–**	**–**	**–**	**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)**	**(11,099)**	**(16,436)**	**–**	**(97,088)**
At 31 December 2024	**1,031,953**	**337,202**	**437,346**	**421,148**	**333,746**	**–**	**2,561,395**

28 CASH AND BANK BALANCES AND PLEDGED AND RESTRICTED DEPOSITS (continued)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases for the Group as a lessee comprise the following:

	2024 **HK$'000**	2023 HK$'000
Within operating cash flows	**11,991**	7,759
Within investing cash flows	**43,305**	26,717
Within financing cash flows	**60,946**	70,176
	116,242	104,652

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 2024 and 2023, 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 2.8% 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 2024 and 2023, loans from a fellow subsidiary represented the loans from CTG Finance Company Limited, which are unsecured, interest-bearing at rates ranged from 2.8% to 3.0% per annum and repayable in 2026.

Please refer to note 43(a)(v) to the consolidated financial statements for details.

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:

	2024 **HK$'000**	2023 HK$'000
Amounts due from holding companies		
Within 1 year	**22,588**	26,089
Amounts due from fellow subsidiaries		
Within 1 year	**306,619**	311,924

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.

	2024 **HK$'000**	2023 HK$'000
Amounts due to holding companies		
Within 1 year	**9,659**	4,978
Amounts due to fellow subsidiaries		
Within 1 year	**26,414**	49,182

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:

	2024 **HK$'000**	2023 HK$'000
Within 3 months	**372,102**	299,768
Over 3 months to 6 months	**134,413**	89,924
Over 6 months to 12 months	**54,783**	317,805
Over 1 year to 2 years	**58,552**	60,098
Over 2 years	**143,192**	113,001
	763,042	880,596

The trade payables are interest-free and are normally settled on terms ranging from 30 to 90 days.

31 OTHER PAYABLES AND ACCRUALS

	Notes	2024 HK$'000	2023 HK$'000
Construction in progress payables		**139,035**	138,532
Accrued employee benefits		**245,202**	324,063
Contract liabilities	*(a)*	**165,808**	235,621
Amounts due to non-controlling shareholders		**64,293**	34,001
Amount due to an associate	*(b)*	**67,060**	66,639
Loan from an associate	*(c)*	**421,148**	432,247
Other payable and accruals		**1,044,013**	1,006,753
		2,146,559	2,237,856

Other payables are non-interest-bearing and are normally settled on terms ranging from 30 to 180 days.

(a) Contract liabilities

	31 December 2024 HK$'000	31 December 2023 HK$'000	1 January 2023 HK$'000
Contract liabilities			
Property development			
– Forward sales deposits and instalments received	**20,954**	81,007	147,754
Service contracts			
– Billings in advance of performance	**144,854**	154,614	132,538
	165,808	235,621	280,292

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.

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

	2024 HK$'000	2023 HK$'000
Balance at 1 January	**235,621**	280,292
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	**(200,484)**	(217,543)
Increase in contract liabilities as a result of billing in advance of service contracts	**109,717**	91,865
Increase in contract liabilities as a result of receiving forward sales deposits and instalments	**20,954**	81,007
Balance at 31 December	**165,808**	235,621

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 2024 was mainly due to the decrease in sales deposits and instalments received for property sales at the end of the year.

(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.

