



載通國際

Transport International

2024 Annual Report

Transport International Holdings Limited

Innovation through Solidarity:
Leading the Future, Shaping Tomorrow



Innovation Through Solidarity: Leading the Future, Shaping Tomorrow

As a leading public transport operator in Hong Kong, Transport International Holdings Limited ("TIH") takes pride in supporting the city's development by serving millions with excellent, around-the-clock transportation services. Drawing upon its extensive experience, talent pool, premium assets, innovative strategies and proactive approach, the Group customises its services to meet the needs of customers and society, driving social and economic development.

Over the years, TIH has diversified its portfolio, expanding from franchised and non-franchised transport operations to property holdings and development, and further to transport operations in China Mainland. Leveraging KMB's expertise, TIH has collaborated with Abu Dhabi, United Arab Emirates, to foster and pursue green transportation solutions in the region. The Group remains attuned to the overall dynamics, capitalising on opportunities in the Greater Bay Area and the Middle East.

Looking ahead, TIH will remain steadfast in its commitment to prudent management, upholding its pledge to the highest standards in public transportation by offering tailored services that meet customer needs. We will continue to take a leading role in paving the way for social and economic growth. The Group is dedicated to championing its green initiatives and fulfilling its social responsibilities to foster a more sustainable and liveable city. Through these efforts, we aim to create value for our stakeholders and shareholders, while also making a substantial contribution to both our country and Hong Kong.





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GROUP PROFILE



Transport International

Transport International Holdings Limited ("TIH" or the "Company", Stock Code: 62), a leading public transport operator in Hong Kong and China Mainland, is the holding company of The Kowloon Motor Bus Company (1933) Limited, Long Win Bus Company Limited, and a number of non-franchised transport providers. The Company also has business interests in property holdings and development in Hong Kong.

TIH endeavours to set the highest standards in the public transport industry by providing innovative and high-quality services that take our customers to their destinations safely and comfortably. Committed to fostering sustainable business practices, enhancing shareholder value and promoting the social and economic development of Greater China, TIH achieves its vision by tailoring its services to meet customer needs, improving route connectivity, and providing real-time bus service information.



Vision

Our vision of becoming a global leader in our field is founded on a profound understanding of the needs of the people we serve, the adoption of innovative technological and environmental solutions, and the pursuit of new standards for safety, service, and efficiency.

Mission

Our mission to enhance shareholder value while contributing to the social and economic development of Greater China can be summarised as follows:

Distinctive customer service

Reliable performance

Innovation

Value for money

Environmental responsibility

Sustainable business practices

Through continuous engagement with stakeholders, we strive to meet and surpass their expectations by providing high-quality services and solutions.

Culture and Values

Our culture is underpinned by a governance framework and embedded throughout our business. Our corporate values are centred on delivering service standards that meet or exceed customer needs, maintaining a consistent record of operational profitability, and supporting for the community we serve. Building on these core values, we also abide by the following principles:

Accountability

Be accountable for our decisions and actions.

Caring

Be caring for our employees, customers, and the community with continual empowerment and engagement.

Teamwork and Mutual Respect

Be harmonious and synergistic in the workplace.

Integrity

Be fair, honest and ethical.

Originality and

Novelty

Be creative in finding solutions for a greener and better place.

Safety and Self-discipline

Be mindful of safety in the pursuit of our vision.



BUSINESS AT A GLANCE

Hong Kong Franchised Public Bus Operations



The Kowloon Motor Bus Company (1933) Limited

The Group's flagship company that operates franchised public bus services with a fleet of over 4,000 buses on 444 routes covering Kowloon, the New Territories and Hong Kong Island.

Long Win Bus Company Limited

Operating franchised public bus services with 283 buses on 43 routes that link the New Territories to Hong Kong International Airport, the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port, and North Lantau.



Hong Kong Non-franchised Transport Operations



New Hong Kong Bus Company Limited

Operating a 24-hour cross-boundary shuttle bus service, commonly known as the "Huang Bus" service, between Lok Ma Chau, Hong Kong and Huanggang, Shenzhen.



Sun Bus Holdings Limited and its Subsidiaries

Operating around 400 buses, with Sun Bus Limited as the flagship company, to offer a variety of non-franchised bus services to customers, including corporations, residential estates and schools, through chartered hire services.

China Mainland Transport Operations



Shenzhen Bus Group Company Limited

A Sino-foreign joint stock company providing public bus and taxi hire services in Shenzhen.

Beijing Beiqi Kowloon Taxi Company Limited

A Sino-foreign joint stock company operating taxi hire services in Beijing.

Beijing Beiqi First Company Limited

A Sino-foreign joint stock company offering car rental services in Beijing.



Property Holdings and Development



KT Real Estate Limited

Owning a 50% interest in The Millennity, which comprises two 20-storey office towers with a total gross floor area of approximately 650,000 square feet and a shopping mall on a 10-storey podium of approximately 500,000 square feet, situated at 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong.

LCK Real Estate Limited

Owning a 17-storey commercial building at 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong, with a total gross floor area of 156,700 square feet.



LCK Commercial Properties Limited

Owning the Manhattan Mid-town shopping mall, a two-level retail podium covering approximately 50,000 square feet, located at 1 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong.

TM Properties Investment Limited

Owning a site at Tuen Mun Town Lot No. 80 at 1 Kin Fung Circuit, Tuen Mun, New Territories, Hong Kong, with a total gross floor area of 105,364 square feet. TIH holds a 50% interest in TMPI.

KEY FRANCHISED BUS NETWORK IN HONG KONG

Bus-bus Interchange Network

KMB and LWB have established a comprehensive Bus-bus Interchange (“BBI”) network that offers value-for-money, convenient and environmentally friendly bus services to our passengers.

New Territories WEST

1. Tai Lam Tunnel BBI
2. Po Tin BBI
3. Tuen Mun-Chek Lap Kok Tunnel BBI
4. Tuen Mun Road BBI
5. Tai Wo Hau BBI
6. Tsing Yi BBI
7. Lantau Link BBI

New Territories EAST

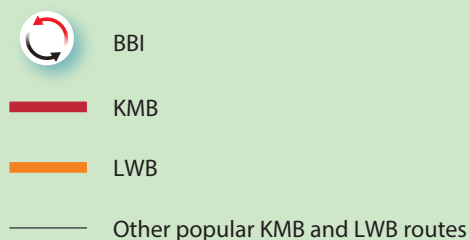
8. Sheung Shui BBI
9. Fanling Station BBI
10. Wah Ming BBI
11. Fanling Highway BBI
12. Tai Po Kwong Fuk Road BBI
13. Shek Mun BBI
14. Shing Mun Tunnels BBI
15. Tai Wai BBI
16. Tate's Cairn Tunnel BBI
17. Tsing Sha Highway BBI

Kowloon WEST

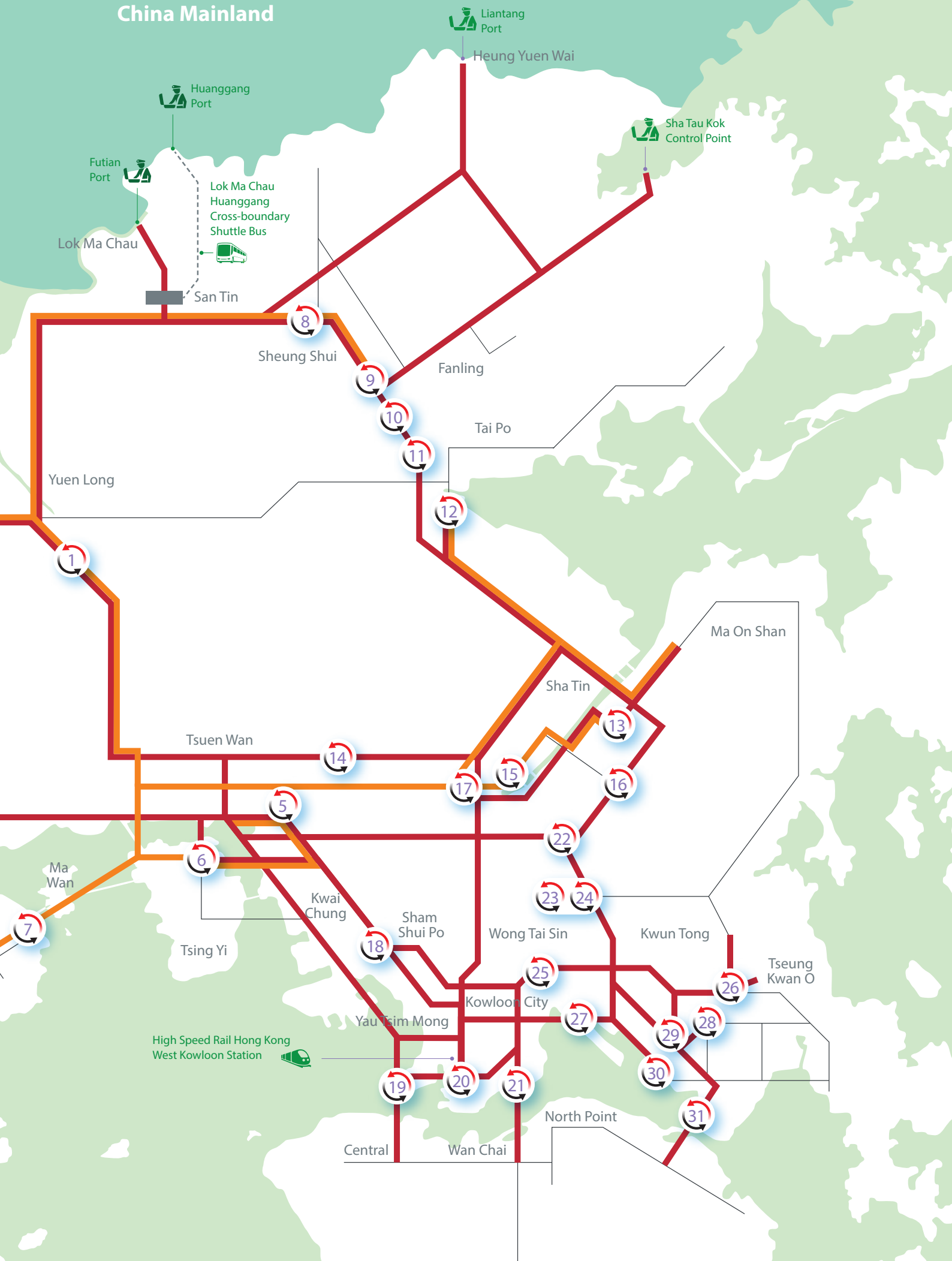
18. Mei Foo BBI
19. Western Harbour Tunnel BBI
20. Tsim Sha Tsui BBI
21. Cross Harbour Tunnel BBI