33 BANK AND OTHER BORROWINGS

	2024			2023		
	Contractual interest rate per annum (%)	**Maturity**	**HK$'000**	Contractual interest rate per annum (%)	Maturity	HK$'000
Current						
Bank loan – secured	**2.65%-3.3%**	**2025**	**19,489**	1-year Loan Prime Rate ("LPR")	2024	17,890
Bank loan – secured	**LPR-0.15%**	**2025**	**80,887**	LPR - 0.15%	2024	28,480
Bank loan – secured	**5.00%**	**2025**	**3,240**	N/A	N/A	–
Bank loan – secured	**LPR-0.60%**	**2025**	**2,000**	N/A	N/A	–
Bank loan – unsecured	**HIBOR+1.0%**	**2025**	**200,000**	3-months Hong Kong Interbank Offered Rate ("HIBOR") + 1.1%	2024	327,500
Bank loan – unsecured	**N/A**	**N/A**	**–**	4.23%-4.28%	2024	100,000
Bank loan – unsecured	**N/A**	**N/A**	**–**	4.5%	2024	5,518
Other loans – unsecured	**N/A**	**N/A**	**–**	2.8%	2024	1,324
Other loans – unsecured	**2.25%**	**2025**	**52,913**	N/A	N/A	–
Other loans – unsecured	**1.40%**	**2025**	**33,000**	N/A	N/A	–
			391,529			480,712
Non-current						
Bank loan – secured	**2.65%-3.3%**	**2026-2033**	**157,847**	1-year LPR	2030~2033	167,401
Bank loan – secured	**LPR-0.15%**	**2026**	**284,329**	1-year LPR + 0.9%	2026	256,319
Bank loan – secured	**LPR-0.60%**	**2026-2036**	**31,849**	N/A	N/A	–
Bank loan – secured	**5.00%**	**2026-2057**	**12,958**	N/A	N/A	–
Other loans – unsecured	**1.20%**	**2031**	**2,559**	1.2%	2031	1,291
Other loans – unsecured	**3.10%**	**N/A**	**150,882**	HIBOR+2%	N/A	183,882
Other loans – unsecured	**N/A**	**N/A**	**–**	2.25%	2025	54,071
			640,424			662,964
Bank and other borrowings			**1,031,953**			1,143,676

The bank and other borrowings are denominated in the following currencies:

	2024	2023
	HK$'000	HK$'000
Hong Kong dollar	**383,882**	611,383
Renminbi	**648,071**	532,293
	1,031,953	1,143,676

33 BANK AND OTHER BORROWINGS (continued)

At 31 December 2024, the Group's borrowings were repayable as follows:

	2024 **HK$'000**	2023 HK$'000
Bank loans:		
Within 1 year	**305,616**	479,388
Between 1 and 2 years	**314,747**	75,816
Between 3 and 5 years	**101,380**	347,904
More than 5 years	**70,856**	–
	792,599	903,108
Other borrowings:		
Within 1 year	**85,913**	1,324
Between 1 and 2 years	**–**	54,071
Between 3 and 5 years	**1,296**	–
More than 5 years	**152,145**	185,173
	1,031,953	1,143,676

The carrying amounts of the Group's borrowings approximate to their fair values.

As of 31 December 2024, the Group's bank deposits of approximately HK$4,811,000 (31 December 2023: HK$60,157,000) 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 2024, the banking facilities of the Group were secured by land and buildings with carrying value of HK$181,748,000 (2023: HK$70,036,000), land use rights with original cost of HK$25,824,000 (2023: HK$8,504,000), properties under development with carrying value of HK$1,455,860,000 (2023: HK$1,487,702,000) and ticketing right of a scenic spot.

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 2024 and 2023, none of the covenants relating to drawn down facilities had been breached.

34 LEASE LIABILITIES

At the end of the reporting period, the lease liabilities were repayable as follows:

	2024 HK$'000	2023 HK$'000
Within 1 year	**56,065**	55,569
After 1 year but within 2 years	**77,273**	48,393
After 2 years but within 5 years	**78,768**	37,834
After 5 years	**121,640**	132,305
	277,681	218,532
	333,746	274,101

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 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 charged 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**
At 1 January 2023	124,405	96,012	1,584	238,118	15,808	180,716	656,643
Deferred tax charged/(credited) to the income statement	(14,678)	57	–	(16,156)	2,658	–	(28,119)
Acquisition of subsidiaries	–	–	–	10,098	–	–	10,098
Currency translation differences	(3,658)	–	–	(7,446)	–	(15,144)	(26,248)
Deferred tax charged to other comprehensive income	–	–	2,979	–	–	–	2,979
At 31 December 2023	106,069	96,069	4,563	224,614	18,466	165,572	615,353

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$'000	Total HK$'000
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)**
At 1 January 2023	(3,207)	(1,910)	(9,044)	(25,850)	(218)	(21,751)	(336,349)	(398,329)
Deferred tax charged/(credited) to the income statement	885	(703)	632	(13,537)	(3,067)	1,731	98,048	83,989
Acquisition of subsidiaries	–	–	–	–	–	–	1,158	1,158
Currency translation differences	42	32	120	5,057	3	300	9,232	14,786
At 31 December 2023	(2,280)	(2,581)	(8,292)	(34,330)	(3,282)	(19,720)	(227,911)	(298,396)

The following is an analysis of the deferred tax balance of the Group for financial reporting purposes:

	2024 HK$'000	2023 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(249,230)**	(298,396)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**624,304**	615,353
	375,074	316,957

The Group has tax losses arising in Hong Kong of HK$242,918,000 (2023: HK$112,792,000) 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 Mainland China of HK$1,286,353,000 (2023: HK$1,008,455,000) 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 Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$760,470,000 (2023: HK$623,253,000) at 31 December 2024. 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 Mainland China in respect of earnings generated.