Kowloon EAST

22. Wong Tai Sin BBI
23. Choi Hung BBI
24. Ngau Chi Wan BBI
25. Kowloon City BBI
26. Po Tat BBI
27. Kai Tak Tunnel BBI
28. Tseung Kwan O Tunnel BBI
29. Kwun Tong BBI
30. Tseung Kwan O - Lam Tin Tunnel BBI
31. Eastern Harbour Tunnel BBI



China Mainland



FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the Year Ended 31 December 2024

| | Unit | 2024 | 2023 | Increase/ (Decrease) |
|--|---------------|----------|----------|-------------------------|
| Financial Highlights | | | | |
| Revenue | HK\$ million | 8,215.4 | 7,884.8 | 4.2% |
| – Fare revenue | HK\$ million | 7,844.2 | 7,504.8 | 4.5% |
| – Media sales revenue | HK\$ million | 266.9 | 291.7 | (8.5%) |
| – Gross rentals from investment properties | HK\$ million | 104.3 | 88.3 | 18.1% |
| Profit from operations | HK\$ million | 411.6 | 214.6 | 91.8% |
| Profit attributable to equity shareholders of the Company | | | | |
| – Underlying ¹ | HK\$ million | 265.5 | 114.3 | 132.3% |
| – Reported | HK\$ million | 187.3 | 401.7 | (53.4%) |
| Earnings per share | | | | |
| – Underlying ¹ | HK\$ | 0.53 | 0.24 | 120.8% |
| – Reported | HK\$ | 0.37 | 0.83 | (55.4%) |
| Ordinary dividends per share | HK\$ | 0.50 | 0.80 | (37.5%) |
| Total equity attributable to equity shareholders of the Company | HK\$ million | 16,709.3 | 16,405.6 | 1.9% |
| Total assets | HK\$ million | 23,909.5 | 24,187.1 | (1.1%) |
| Net borrowings | HK\$ million | 2,281.0 | 2,984.3 | (23.6%) |
| Cash generated from operations | HK\$ million | 1,540.8 | 1,420.6 | 8.5% |
| Key Financial Ratios | | | | |
| Profit margin ² | | 3.2% | 1.4% | 1.8% points |
| EBITDA margin ² | | 19.7% | 17.6% | 2.1% points |
| Return on equity attributable to equity shareholders of the Company ² | | 1.6% | 0.7% | 0.9% points |
| Gearing ratio ³ | | 13.7% | 18.2% | (4.5%) points |
| Current ratio | Times | 1.27 | 1.04 | 22.1% |
| Share price per share at year-end | HK\$ | 8.25 | 9.42 | (12.4%) |
| Operational Highlights | | | | |
| Hong Kong Franchised Public Bus Operations: | | | | |
| Average number of passenger trips per day | Million trips | 2.70 | 2.65 | 1.9% |
| Number of licensed buses at year-end | | 4,293 | 4,340 | (1.1%) |
| Number of staff at year-end | | 11,992 | 12,355 | (2.9%) |
| Hong Kong Non-franchised Transport Operations: | | | | |
| Number of licensed buses at year-end | | 424 | 436 | (2.8%) |
| Number of staff at year-end | | 703 | 672 | 4.6% |
| China Mainland Transport Operations: | | | | |
| Number of licensed buses at year-end | | 5,254 | 5,004 | 5.0% |
| Number of taxis and vehicles for rental at year-end | | 12,180 | 10,778 | 13.0% |

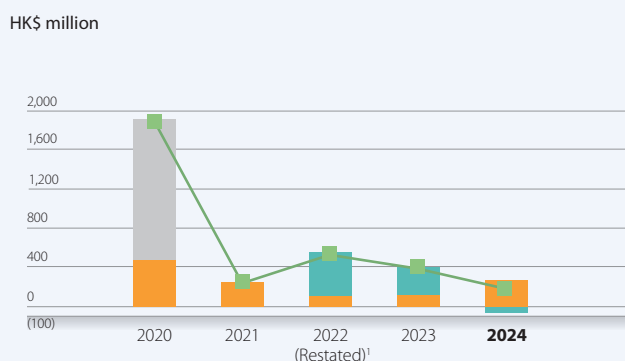
Notes:

- Underlying profit attributable to equity shareholders of the Company and underlying earnings per share excluded the effect of change in fair value of investment properties and investment property under development.
- Profit margin, EBITDA margin and return on equity attributable to equity shareholders of the Company are calculated based on underlying profit.
- Gearing ratio represented ratio of net borrowings to total equity attributable to equity shareholders of the Company.

Underlying Profit and Reported Profit Attributable to Equity Shareholders of the Company

The underlying profit for 2024 was HK\$265.5 million, excluding the effect of the change in fair value of investment properties and investment property under development, and the reported profit for 2024 was HK\$187.3 million.

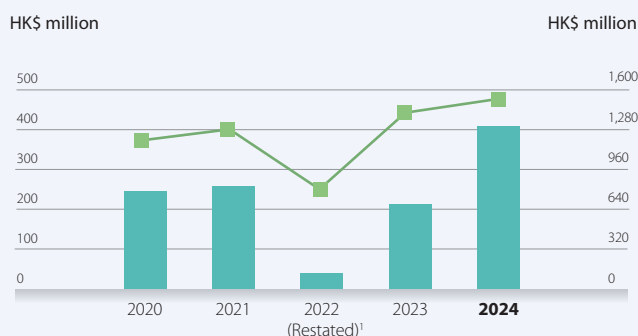
■ Underlying profit
■ Reported Profit
■ Change in fair value of investment properties and investment property under development
■ Non-recurring earnings²



Profit from Operations and Cash generated from Operations

The profit from operations for 2024 was HK\$411.6 million, with cash generated from operations of HK\$1,540.8 million

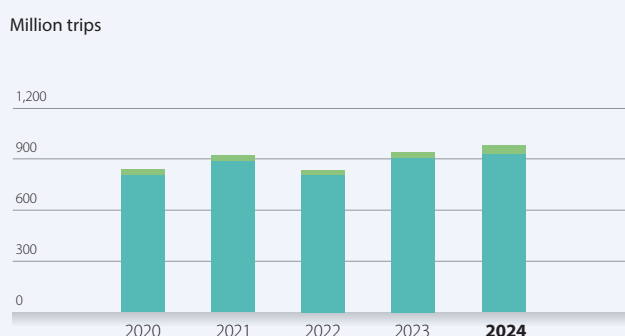
■ Profit from operations
■ Cash generated from operations



Number of Passenger Trips (Franchised Public Bus Operations)

The number of passenger trips in 2024 was 988.6 million

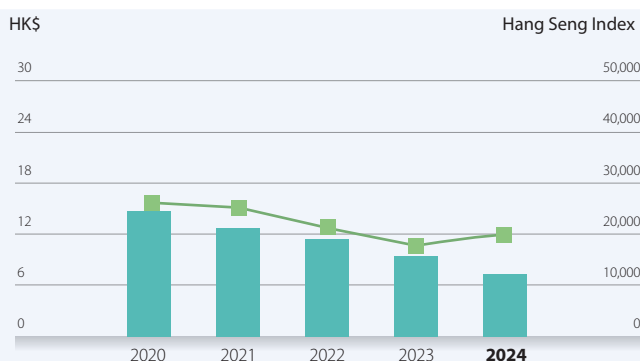
■ KMB
■ LWB



Share Price of the Company and Hang Seng Index at Year-end

The closing share price of the Company at 2024 year-end was HK\$8.25 per share

■ Share price of the Company (HK\$)
■ Hang Seng Index



Notes:

- The relevant comparative amounts in 2022 have been restated to reflect the change in accounting policies in respect to (i) the measurement of investment properties and investment property under development, and (ii) the abolition of the MPF-LSP offsetting mechanism.
- The non-recurring earnings in 2020 represented net gain from the disposal of 50% equity interest in TM Properties Investment Limited.