36 SHARE CAPITAL

	2024		2023	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Issued and fully paid:				
Ordinary shares				
At 1 January and 31 December	**5,536,633,709**	**9,222,295**	5,536,633,709	9,222,295

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:

	Inputs	
Assumptions	**2024**	2023
Dividend yield (%)	**1.20%**	0%
Volatility (%) (note)	**30.77% – 32.84%**	31.74% – 34.52%
Risk-free interest rate (%)	**3.21% – 3.23%**	3.03%
Exercise multiple	**2.86 – 3.34**	2.86 – 3.34
Forfeiture rate	**0%**	0%
Share price (HK$ per share)	**1.25**	1.72

Note: Volatility is determined by reference to the historical share prices of the Company before the date of grant.

(Expressed in Hong Kong dollars unless otherwise indicated)

37. SHARE OPTION SCHEME (continued)

The following share options were outstanding under the 2023 Share Option Scheme during the period:

	31 December 2024		31 December 2023	
	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**	**58,516,000**	–	–
Granted during the year	**1.72**	**3,980,000**	1.72	61,404,000
Cancelled/forfeited during the year	**1.72**	**(23,074,540)**	1.72	(2,888,000)
At the end of the year	**1.72**	**39,421,460**	1.72	58,516,000

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
18,264,840	1.72	27 January 2026 – 26 January 2031
1,151,700	1.72	19 January 2027 – 18 January 2032
18,818,320	1.72	27 January 2027 – 26 January 2032
1,186,600	1.72	19 January 2028 – 18 January 2033
39,421,460		

The fair values of the share options granted during the year under the 2023 Share Option Scheme were HK$1,341,000 (2023: HK$44,617,000). The Group recognised equity-settled share option expenses under 2023 Share Option Scheme of HK$4,306,000 for the year ended 31 December 2024 (2023: HK$14,259,000).

At the end of the reporting period, the Company had 39,421,460 share options outstanding under the 2023 Share Option Scheme. If the outstanding share options were exercised in full, an additional 39,421,460 ordinary shares of the Company will be issued, resulting in additional share capital of approximately HK$67,805,000 (before issue expenses).

38 BUSINESS COMBINATIONS

Acquisition of Silver Time (H.K.) Limited

On 25 September 2023, Goster Resources Limited ("Goster Resources"), a wholly-owned subsidiary of the Company, entered into an agreement with the then shareholders of Silver Time (H.K.) Limited ("Silver Time") to acquire the entire equity interests in Silver Time. The transaction was completed on 16 October 2023. Silver Time became an indirect wholly-owned subsidiary of the Company.

38 BUSINESS COMBINATIONS (continued)

Acquisition of Silver Time (H.K.) Limited (continued)

The following table summarises the consideration paid for Silver Time, and the fair value of the assets acquired and liabilities assumed as at the acquisition date.

	Fair value recognised on acquisition HK$'000
Investment properties	911,000
Property, plant and equipment	590
Deferred tax assets	1,158
Cash and bank balances	1,725
Deferred tax liabilities	(10,098)
Other assets and liabilities	98
Total identifiable net assets at fair value	904,473
Gain on bargain purchase recognised in other income and gains, net in the consolidated income statement	(4,819)
Satisfied by cash	899,654

The gain on bargain purchase is mainly due to the Group's bargaining power and ability in negotiating the agreed terms with the sellers.

	16 October 2023 HK$'000
Cash consideration	(899,654)
Cash and cash equivalents acquired	1,725
Net cash outflow on acquisition	(897,929)

Since the acquisition or had the combination taken place at the beginning of the year, the revenue and consolidated profit contributed by Silver Time to the Group were minimal.

(Expressed in Hong Kong dollars unless otherwise indicated)

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 (%) 2024	2023	Principal activities
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]	PRC/Mainland China	US$12,000,000	**100**	100	Property investment holding and hotel operations
China Heaven Creation International Performing Arts Co., Ltd. [3,5]	PRC/Mainland China	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]	PRC/Mainland China	US$231,000,000	**100**	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#]	PRC/Mainland China	HK$5,000,000	**100**	100	Hotel management
CTS Scenery Resort Investment Company Ltd. [2]	PRC/Mainland China	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]	PRC/Mainland China	RMB326,000,000	**100**	100	Property development

(Expressed in Hong Kong dollars unless otherwise indicated)

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 (%) 2024	2023	Principal activities
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) & Jinhuang Transportation Ltd. [2,6]	PRC/Mainland China	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]	PRC/Mainland China	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]	PRC/Mainland China	RMB184,000,000	**51**	51	Tourist attraction operations
Window of the World [1,5]	PRC/Mainland China	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
CTS (Xianyang) Ocean Spring Resort Co., Ltd. [1#]	PRC/Mainland China	RMB451,000,000	**89.14**	89.14	Hot spring resort operations

(Expressed in Hong Kong dollars unless otherwise indicated)

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 (%) 2024	2023	Principal activities
中旅快綫運輸(深圳)有限公司 [3,8]	PRC/Mainland China	RMB10,000,000	**50**	50	Passenger transportation and investment holding
中旅快線運輸(珠海)有限公司 [2]	PRC/Mainland China	RMB10,000,000	**50**	50	Passenger transportation
CTS (Anji) Tourism Development Company Limited [1,5]	PRC/Mainland China	US$82,834,661	**97.09**	97.09	Tourist attraction operations
珠海海泉灣博派會展服務有限公司 [3]	PRC/Mainland China	RMB6,000,000	**60**	60	Conference and exhibition operations
CTS (Ningxia) Shapotou Tourist Spot Co., Ltd. [1,5,6]	PRC/Mainland China	RMB192,117,800	**46**	46	Tourist attraction operations
CTS (Ningxia) Shapotou Cable Car Co., Ltd. [1,5]	PRC/Mainland China	RMB8,100,000	**51**	51	Tourist attraction operations
港中旅(深圳)旅遊管理有限公司 [2,5]	PRC/Mainland China	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/Mainland China	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/Mainland China	RMB5,000,000	**100**	100	Tourist attraction consulting services
中旅(廣西寧明)岩畫旅遊文化有限公司 (previously known as 廣西寧明中旅岜來旅遊文化有限公司) [2,4]	PRC/Mainland China	RMB1,000,000,000	**–**	51	Tourist attraction operations
廣西中旅德天瀑布開發有限公司 [3,5]	PRC/Mainland China	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 [3,7]	PRC/Mainland China	RMB500,000,000	**55**	55	Tourist attraction operations

(Expressed in Hong Kong dollars unless otherwise indicated)

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 (%) 2024	2023	Principal activities
China Travel Southwest (Chongqing) [3,8]	PRC/Mainland China	RMB400,000,000	**55**	–	Tourist attraction operations
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]	PRC/Mainland China	RMB150,000,000	**61.33**	61.33	Tourist attraction operations

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 15 November 2023, the Company signed a cooperation agreement with the People's Government of Chun'an County, Zhejiang Province, and an investment cooperation agreement with Chun'an Qiandao Lake Tourism Group Co., Ltd. ("Qianlv Group"). Pursuant to the investment cooperation Agreement, CTS (Zhejiang) Qiandao Lake Tourism Development Co., Ltd. ("Qiandao Lake Company") was jointly established by the Company and Qiandao Lake Group on 23 December 2023. The registered share capital of Qiandao Lake Company is RMB500,000,000, and the Company contributed RMB275,000,000 in cash, accounting for 55% of the equity interest of Qiandao Lake Company. Qianlv Group subscribed a total of RMB225,000,000 in kind and cash, accounting for 45% of the equity interest of Qiandao Lake Company. Qiandao Lake Company became a non-wholly-owned subsidiary of the Group.

8 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).