CORPORATE MILESTONES 2024

FEBRUARY

KMB Rolls Out 15 Audio Bus Stops to Provide Prompts for Visually Impaired Individuals

In collaboration with The Hong Kong Society for the Blind, KMB transformed 15 existing bus stops into Audio Bus Stops in Sham Shui Po, helping visually impaired individuals locate these bus stops through the Radio Frequency Identification-enabled bus route announcement system.



New Fare Saver Kiosks in Wong Tai Sin and Ma Wan

KMB set up Fare Saver Kiosks in Wong Tai Sin and Ma Wan to offer fare discounts, enhancing the appeal of local tourist attractions.

KMB Launches Fu Tip Route to Serve Residents of New Housing Estate

As residents gradually moved into the newly established Fu Tip Estate in Tai Po, KMB launched the new Route 72K to provide quality public transportation services.

JANUARY

TIH Signs Letter of Intent with Integrated Transport Center of Abu Dhabi

Leveraging KMB's 90 years of experience in operating public transportation in Hong Kong, TIH played a guiding role in transforming public transport in Abu Dhabi. This initiative aims to foster and advance green transportation in the region, aligning with the national "Belt and Road" initiative.





MAY

KMB's Latest Electric Double-Deckers Embark on Journey with Largest Capacity Among Local New Energy Buses

The second model of electric double-deck buses, tailored made for Hong Kong and the latest addition to the KMB fleet, were deployed on Cross-Harbour Route 112. With a total passenger capacity of up to 122, they stand out as the highest-capacity new energy buses in Hong Kong.

MARCH

KMB's Electric Double-Deckers Make Inaugural Trip on Cross-Harbour Route

KMB electric double-deck buses debuted on Cross-Harbour Route 112, further expanding the reach of new energy buses. Passengers on Hong Kong Island can now enjoy a serene, zero-emission travel experience offered by these double-deckers.



JUNE

Embracing City's Summer Fun with "KMB Free Ride Days for Kids"

The "KMB Free Ride Days for Kids" programme returned to the city, offering children complimentary rides on KMB and LWB buses on Sundays and public holidays. A themed bus toured various districts, and a carnival was held to bring joy to the children.



APRIL

Tourist Day Pass Holders Can Take Unlimited Same-Day Trips with KMB and LWB

With the KMB and LWB fleets traversing a vast network across the city, travellers holding KMB's Tourist Day Pass are able to enjoy unlimited trips on over 450 routes operated by both KMB and LWB.

KMB's Route 287 Enhances Transportation Network in Sai Sha Area

KMB introduced Route 287 to enhance the transportation network in the Sai Sha area, energising local development.



CORPORATE MILESTONES 2024

JULY

**KMB and Vocational Training Council
Co-organise “Sustainability Get, Set, Go”
Bus Body Design Competition**

KMB co-organised a bus body design competition to encourage students to transform environmental and sustainability concepts into creative designs. The award-winning pieces were displayed on the exteriors of three KMB double-deckers.

**A Pioneer “Female Bus Captain Route” for a
Female-Friendly Workplace**

KMB debuted Hong Kong’s first bus route operated exclusively by female bus captains and unveiled the first “Female Staff Priority Rest Kiosk” at Tin Shui Wai Town Centre Bus Terminus, fostering a female-friendly working environment.

**KMB Academy Introduces Officially-
recognised Electric Vehicle Maintenance
Training Programmes to Nurture Maintenance
Professionals**

The two Electric Vehicle Maintenance Training Programmes at KMB Academy were accredited by the Electrical and Mechanical Services Department and were open for enrolment. The programmes aim to cultivate more electric vehicle maintenance specialists and collaborate with industry professionals to advance green transportation development.



AUGUST

**Caring Bus Handrails Provide Support for Those
in Need**

Through its Caring Bus Handrails Donation Programme, KMB offered free on-site installation services to elderly individuals in need and those with mobility impairments, helping to reduce household injuries and proactively catering to the needs of diverse groups.

**Retired KMB Bus Repurposed as Cycling First Aid
Base**

Through KMB’s Bus Regeneration Programme, a retired bus was donated to HK St. John Ambulance. The bus was repurposed as the Cycle Response Unit First Aid Base at Nam Sang Wai to support the organisation’s first aid services for cyclists.

**KMB Secures Operating Privileges for Four
Franchised Bus Routes in Anderson Road Quarry
Area**

In its proactive pursuit of serving more passengers, KMB was granted operating privileges for four new routes in the Anderson Road Quarry Area by the Hong Kong SAR Government.

**KMB Extends Interchange Fare Concessions
on Boundary Routes B1, B9, and KMB and LWB
A-Routes**

As travel between Shenzhen and Hong Kong continued to rise, KMB extended its fare concession schemes for boundary routes B1 and B9. Interchange discounts were also given on all KMB routes and LWB A-Routes, offering the lower-fare leg free of charge.

SEPTEMBER

KMB Launches “Tour @Kowloon” Recreation Route HK1 to Deliver Distinctive Travel Experience

Highlighting key landmarks and attractions in Kowloon, KMB launched its “Tour @Kowloon” Recreation Route HK1, traversing West Kowloon Cultural District, Temple Street, Wong Tai Sin Temple and more. The route enhances the appeal for visitors looking to explore Hong Kong’s unique blend of Eastern and Western cultures.



OCTOBER

KMB’s Pet Bus Overcomes Travel Barriers for Pets

The “Pet Bus” launched to enable pet owners to travel with their pets, operates on weekends and public holidays, helping foster a pet-friendly transportation system in the community.



NOVEMBER

“Finding Missing Elderly” Programme Safeguards Lost Seniors

Leveraging our payment system, the “Finding Missing Elderly” Programme continued to assist in locating elderly individuals diagnosed with cognitive impairments who went missing. In the first 11 months of 2024, 25 missing seniors were successfully found.



DECEMBER

KMB Holds “Proud of You: Paris Olympic and Paralympic Hong Kong Delegation Appreciation Ceremony”

KMB held an appreciation ceremony for the Hong Kong, China Delegation that participated in the Paris Olympics and Paralympics, awarding one-year free-ride passes and bus naming rights to the athletes who competed in the Games.

CHAIRMAN'S LETTER



Dear Shareholders,

On behalf of the Board of Directors, I hereby report that the Group's underlying profit attributable to equity shareholders for the year ended 31 December 2024, excluding the effect of the change in fair value of investment properties and investment property under development, amounted to HK\$265.5 million, compared to HK\$114.3 million last year. Underlying earnings per share was HK\$0.53, compared to HK\$0.24 last year. The increase in underlying profit was mainly attributable to the improvement in the financial performance of the franchised public bus operations, but partly offset by expected credit losses on certain listed debt securities.

Reported profit and reported earnings per share attributable to equity shareholders were HK\$187.3 million and HK\$0.37 respectively, compared to HK\$401.7 million and HK\$0.83 last year. The 2024 reported profit included a decrease in fair value of investment properties and investment property under development of HK\$78.2 million, compared to an increase of HK\$287.4 million last year.

Dividends

The Board of Directors has proposed an ordinary final dividend of HK\$0.50 per share for 2024. The dividend will be payable on 26 June 2025. The total dividend for the year will amount to HK\$0.50 per share, compared to HK\$0.80 per share last year.

Financial Performance in 2024

The Kowloon Motor Bus Company (1933) Limited ("KMB") recorded a profit after taxation of HK\$126.8 million for 2024 (2023: HK\$11.5 million).

As for Long Win Bus Company Limited ("LWB"), the profit after taxation for 2024 was HK\$41.7 million (2023: HK\$23.1 million).

The Group's Non-Franchised Transport Operations Division, with Sun Bus Limited ("Sun Bus") as its flagship company, recorded a profit after taxation of HK\$20.6 million (2023: HK\$13.9 million). Our Mainland Transport Operations Division achieved positive overall results in 2024.

Development Driven by Innovation

Rooted in Hong Kong for more than 90 years, KMB has moved forward side by side with the public, honouring its commitment to serving Hong Kong while embracing its role as the "Heartbeat of the City". As our society enters a new phase of transformation, striving for advancement and evolution, economic activities are shifting towards innovation and diversification. Residents are travelling more frequently between Hong Kong and the Mainland, leading to a change in their living and travelling patterns. Given the nature of the Group's business, all the above present challenges to us. In response, the Group has taken the initiative to seek change, seizing the opportunities that arise.