40 CONTINGENT LIABILITY

At the end of the reporting period, material contingent liability not provided for in the consolidated financial statements was as follows:

	2024 **HK$'000**	2023 HK$'000
Performance bond given to a customer for due performance of a sales contract	**300**	300

41 OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its certain property, plant and equipment and investment properties (notes 13 and 14) 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 2024, other than those as disclosed in note 14 for investment properties, the Group had future aggregate minimum lease receivables under non-cancellable operating leases with its tenants as follows:

	2024 **HK$'000**	2023 HK$'000
Equipment and motor vehicles:		
Within one year	**6,092**	5,513
In the second to fifth years, inclusive	**1,524**	911
	7,616	6,424

42 COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

(a)

	2024 **HK$'000**	2023 HK$'000
Property project, land and buildings:		
Contracted, but not provided for	**459,591**	764,193
Plant and equipment and motor vehicles:		
Contracted, but not provided for	**26,713**	58,619
Scenic spots:		
Contracted, but not provided for	**27,733**	16,880
Unpaid capital contribution to a subsidiary:		
Contracted, but not provided for	**551,308**	99,142

(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 transferal 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 2024, the transfer of operating rights is yet to complete. The management is of the view that no provision is required for the consideration.

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	2024 HK$'000	2023 HK$'000
Travel-related income from	(a)		
– immediate holding company#*		**287,947**	380,602
– fellow subsidiaries*		**4,521**	4,442
– associates		**–**	30
Hotel-related income from	(a)		
– immediate holding company		**387**	593
– fellow subsidiaries		**2,755**	1,185
Management income from	(b)		
– fellow subsidiaries*		**1,870**	1,546
Rental income from	(c)		
– immediate holding company*		**5,982**	1,137
– fellow subsidiaries*		**4,313**	8,177
– a non-controlling shareholder		**147**	147
– other related parties		**4,038**	1,550
Interest income from loans to			
– fellow subsidiaries		**–**	5,053
Travel-related expenses paid to	(a)		
– fellow subsidiaries*		**(11,182)**	(11,195)
Management expenses paid to	(b)		
– fellow subsidiaries*		**(5,234)**	(4,787)
Lease liabilities due to:	(d)		
– immediate holding company*		**5,018**	2,349
– fellow subsidiaries*		**23,742**	11,643
– other related parties		**154,884**	152,348

43 RELATED PARTY TRANSACTIONS (continued)

(a) Significant transactions with related parties (continued)

	Notes	2024 HK$'000	2023 HK$'000
Related interest expense (lease liabilities):	(d)		
– immediate holding company*		**(402)**	(66)
– fellow subsidiaries*		**(486)**	(197)
– other related parties		**(5,629)**	(6,264)
Amount of rent payable per month:	(d)		
– immediate holding company*		**(481)**	(416)
– fellow subsidiaries*		**(950)**	(510)
– other related parties		**(1,963)**	(2,121)
Other operating expenses paid to			
– other related parties		**(32,296)**	(29,864)

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).

43 RELATED PARTY TRANSACTIONS (continued)

(a) Significant transactions with related parties (continued)

(i) On 26 May 2017, China Tourism Group Corporation Limited ("CTG"), 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 and with repayable on demand clause, pursuant to which CTG, 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 2020 and 26 May 2023, Shapotou entered into an extension agreement with CTG to extend the loan maturity date to 25 May 2023 and 25 May 2031, respectively. The interest rate is at a fixed rate of 1.2% per annum. As at 31 December 2024 and 31 December 2023, the loan balance of RMB30,000,000 remained outstanding and unsettled.

(ii) On 24 May 2017, CTG, 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 and with repayable on demand clause, pursuant to which CTG 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, CTG 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 31 December 2024, the arrangement remained effective with RMB39,000,000 withdrawn (2023: 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 commenced 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 of three years commencing from 1 January 2025 and ending on 31 December 2027. As at 31 December 2024, the related deposit balance was RMB1,109,218,000 (2023: RMB1,252,519,000). 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 the 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 is 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 had dropped to a fixed rate of 2.5% per annum. As at 31 December 2024, the arrangement remained effective with RMB243,000,000 withdrawn (2023: RMB236,000,000).