Last year saw an upward trend in visitor arrivals. Although the number of visitors was not comparable to the peak, it still contributed to the growth of the Group's business. More visitors now prefer to explore Hong Kong in depth. To meet the demand for its services, the Group endeavoured to innovate by launching the "Tourist Day Pass". With the Pass, tourists could take unlimited trips on over 450 KMB and LWB routes within 24 hours, including routes to and from the control points and overnight routes. By providing a more convenient and cost-effective travelling option, the all-day

The Group will endeavour to drive long-term development, maintain a consistent focus on core business growth and maximise its development in a controlled environment, so as to bring value and sustainable returns to shareholders.



“hop on, hop off” service enhances Hong Kong’s appeal as a tourist destination. Meanwhile, the Group also introduced new ideas to explore further possibilities in bus operations and passenger experience. During the reporting period, KMB launched “Tour @Kowloon” Recreation Route HK1, taking visitors to several famous sightseeing spots and unique attractions in Kowloon, for them to experience the charm of this vibrant city where the East meets the West.

In tandem with the further integration and development of the Greater Bay Area, the demand for transport services between the two regions increased. KMB and LWB closely monitored the operation of the control point routes to ensure that their services met the demand. In addition to the continuation of the interchange fare concession scheme for the relevant control point routes, an interchange fare concession scheme between KMB and the Lok Ma Chau – Huanggang Shuttle Bus was introduced to encourage passengers to use the bus service at different times of the day. This makes it easy and convenient for passengers to travel from different districts to the control points.

As a major public transport operator, we are committed to meeting all travel needs. Pet owners are eager to explore with their pets. Recognising the challenges of using public transport with pets, KMB launched the “Pet Bus” to address their travel needs. Pet owners could use the service on weekends and holidays to travel around the city with their pets and visit pet-friendly facilities. This demonstrates KMB’s innovative thinking and success in pioneering pet bus services, fostering a new “pet-related spending momentum” in the economy.

Advancing Towards Zero Emissions with Mature Electric Bus Applications

The Group continued to lead in the development of green transport, contributing to a better and more liveable city. Among the 82 electric buses introduced, the latest electric double-deck bus model – featuring the highest passenger capacity in Hong Kong – commenced service in May last year. KMB’s electric bus fleet performed well, with the new energy buses achieving towards “zero emissions”. During the year, the number of KMB routes operating electric buses in Hong Kong increased to 40, covering long-haul routes, busy urban streets, winding narrow roads, and both uphill and downhill paths. In terms of charging time, range and capacity, electric buses have proven to be well suited to the operating environment of public bus services in Hong Kong. KMB’s electric bus fleet has journeyed five million kilometres, which is equivalent to a reduction of 8,000 tonnes of carbon emissions, representing a significant step towards lowering such emissions.

In line with the carbon neutral vision of the country and the Hong Kong SAR Government, the Group is committed to adopting new energy buses across its entire fleet, with the goal of introducing more advanced electric bus models that offer better performance. KMB is preparing to construct two multi-storey electric bus depots in Tai Po and Tuen Mun. These depots will provide 850 bus charging bays to accommodate the expanding operational needs of the electric bus fleet.

CHAIRMAN'S LETTER

Promoting Sustainable Development for the Future

While propelling business development, companies must also be accountable to society, employees, and shareholders. An enterprise can ensure its sustainable development only by implementing good governance practices. The Group's Environmental, Social and Governance ("ESG") Task Force has set six five-year environmental performance targets for the financial years from 2024 to 2028. Meanwhile, we are monitoring internal operations to ensure compliance, keeping all targets on track and performance in line with expectations. The Board of Directors is committed to their responsibility to sustainability. It has mandated each department to strictly adhere to sustainable development strategies and measures to reduce the carbon footprint and fuel consumption of our operations, thereby advancing carbon neutrality on all fronts.

In terms of green financing, LWB signed a three-year sustainability development performance-linked loan facility totalling HK\$200 million with Bank of China (Hong Kong). Under the facility, LWB set a number of key environmental performance targets for sustainable development in ESG-related areas, including reducing greenhouse gas emissions of buses, and increasing green procurement and the average training hours for employees. These initiatives support the Group's efforts to further minimise the environmental impact of its operations.

Caring for the Community and Promoting Inclusion and Accessibility

We care about the community. Through ongoing engagement with different stakeholders to understand their needs, we endeavour to enhance their travel experience and strengthen community relations by leveraging the Group's expertise and strengths. Recognising the difficulties faced by visually impaired individuals in locating bus stops, we have chosen to enhance convenience for them by improving access to bus stops in Sham Shui Po. In collaboration with social welfare organisations experienced in serving the visually impaired in Sham Shui Po, 15 bus stops in the area were upgraded to "Audio Bus Stops" with audible devices installed. At these bus stops, route announcements are made to help the visually impaired locate bus stops more accurately and with greater peace of mind when travelling.

KMB buses are equipped with various barrier-free facilities, such as double wheelchair seats, continuous handrails and priority seats. KMB recognises that it can be a lengthy process for stroke patients to recover. To help them practise travelling on buses, KMB arranged for electric double-deck buses with double wheelchair seats to participate in the training. Patients can practise boarding procedures and skills, moving to their seats and sitting down, while familiarising themselves with the barrier-free facilities on the bus.

The Group has been taking practical actions to build a caring and inclusive society. Last year, through the Caring Bus Handrails Donation Programme, KMB donated handrails from retired buses, along with free on-site installation services, to economically disadvantaged elderly people in need, improving home safety by reducing the risk of falls and injuries.

KMB donated "Caring Bus Stop Poles" to residential care homes. With specially designed route information sheets, we created a realistic bus waiting environment for elderly individuals with cognitive impairment, helping to reduce their risk of wandering off. The treatment teams at the residential care homes can also use the bus stop poles to provide relevant treatment to the elderly. Since 2019, KMB has launched the "Finding Missing Elderly" Programme, enabling families to seek assistance from KMB by tracking the Octopus numbers of missing elderly people. In 2024, the programme played an active role in safeguarding the elderly, successfully locating 28 missing seniors.

Establishing Safety Standards through Technology and Nurturing Talents for the Industry

Bus safety has always been the Group's top priority. KMB's Preventive Maintenance System, which utilises technology to remotely monitor buses and key components, gives full play to the concept of "prevention is better than cure". It enables early targeted repair and maintenance, enhancing work efficiency. We also place great importance on the safe driving of our bus captains. KMB has been taking measures to enhance our bus captains' driving skills and performance by introducing the "GST Safe & Eco Driving System". The system provides real-time driving feedback to bus captains, helping them develop good driving habits and skills. During the year, more than 90% of our bus captains obtained the highest level of satisfactory driving.

On the training front, the KMB Academy launched new courses, namely the "Electric Vehicle Maintenance Safety Awareness Training Programme" ("EVE") and the "Electric Vehicle Maintenance Low Voltage Training Programme" ("EVL"). Certified by the Vehicle Maintenance Technical Advisory Committee of the Electrical and Mechanical Services Department, the two courses equip KMB's maintenance staff with knowledge of electric vehicle maintenance. They are also open to other professionals from the industry, thus increasing the number of qualified maintenance personnel for the local electric vehicle maintenance sector, with a view to joining hands with the industry to drive green transformation.

Expanding New Networks and Connecting People's Lives

The Group identifies and seizes development opportunities, seeking to provide bus services to the public in new development areas. During the year, we were pleased to be granted four new

route franchises for the Anderson Road Quarry by the Hong Kong SAR Government, further expanding KMB's service network. As residents gradually moved into Fu Tip Estate (Phase Two) and Yip Wong Estate in Tai Po and Tuen Mun, KMB introduced several new bus routes in these two districts and extended service areas and hours to provide more convenient and efficient bus services to meet the daily travel needs of the residents.

Putting People First and Caring for Staff

The Group upholds a people-oriented value system and is committed to providing a favourable working environment that allows employees to maintain a balance between work and family. To meet labour market demands, KMB and LWB increased job flexibility by recruiting full-time bus captains and those working 5 days a week. Taking into account the operating conditions and salary trends, KMB and LWB have been upgrading their remuneration packages. All employees received a 3.52% salary increase, and new bus captains recruited during the Chinese New Year period were eligible for a welcoming bonus of up to HK\$30,000, as part of the Company's efforts to attract and retain talent. The Group believes that the health of its employees is its greatest asset. To enhance employee protection, the Group has arranged for medical institutions to offer free vaccination outreach services to staff members.

The Group is committed to the well-being of its staff and is determined to provide them with a better working environment. For the first time, KMB introduced a dedicated route operated by female bus captains, demonstrating that women are equally capable of taking up the role of a bus captain. By enhancing the recognition of female bus captains, this initiative aims to attract more aspiring talent to join the bus captain profession. KMB set up the first "Female Staff Priority Rest Kiosk" in Hong Kong at the Tin Shui Wai Town Centre Bus Terminus, equipped with facilities tailor-made for women, to facilitate the work of female bus captains and field staff. This initiative has further promoted a female-friendly working environment, setting a pioneering example for the industry.

Challenges and Opportunities

In the face of uncertainties in the global and Hong Kong economies, coupled with the tense geopolitical situation, volatile international oil prices and continuous expansion of the local railway network, the bus operating environment is filled with challenges. With the Hong Kong SAR Government's implementation of various development blueprints and measures to boost the economy and people's livelihood, the demand for local travel is expected to rise steadily. Benefiting from the more frequent flow of people between Hong Kong and Mainland China, bus passenger volume and fare-box revenue will grow accordingly.

The Northern Metropolis is one of the key development areas in Hong Kong. The pilot development of three local districts will integrate private residential, industrial and public facilities,

with 60,000 residential units to be completed in the next five years. Upon completion, it is expected to add 500,000 housing units. The Group will endeavour to provide services in the new development area, offering residents convenient and comfortable bus trips while also providing momentum for economic development.

Located in the prime area of Kwun Tong in East Kowloon, The Millennity achieved LEED Platinum pre-certification and WELL Platinum pre-certification. It has also been awarded a Platinum pre-certification for new buildings under BEAM Plus by the Hong Kong Green Building Council. These certifications recognise The Millennity's outstanding performance in energy efficiency, environmental sustainability, and emissions reduction, among other aspects. Covering 1.15 million square feet, the project consists of two buildings, including two 20-storey Grade-A office towers and a 10-storey large-scale shopping mall at the podium level. The office towers have already been occupied by several major corporations. The Group believes that The Millennity will generate long-term, sustainable, and stable income.

In addition to local bus services, with its professional experience in transportation, the Group signed a Letter of Intent for cooperation with the Integrated Transport Centre of Abu Dhabi, United Arab Emirates. Drawing on KMB's extensive experience in operating local public transport, the Group aims to contribute to the transformation of the public transport system in Abu Dhabi, while promoting and participating in the development of green transportation in the region, including diverse travel options, smart travel and green transportation, in alignment with the national "Belt and Road" initiative.

The Group will endeavour to drive long-term development, maintain a consistent focus on core business growth and maximise its development in a controlled environment, so as to bring value and sustainable returns to shareholders.

Acknowledgement

The past year has been a year of challenges and opportunities for the community as it seeks to define its direction for development in various areas. Thanks to the dedication and commitment of every employee to keeping abreast of the times, the Group was able to maintain its momentum in adapting to the changing environment and provide safe, high-quality transport services to passengers. I would like to express my heartfelt gratitude to the Board of Directors, every staff member of the Group, bus suppliers, and all our customers for their continued support.

Norman LEUNG Nai Pang

Chairman

20 March 2025

MANAGING DIRECTOR'S MESSAGE



Carrying the aspirations of the public, I envisage our Company advancing alongside the entire community towards a future of prosperity and abundance, embracing the beauty and opportunities along the journey.

Reflecting on the past year, the global landscape remained intricate and dynamic. Hong Kong, a pivotal international metropolis, witnessed substantial transformations across economic development and people's livelihood. Throughout this period of societal advancement, KMB has steadfastly stood as a key player, fuelling the city with momentum and serving as the "Heartbeat of the City". We have propelled Hong Kong's growth, strengthening its position and advantages, while continuing to explore new avenues for growth.

As the saying goes, "Heaven rewards diligence; virtuous individuals seek unceasing self-improvement," the Group rises to numerous challenges, including uncertain macroeconomic conditions, geopolitical risks, climbing interest rates and shifting passenger travel patterns. Despite these formidable external factors, our unwavering resilience and relentless perseverance drive us to create value for the community and shareholders, making a significant contribution to societal progress. As we move forward, the Group actively introduces advanced technology to enhance operational performance and efficiency, and always upholding our dedication to our employees — our most critical partners — remains paramount.

At the core of our businesses, the major franchised bus operators, KMB and LWB, serve millions of passengers daily, offering safe, high-quality, and value-for-money travel options. Bus services rely fundamentally on human expertise for operations, safety and quality maintenance. Despite the integration of cutting-edge artificial intelligence technology, human roles such as bus captains and maintenance technicians remain essential. Thus, we diligently ensure that each employee is valued, placed in roles that capitalise on their strengths, nurtured for growth, and supported in their continuous improvement. We acknowledge that behind every employee is a family, and by ensuring their professional stability, we empower them to work with peace of mind.

Guided by the principle, "Earth rewards generosity; virtuous individuals bear great responsibilities," the Group remains steadfast in the core values of environment, social and governance while pursuing business growth. We continue to expand our efforts to benefit various sectors within our purview and fulfil social responsibility, going the extra mile to support seniors, students with special educational needs, persons with disabilities, individuals who are visually or hearing impaired, ethnic minorities, and marginalised



communities. Our commitment extends beyond providing barrier-free access to quality bus services; it also includes enhancing and caring for their overall well-being. Recognising the universal aspiration for a better living environment, we have embedded environmental protection measures throughout our operational framework. From deploying zero-emission electric buses and installing solar panels for renewable energy generation to conserving water and electricity in operational facilities, improving energy efficiency, recycling waste and using sustainable materials, we are committed to actively participating sustainable societal development.

I strongly believe that KMB, deeply rooted in Hong Kong, can navigate through over 90 years, progressing alongside the ever-changing times as our commitment extends beyond serving passengers. We are dedicated to serving the entire community. Every individual, irrespective of background or social standing, is the focal point of our sincere service.

Looking ahead, as Hong Kong sets sail towards developing “eight centres” which include the International Financial Centre and Innovation and Technology Centre, an excellent transportation network is indispensable. The Group firmly believes in the important roles played by KMB and LWB. Fully confident in their robust capabilities, extensive experience, resolute determination, profit optimisation strategies, and innovative mindset, we remain poised to deliver high-quality public transport services. Carrying the aspirations of the public, I envisage our Company advancing alongside the entire community towards a future of prosperity and abundance, embracing the beauty and opportunities along the journey.

Roger LEE Chak Cheong

Managing Director

20 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS



Hong Kong Franchised Public Bus Operations

The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited are major franchised public bus operators in Hong Kong, providing safe, reliable, high-quality, environmentally friendly, value-for-money bus services across Kowloon, the New Territories, Hong Kong Island and Lantau Island.

Hong Kong Non-franchised Transport Operations

The Group's non-franchised transport operations cater to a wide range of customers, including business commuters, tourists, shoppers, students and residents of large residential estates, while also offering chartered hire services and cross-boundary shuttle bus services.

China Mainland Transport Operations

The Group has invested in transport service operators in Shenzhen and Beijing as part of its strategy to leverage transport-related business opportunities in China Mainland that offer reasonable returns.

Property Holdings and Development

The Group's portfolio of investment properties includes shopping malls, office buildings and an industrial property, which provides steady rental income, along with other property projects in the pipeline.

BUSINESS REVIEW

The Group's core business is the provision of franchised public bus services in Hong Kong by means of its flagship subsidiary, The Kowloon Motor Bus Company (1933) Limited ("KMB"), and Long Win Bus Company Limited ("LWB"). The Group also provides non-franchised tailor-made transport services for a wide range of customers in Hong Kong and a 24-hour cross-boundary shuttle bus service serving commuters and leisure travellers between Lok Ma Chau and Huanggang through Sun Bus Holdings Limited and its subsidiaries (the "SBH Group") and New Hong Kong Bus Company Limited ("NHKB"), respectively. Holding a 35% interest in a Shenzhen joint venture and a 31.38% interest in two Beijing joint ventures, the Group operates public bus, taxi and car rental services in Shenzhen and Beijing. The Group also holds a portfolio of properties for investment and development purposes.

The business review of each business operation is set out on pages 22 to 43 of this Annual Report. The prospects of the Group's businesses are discussed in the Chairman's Letter on pages 14 to 17 and in the Managing Director's Message on pages 18 to 19 of this Annual Report.



Key Risks and Uncertainties

The Group's businesses face a number of key risks and uncertainties, including those set out in the following paragraphs. It should be noted that the following is a non-exhaustive list and there may be other risks and uncertainties in addition to the key risk areas outlined below.

Regulatory Environment and Government Policies

A substantial part of the Group's revenue is generated from franchised public bus operations. As a result, any changes in the Hong Kong SAR Government's transport policy and regulations, such as the Public Bus Services Ordinance (Cap 230) and the Public Bus Services Regulations (Cap 230A), may have a significant impact on the Group's operating results and financial condition in either the short or the long term. Proposals for a fare increase are subject to the approval of the Government, taking into account a basket of factors including public acceptability and affordability, which may not align with the respective financial condition of the franchised bus companies. There is no guarantee that a fare increase of a sufficient magnitude will be granted in time to enable the franchised bus companies to offset rising overheads and

costs. The inflexibility inherent in this arrangement may have an adverse impact on the financial condition of the Group in an inflationary environment.

Fuel Prices and Other Financial Risks

Fuel represents a major component of the Group's cost structure. Volatility in fuel prices may affect the financial stability of the Group. In addition, the Group's activities are exposed to various financial risks, including foreign currency, interest rate, credit and liquidity risks, which are discussed in the Financial Review on pages 112 to 127 of this Annual Report.

Unexpected Events and Natural Disasters

The operations of the Group's businesses may be subject to the impact of unexpected events, such as prolonged electricity outages at depots or large-scale road blockages over an extended period of time. While the Group has implemented an effective Business Continuity Plan ("BCP") to deliver quality transport services in all circumstances, its operations may still be adversely affected by natural disasters, severe weather conditions and climate-related issues, including floods and typhoons.