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 in August 2026. It carries a fixed interest rate of 2.8% per annum. As at 31 December 2024, the arrangement remained effective with RMB25,000,000 withdrawn (31 December 2023: 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 31 December 2024, the arrangement remained effective with RMB380,000,000 withdrawn (2023: RMB400,000,000) and is repayable in installments within two years, of which RMB80,000,000 is included in current liabilities to the consolidated statement of financial position.

(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:

	2024 **HK$'000**	2023 HK$'000
Short term employee benefits	**10,491**	13,387
Equity-settled share option	**25**	2,559
Total remuneration paid to key management personnel	**10,516**	15,946

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.

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:

	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**
	4,902,113	**3,612,270**	**1,071,405**	**319,815**	**5,003,490**

	2023				
	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	880,596	880,596	–	–	880,596
Other payables and accruals	2,002,235	2,002,235	–	–	2,002,235
Loans from holding companies	337,147	294,111	–	43,036	337,147
Loans from a fellow subsidiary	468,981	–	507,104	–	507,104
Lease liabilities	274,101	61,824	76,843	207,109	345,776
Amounts due to holding companies	4,978	4,978	–	–	4,978
Amounts due to fellow subsidiaries	49,182	49,182	–	–	49,182
Bank and other borrowings	1,143,676	483,693	435,247	393,682	1,312,622
	5,160,896	3,776,619	1,019,194	643,827	5,439,640

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.

44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Increase/ decrease in RMB rate %	Increase/ decrease in profit/(loss) before tax HK$'000
2024		
If Hong Kong dollar weakens/strengthens against RMB	**5**	**2,743**
If Hong Kong dollar weakens/strengthens against RMB	**10**	**5,486**
2023		
If Hong Kong dollar weakens/strengthens against RMB	5	3,113
If Hong Kong dollar weakens/strengthens against RMB	10	6,226

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.

	2024		2023	
	Effective interest rate %	**HK$'000**	Effective interest rate %	HK$'000
Fixed rate borrowings:				
Lease liabilities	**2.65-5.46%**	**333,746**	3.0-5.71%	274,101
Other borrowings	**1.2-2.25%**	**55,473**	1.2-2.8%	56,686
		389,219		330,787
Variable rate borrowings:				
Bank loans	**2.65-5.33%**	**792,598**	3.2-6.37%	903,108
Other borrowings	**6.34%**	**183,882**	7.22%	183,882
		976,480		1,086,990
Total borrowings		**1,365,699**		1,417,777
Fixed rate borrowings as a percentage of total borrowings		**28%**		30%

44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 0.5% in interest rates, with all other variables held constant, would have increased/decreased the Group's profit before tax by approximately HK$9,190,000 (2023: would have decreased/increased the Group's loss before tax by approximately HK$4,955,000) and increased/decreased the Group's retained profits by approximately HK$9,190,000 (2023: HK$4,955,000).

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 2024 and 31 December 2023.

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% (2023: 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 2024 and 2023 were as follows:

	2024 **HK$'000**	2023 HK$'000
Trade payables	**763,042**	880,596
Other payables and accruals	**2,146,559**	2,237,856
Loans from holding companies	**337,202**	337,147
Loans from a fellow subsidiary	**437,346**	468,981
Amounts due to holding companies	**9,659**	4,978
Amounts due to fellow subsidiaries	**26,414**	49,182
Lease liabilities	**333,746**	274,101
Bank and other borrowings	**1,031,953**	1,143,676
Debt	**5,085,921**	5,396,517
Capital	**16,106,010**	16,354,364
Debt-to-capital ratio	**32%**	33%

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 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2023: 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.

	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**

	2023			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Derivative financial instrument	–	–	1,145	1,145
Other financial assets	–	–	64,400	64,400
	–	–	65,545	65,545

(Expressed in Hong Kong dollars unless otherwise indicated)

44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) 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 2024, 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$693,000 (2023: HK$826,000). The analysis was performed on the same basis for 2023.

(ii) Derivative financial instrument

	Valuation technique	Significant unobservable input	Weighted average
Derivative financial assets	The Black-Scholes Option Pricing Model	Expected volatility	45.5%

The fair value of derivative financial assets is determined using the Black-Scholes Option Pricing Model and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. As at 31 December 2023, it was estimated that with the volatility by 1% would have decreased/increased the Group's profit before tax by HK$34,000.