BUSINESS REVIEW

Hong Kong Franchised Public Bus Operations

The Kowloon Motor Bus Company (1933) Limited ("KMB")

KMB, a wholly-owned subsidiary of Transport International Holdings Limited, is the largest franchised bus operator in Hong Kong, serving more than 2.5 million passenger-trips each day. A workforce of over 11,000 employees, including approximately 8,700 bus captains, ensures high-quality service across a fleet of more than 4,000 buses operating on 444 routes.





▲ KMB introduced the all-new "Tour @Kowloon" Recreation Route HK1, linking various tourist hotspots and echoing the Hong Kong SAR Government's "tourism is everywhere in Hong Kong" concept

Propelling the Momentum Forward

As Hong Kong returned to normalcy, economic activities surged with a growing demand for public transport services. Aligning with the Hong Kong SAR Government's initiative to promote "tourism is everywhere in Hong Kong", mega events made a strong comeback, spanning sports, cultural events, conventions, and exhibitions. Amid evolving travel patterns among locals and tourists, KMB proactively adapt to these significant shifts, ensuring that bus services effectively met the public demand.

New Fare Adjustment

In 2024, KMB was approved for a fare increase by the Chief Executive in Council. Effective from 5 January 2025, KMB fares increased by an overall actual weighted average rate of 4.3 per cent after a 0.9 percentage point mitigation effect by its Franchised Bus Toll Exemption Fund, resulting in an average fare increase of HK\$0.3 per journey.

Preferred Choice of the Public

KMB is committed to providing value-for-money public bus services, ensuring the best travel experience through its comprehensive bus service network, innovative measures and eco-friendly technologies.

In 2024, KMB continued to introduce new service types and enhance network connectivity, with a strong focus on meeting tourist demand. In response to the growing number of tourists, Recreation Route HK1 ("Tour @Kowloon") linking various tourist spots in Kowloon was launched. Coupled with the Tourist Day Pass, passengers can enjoy "hop on, hop off" KMB services within the same day. In addition, the new bus route running between Ma Wan and Tsim Sha Tsui has extended the KMB network to Ma Wan Island.

Value-for-Money Services

KMB Monthly Pass

KMB continues to enhance its service by providing affordable and convenient journeys for passengers. It has launched the Monthly Pass Scheme (the "Pass"), the first monthly pass for franchised buses in Hong Kong. Since 2023, the Pass has extended its coverage to over 450 KMB regular, overnight and racecourse routes, along with LWB bus routes. In 2024, Pass holders can take up to 10 rides per day on KMB and LWB buses for HK\$800 (plus two additional trips on Route B1). For LWB services, Pass holders can use the Pass to travel on E-, N-, S-, R- and X- routes and enjoy a 73% fare discount on KMB's Recreation Route HK1, as well as on LWB's A- and NA-routes.

KMB has rolled out additional exclusive privileges for Monthly Pass holders through various programmes:

- The "Fare for Upgraded Journey" campaign offers discounted fares for KMB Monthly Pass holders travelling on the New Long-haul Bus Routes P960 and P968;
- With each purchase of the Pass, passengers can earn points equivalent to the price of the Pass towards redeemable KMB gifts and eCoins under the KMB membership scheme, club1933; and
- A manned hotline with operators dedicated to enhancing the travel experience for Pass holders.

To ease the financial burden on student passengers, KMB launched two rounds of the Buy-2-Get-1-Free promotion scheme, running from April to June and September to November 2024. Passengers who purchased a KMB Monthly Pass for three consecutive months were entitled to an Octopus dollar rebate equivalent to the price of one KMB Monthly Pass. The scheme was welcomed by student passengers. To provide more transport information for students in the new school year, information booths were set up on the campuses of several universities and community colleges in April and October 2024.

BUSINESS REVIEW

Rewards to Passengers

In collaboration with several corporations, KMB organised Free Ride Days on specific routes and dates, offering passengers unlimited complimentary rides.

The “Free Ride Days for Kids” programme returned to encourage children to explore the city and enjoy quality time with their families during summer holidays. Children were able to take free trips on over 450 KMB and LWB routes on 10 consecutive Sundays and public holidays.

KMB and LWB introduced club1933, a membership scheme that rewards passengers on the basis of “the more you ride, the more reward you earn”. Through this Scheme, passengers can sign up for membership on App1933 and accumulate points by taking KMB and LWB buses or playing online mini-games. These points can be redeemed for eCoins to pay for bus fares or for gifts during specific period. The club1933 members also enjoy exclusive events and special discounts.

In May 2024, KMB rolled out a new three-month event, “Ride on KMB Cross-harbour Routes for more eCoin Rewards!” to further incentivise club1933 members, who can earn 10 eCoins with their registered Octopus cards or products for every 10 cross-harbour rides on KMB Cross-Harbour Tunnel Routes.

Additionally, KMB launched an exclusive “Early Bird, Night Owl Reward” scheme for its club1933 members. Running from mid-July to the end of October, the scheme rewarded members for trips taken before 7:15 a.m. on weekdays (excluding public holidays) and after 8:30 p.m. daily (including public holidays). Under the scheme, club1933 membership points earned during these time intervals were multiplied by 10, equivalent to a 15% off fare discount.

Comprehensive Network

At the end of 2024, KMB operated a total of 444 bus routes. In a dynamic operating environment marked by railway commissioning, demographic changes and new highways, KMB reviewed and arranged its resources to cater for the changing demand. KMB strives to operate an efficient, competitive and sustainable bus network while seeking opportunities for new market growth.

In 2024, we implemented 123 route re-organisation proposals to enhance the entire service network and deliver the following benefits to the public:

- Eliminating wasteful duplication of routes;
- Allowing resources to be released for redeployment in high demand areas;
- Straightening routes that are unduly circuitous;
- Introducing new express routes that utilise new highway infrastructure; and
- Optimising connectivity between routes through Bus-Bus Interchanges (“BBIs”).

The network of 31 BBIs strategically placed across Hong Kong continued to serve passengers with enhanced travel convenience and more fare concessions, popularising the concept of “interchanging is so simple” and receiving widespread acceptance. The BBIs also played a role in contributing environmental protection by ensuring efficient daily utilisation of bus resources. To extend the benefits of BBI to more passengers, additional BBI discounts were introduced. This included 21 additional routes at Kwun Tong BBI, and the introduction of new interchange combinations in various districts.



◀ KMB is committed to providing efficient, convenient, and value-for-money bus services, making it the top choice for passengers



▲ Granted the operating rights for the new bus route package at Tai Po Fu Tip Estate, KMB introduced Routes 74 and 271A to connect the estate with commercial areas in Kowloon East and West, catering to residents' commuting and daily needs

In view of demographic changes, urban development and evolving passenger needs, particularly the upsurge in cross-boundary demand, KMB introduced new boundary routes and enhanced its existing service levels to cater for the demand. To tie in with the completion of residential areas in Fu Tip Estate in Tai Po, Ching Fu Court in Tsing Yi, Queen's Hill in Fanling, Kong Ha Wai in Yuen Long and LOHAS Park in Tseung Kwan O, KMB further strengthened its services in these districts by launching new routes and increasing the frequency of existing routes.

Besides, the new Recreation Route HK1, has since offered a new "hop on, hop off" experience to the new tourist service connecting key tourist spots in Kowloon. Tourists can use the Tourist Day Pass to enjoy this new tourist-oriented service and explore the city with unlimited rides across KMB and LWB's extensive bus network.

To enhance connectivity between Tuen Mun and Causeway Bay, KMB extended the service hours of Route 961 observing Causeway Bay, allowing passengers to travel directly between the two locations in a single trip.

In response to the increasing use of Heung Yuen Wai Control Point, KMB launched Route B9A in 2024 to operate between the Control Point and Yuen Long West. Alongside the existing Routes B9 and 79K, where Bus-bus Interchange ("BBI") is coordinated with other KMB routes, passengers can interchange between multiple KMB routes to reach urban areas in Yuen Long and Fanling Station BBIs. Moreover, Route 79K provides an all-day service connecting North District and Heung Yuen Wai Control Point. Passengers on Route 79K can interchange between multiple KMB routes at Fanling Station BBI to travel to other districts at discounted fares.

To facilitate late-night boundary travel, KMB introduced Route N276 in August 2024, connecting passengers from Yuen Long District to San Tin for transfers to the Lok Ma Chau – Huanggang Shuttle Bus.

New Franchised Bus Routes Serving Tai Po and Ma Wan

KMB was granted the operating rights for new bus route packages at Tai Po Fu Tip Estate. To align with the population intake in 2024, KMB introduced Routes 72K, 74, 271A, and a special trip on 272P, connecting Fu Tip to Tai Wo, Yau Tong, Tsim Sha Tsui and Kwai Hing, respectively, along with two cross-harbour routes to Hong Kong Island. To further improve the area's connectivity to urban districts, Route 72X was extended from Tai Po Central to Fu Tip in November 2024. In addition to providing a whole-day direct service to urban areas, Route 72X serves as a core feeder to Tai Po Kwong Fuk Road BBI, facilitating interchanges with other urban bus routes connecting to East Kowloon and Tsuen Kwai Tsing.

Furthermore, KMB was also granted the operating rights for the new Route 230R, which runs between Ma Wa Park and Kowloon Station. It is the first franchised bus service connecting Ma Wan to urban Kowloon. This marked a new chapter in public transport on the island of Ma Wan and improved connectivity to the recreational facilities at Ma Wan Park and Noah's Ark Theme Park. KMB hopes to further enhance bus services in the area of Ma Wan, building a more comprehensive network to serve more passengers.

Green and Smart

KMB demonstrates its commitment to innovation by enhancing its bus fleet with technological advancements and environmentally friendly features to elevate the passenger experience. The Company aims to upgrade its entire fleet with new energy buses in support of the Government's policy to achieve carbon neutrality.

BUSINESS REVIEW

Bus Fleet and Fleet Upgrade

During the year, a total of 20 buses were licensed, all of which were double-deck electric buses. The new double-deck buses feature light-directing glass windows alongside the staircase connecting the two decks, replacing the traditional sealed design. This creates a brighter ambience inside the bus and enhances safety for passengers using the stairs. Moreover, new buses are equipped with safety facilities, including the Advanced Driver Assistance System, the Electronic Stability Programme and the Driving Monitoring System, and all seats are equipped with seatbelts and grab handles to ensure the safety of passengers and bus captains. The addition of four horizontal ventilation windows has become a standard feature on new buses, which allows passengers to open them to let fresh air into the compartment.

The Tyre Pressure Monitoring System (“TPMS”) is being installed on all 2,400 existing buses. Through the system, bus captains can monitor real-time tyre pressure and temperature, enhancing bus safety. TPMS has now been included as a standard feature on all new KMB buses.

KMB continued to invest in the latest environmentally friendly buses. In 2009, it became the first public bus company in Asia to introduce Euro V double-deck buses. Then, in 2017, it again led the industry by introducing Hong Kong’s first diesel-powered double-deck bus with Euro VI emission standards. Euro III model buses will be completely phased out within the

next two years. In 2024, a batch of 20 new-generation double-deck electric buses commenced service. They are equipped with a Battery Management System and a Water Cooling System, which help monitor battery efficiency and condition, and control its temperature, effectively extending its life cycle and improving performance.

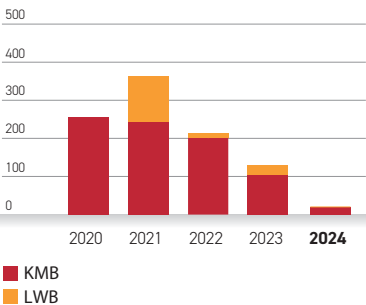
As of 31 December 2024, KMB operated a total of 4,010 licensed buses, including 3,867 double-deck buses and 143 single-deck buses. Among them were 44 electric double-deck buses and 26 electric single-deck buses.



▲ KMB’s double-deck electric buses travel daily through busy corridors in Tsim Sha Tsui, Kwun Tong and beyond, offering passengers a quiet, eco-friendly journey with zero roadside emissions

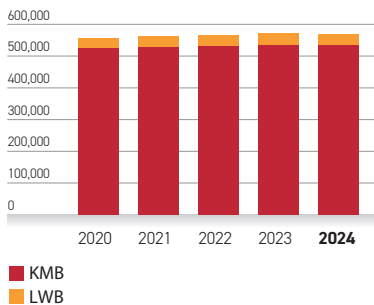
| KMB’s Bus Fleet | Double-deck Buses | Single-deck Buses | Total Number of Buses |
|--------------------------|-------------------|-------------------|-----------------------|
| As of 1 January 2024 | 3,904 | 151 | 4,055 |
| Addition during the year | 20 | 0 | 20 |
| Disposal during the year | (57) | (8) | (65) |
| As of 31 December 2024 | 3,867 | 143 | 4,010 |

Number of New Buses Added to the Fleet

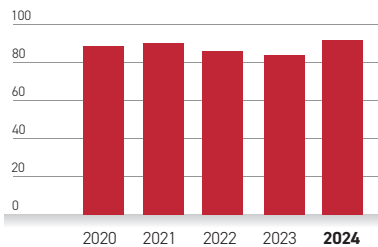


Notes:
1. 38 buses transferred from LWB to KMB in 2020.
2. 100 buses were transferred from LWB to KMB in 2021.
3. 5 buses were transferred from LWB to KMB in 2022.

Total Passenger Capacity as of 31 December



Proportion of Buses in Service to Licensed Fleet - KMB



Energy Reduction

Dedicated to building a greener future, KMB has explored the use of renewable energy by extending solar panel applications to depots, bus termini, bus shelters, bus poles and double-decker roofs. KMB brought the third-generation Solar Panel Bus from prototype to mass production, and the solar panel system has since become a standard feature on KMB's new buses. In 2024, 20 new licensed buses were equipped with solar panels on their roofs. Moreover, KMB retrofitted solar panels onto its existing fleet. By the end of 2024, nearly 2,000 buses, equivalent to half of the KMB bus fleet, were fitted with solar panels.

Furthermore, KMB continued its Solar-powered Bus Shelter Campaign, harnessing solar energy to power up lighting devices. By the end of 2024, 1,907 solar-powered lamps had been installed at over 1,500 bus stops. KMB has now installed a total of 30,000 solar panels, demonstrating how its development blueprint for new energy is being implemented in practice.

5G Technology

It is one of the key development goals of Hong Kong to become a smart city. With the rise of industry-leading 5G mobile network technology, KMB has explored its use in daily operations. Among KMB's bus fleet, approximately 2,500 buses have already been upgraded to incorporate 5G technology and provide free 5G Wi-Fi service. An On-board Occupancy Display has been installed in the compartment to indicate the number of available seats on the upper deck. The real-time bus occupancy rates for the next three buses are also displayed with icon illustrations via App1933.

Electronic Payment System

KMB has implemented an electronic payment system across its entire fleet. The e-payment system, which accommodates more payment methods than any other public transport operator's system, now supports sixteen platforms, establishing KMB and LWB as the industry leaders offering the most diverse electronic payment options among local public transport operators. These include contactless payments such as American Express and Discover/Diners Club, mobile payments like Apple Pay, Google Pay, Alipay, as well as QR code payments, including eCoin and WeChat Pay HK. The e-payment system also supports fare concession schemes, including the Regional Short-haul Two-way Section Fare Scheme and BBI discount schemes between KMB and LWB routes.



▲ KMB self-developed installation of solar films on double-decker roofs harnesses renewable energy to reduce carbon emissions



BUSINESS REVIEW

App1933

KMB launched the KMB and LWB mobile app, App1933, which has garnered positive response from the public. Passengers can conveniently access bus route information and the estimated time of arrival ("ETA") for buses.

The ETA service applies not only to KMB buses but also other franchised bus operators, enhancing the comprehensiveness and convenience of bus journey planning for passengers.

In addition to receiving nearby route information at bus stops through Bluetooth Beacon signals, App1933 features an enhanced location-based function, enabled by the "KMB Info" feature, which provides relevant traffic conditions, weather information and bus route suggestions based on the current location of the user.

Performance Assurance

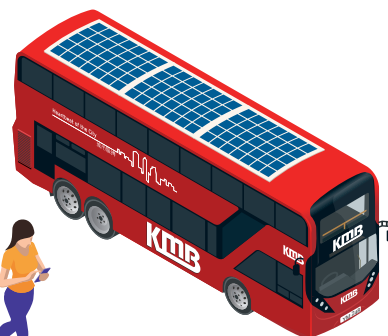
KMB has been providing reliable franchised bus services in Hong Kong for more than 90 years, establishing itself as an industry leader in operational and service excellence. KMB adopts mechanical reliability¹ and operational capability² as key indicators for measuring its operational performance. In 2024, KMB achieved a mechanical reliability of 176,027 km:1 and an operational capability of 98.53%.

Depots

Routine maintenance and repair services are carried out at KMB's four major bus depots in Kowloon Bay, Lai Chi Kok, Sha Tin and Tuen Mun, while ten smaller depots provide minor maintenance services and parking. The KMB Overhaul Centre in Tuen Mun supports major overhaul services. Depot facilities are continually upgraded to ensure consistent service quality and a high level of productivity.