45 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Note	31 December 2024 HK$'000	31 December 2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**742**	37
Investment property		**3,078**	3,244
Investments in subsidiaries		**7,828,158**	7,628,787
Investment in a joint venture		**42,906**	43,122
Right-of-use assets		**2,192**	–
Other financial asset		**47,159**	55,572
Loans to subsidiaries		**1,857,081**	2,329,817
Total non-current assets		**9,781,316**	10,060,579
Current assets			
Inventories		**58**	58
Deposits, prepayments and other receivables		**328**	745
Amounts due from subsidiaries		**5,317,734**	5,036,979
Amounts due from fellow subsidiaries		**246**	188
Amount due from an associate		**2**	2
Cash and bank balances		**121,898**	147,822
Total current assets		**5,440,266**	5,185,794
Total assets		**15,221,582**	15,246,373
EQUITY			
Equity attributable to owners of the Company			
Share capital		**9,222,295**	9,222,295
Reserves	a	**4,438,503**	4,561,024
		13,660,798	13,783,319

45 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

Statement of financial position of the Company (continued)

	Note	**31 December 2024 HK$'000**	31 December 2023 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**3,713**	2,617
Total non-current liabilities		**3,713**	2,617
Current liabilities			
Other payables and accruals		**65,876**	66,041
Amounts due to subsidiaries		**1,116,063**	919,152
Amounts due to holding companies		**2,271**	2,412
Amounts due to fellow subsidiaries		**6**	13
Tax payable		**107,911**	111,811
Loans from holding companies		**262,692**	261,008
Lease liabilities		**2,252**	–
Bank and other borrowings		**–**	100,000
Total current liabilities		**1,557,071**	1,460,437
Total liabilities		**1,560,784**	1,463,054
Total equity and liabilities		**15,221,582**	15,246,373

The statement of financial position of the Company was approved by the board of directors on 26 March 2025 and was signed on its behalf by:

Wu Qiang
Director

Feng Gang
Director

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 2023	–	14,245	4,621,416	4,635,661
Loss for the year and total comprehensive loss for the year	–	–	(29,063)	(29,063)
Equity investments at FVOCI – net movement in fair value reserve (non-recycling)	–	23,217	–	23,217
Dividends paid	–	–	(83,050)	(83,050)
Equity-settled share option arrangement	14,259	–	–	14,259
At 31 December 2023	14,259	37,462	4,509,303	4,561,024
Balance at 1 January 2024	**14,259**	**37,462**	**4,509,303**	**4,561,024**
Loss for the year and total comprehensive loss 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**

PARTICULARS OF PRINCIPAL HOTEL PROPERTIES

31 December 2024

Location	Attributable interest of the Group	Lease term
CTS (HK) Grand Metropark Hotel Beijing No. 338 Guanganmen Nei Street, Xicheng District, Beijing, PRC	100%	Medium
Metropark Hotel Causeway Bay Hong Kong 148 Tung Lo Wan Road, Causeway Bay, Hong Kong	100%	Long
Metropark Hotel Kowloon Hong Kong 75 Waterloo Road, Kowloon, Hong Kong	100%	Long
Metropark Hotel Macau 199 Rua de Pequim, Macau	100%	Medium
Metropark Hotel Mongkok Hong Kong 22 Lai Chi Kok Road, Mongkok, Kowloon, Hong Kong	100%	Medium
Kew Green Hotel Wanchai Hong Kong (formerly known as Metropark Hotel Wanchai Hong Kong) 41-49 Hennessy Road, Wanchai, Hong Kong	100%	Long
Metropark Hotel Hung Hom 1 Cheong Tung Road, Hung Hom	90.29%	Medium
Zhuhai Ocean Spring Hotel Pingsha Town, Jinwan District, Zhuhai City, Guangdong Province, PRC	100%	Medium
Xianyang Ocean Spring Hotel Middle of Century Boulevard, Xian Yang, Shaanxi Province, PRC	89.14%	Medium
Club Med Joyview, Anji Resort NO.1888 Qing Yuan Road, Anji, Huzhou City, Zhejiang Province, PRC	97.09%	Medium

PARTICULARS OF PRINCIPAL INVESTMENT PROPERTIES

31 December 2024

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 Boulevord, Tianhe District, Guangzhou, PRC	Office	Medium

香港中旅國際投資有限公司
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(Stock Code : 308)

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