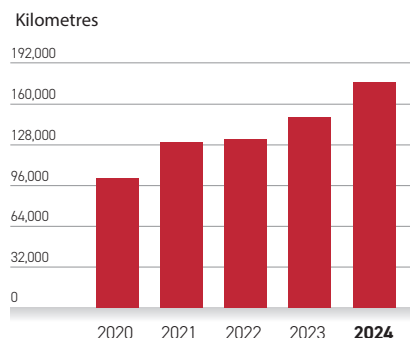
▲ KMB and LWB's mobile application, App1933, offers comprehensive information, including route details, estimated arrival times and various offers. Leveraging 5G technology, it also displays real-time occupancy rates for upcoming departures, helping passengers better plan their journeys



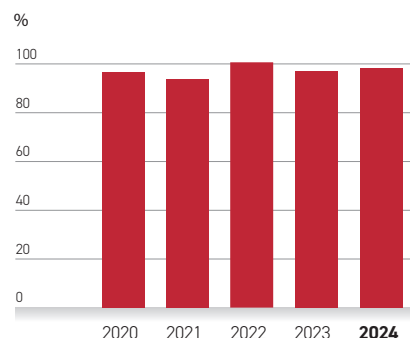
¹ Mechanical reliability refers to the average number of kilometres a bus operates before it experiences one mechanical breakdown on the road with passengers on board.

² Operational capability refers to the ratio of actual departures to scheduled departures in the busy direction during the peak hours of 7:00 a.m. to 9:00 a.m. across the bus network.

Mechanical Reliability¹ – KMB



Operational Capability² – KMB



Note: Operational capability was affected by social distancing measures in 2021.

Management System Standards



Quality Management Systems (ISO 9001)

Year of Adoption Since
1999



Environmental Management Systems (ISO 14001)

Year of Adoption Since
2003*



Occupational Health and Safety Management Systems (ISO 45001)

Year of Adoption Since
2019
(Migrated from OHSAS18001:2007)

* The two largest depots of KMB are certified.

Major Depots Serving KMB and LWB Buses

| Depots | Service Areas/Main Purpose of Depot | Gross Floor Area (Square Feet) | Buses in Service as of 31 December 2024 | Year of Operations Commencement | Remarks |
|---------------------|-------------------------------------|--------------------------------|---|---------------------------------|---|
| KMB Depots: | | | | | |
| Kowloon Bay Depot | East Kowloon | 768,038 | 1,065 | 1990 | The depot land was acquired at market price from the government in 1986 under a Private Treaty Grant. |
| Lai Chi Kok Depot | South and West Kowloon | 648,946 | 854 | 2002 | The depot land is leased from the government under a short-term tenancy [#] . |
| Sha Tin Depot | North and East New Territories | 720,005 | 1,115 | 1988 | The depot land was acquired at a public auction in 1984. |
| Tuen Mun Depot | West New Territories | 148,961 | 976 | 1979 | The depot land was acquired at a public auction in 1974. |
| KMB Overhaul Centre | Bus Overhaul | 380,915 | N.A. | 1983 | The depot land was acquired at market price from the government in 1979 under a Private Treaty Grant. |
| LWB Depot: | | | | | |
| Siu Ho Wan Depot | Lantau Island | 82,422 | 283 | 1998 | The depot land is leased from the government under a short-term tenancy [#] . |
| Total | | 2,749,287 | 4,293 | | |

[#] Under the short-term tenancy agreement, rentals at market rates are payable to the Hong Kong SAR Government.

BUSINESS REVIEW

Hong Kong Franchised Public Bus Operations

Long Win Bus Company Limited (“LWB”)

LWB has been operating franchised public bus services to and from the New Territories, Hong Kong International Airport and North Lantau since 1997. LWB has garnered resounding support from both locals and visitors, capitalising on the substantial demand for boundary route services driven by tourism-related activities. LWB’s network currently covers the Airport, Tung Chung, the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port, Hong Kong Disneyland, the Ngong Ping 360 cable car and AsiaWorld-Expo.





▲ LWB provides convenient, reliable, and comfortable bus services for passengers travelling to and from the Hong Kong-Zhuhai-Macao Bridge, Hong Kong Port and the Airport

Return of Tourists and Local Outbound Travel Demands

LWB's customer base mainly comprises tourists and individuals engaged in tourism-related activities. 2024 saw a soaring demand for boundary route services, reaching levels comparable to those seen before the pandemic. With the full reopening of borders, the advancement of Individual Visit Scheme by the Central Government, and the local authorities' initiatives for mega events, exhibitions and shows, visitors returned to the city, generating significant demand for LWB services. The passenger flow of LWB surged, prompting LWB to implement measures to enhance its bus service levels and ensure that public needs were met.

Rewards to Passengers

To reward passengers, the KMB Monthly Pass Scheme was extended to cover LWB bus routes. Pass holders can use the Pass on the LWB-operated E-, N-, S-, R- and X- routes and enjoy a 73% off fare discount on LWB A- and NA-routes, accessing a bus network that connects different boundary control points.

To encourage better utilisation of the KMB and LWB network for travel to and from control points, KMB and LWB renewed the "Ride 2 Journeys, Get 1 Journey Free" fare concession scheme for passengers travelling on KMB and LWB A-routes, waiving the lower fare of the two legs of the journey.

Electronic Payment System

LWB is the first franchised bus company in Hong Kong to offer diverse e-payment services for the convenience of passengers, especially those from overseas who may not have access to the local currency or an Octopus card upon arrival. The Company continued to enhance its e-payment system in 2024, accepting payments such as American Express, Discover/Diners Club and WeChat Pay HK. Currently, the system supports 16 payment methods including contactless payment, mobile payment and QR code payment, making it, together with KMB's system, the e-payment solution that accommodates more payment methods than any other public transport operator's system.

Bus Service Network

At the end of 2024, LWB operated 43 routes. With the increasing number of visitors, demand for transport to and from the Hong Kong-Zhuhai-Macao Bridge ("HZMB") and the Airport surged. To meet this rising demand, LWB strengthened its services, particularly in the HZMB area, by introducing a new route and re-routing some existing routes. This expansion extended both service coverage and hours to include districts such as Lei Muk Shue, Wong Nai Tau, Tsuen Wan, Kwai Chung and Fo Tan.

BUSINESS REVIEW



▲ The newly introduced LWB Euro VI bus fleet significantly reduces exhaust emissions, contributing to fresher roadside air

Bus Fleet and Fleet Upgrade

In 2024, LWB introduced two new buses equipped with the latest safety devices. As of 31 December 2024, LWB operated 279 double-deck buses, including 219 that are 12.8 metres long, along with four electric single-deck buses, all of which are wheelchair accessible and equipped with the On-board Electronic Bus Stop Announcement System.

Safety and Customer Service

LWB buses are regularly and thoroughly serviced to ensure that they are maintained at the highest standards. Driving instructors monitor bus captains’ driving performance and customer service delivery, with safety briefings held from time to time and safety reminders circulated to bus captains. To enhance driving safety, LWB buses are equipped with the Driving Monitoring System and the Advanced Driver Assistance System, which give early warnings to bus captains and assist in their driving performance. The LWB customer

service and airbus ticket office at the Hong Kong International Airport Ground Transportation Centre offers e-payment options, providing more convenience for passengers and tourists.

Environmental Protection

LWB is fully aware of the importance of environmental protection as it continues to invest in environmentally friendly buses to meet the stringent emission standards of the European Council of Environmental Ministers. The proportion of Euro V or above and electric buses in the LWB fleet now exceeds 98.23%.

The electrostatic air filtration function of the air-conditioning system on LWB buses significantly enhances the air quality inside the bus compartment, while the Eco-Driveline System reduces both fuel consumption and exhaust emissions.

| LWB’s Bus Fleet | Double-deck Buses | Electric Single-deck Buses | Total Number of Buses |
|--------------------------|-------------------|-------------------------------|-----------------------|
| As of 1 January 2024 | 281 | 4 | 285 |
| Addition during the year | 2 | 0 | 2 |
| Disposal during the year | (4) | 0 | (4) |
| As of 31 December 2024 | 279 | 4 | 283 |

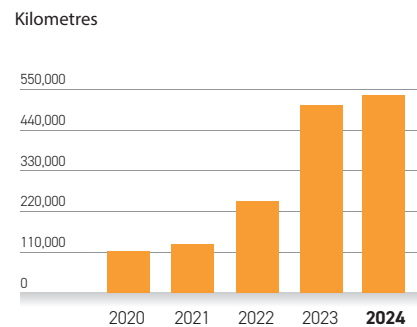
Performance Assurance

LWB constantly reviews its bus services and maintenance regime to ensure that safety and efficiency are maintained at the highest level across its bus fleet. LWB adopts mechanical reliability¹ and operational capability² as key indicators for measuring its operational performance. In 2024, LWB achieved a mechanical reliability of 536,126 km:1 and an operational capability of 100.62%. LWB has obtained ISO 9001 Quality Management Systems certification since 2012.

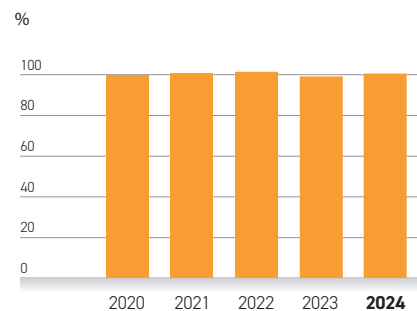
Depot

The depot at Siu Ho Wan provides daily bus maintenance, refuelling, bus washing and parking for the LWB fleet. The depot is equipped with a wastewater treatment system that ensures the quality of wastewater meets statutory requirements before being discharged into the public drainage system. A rainwater collection and water recycling system was implemented at the Siu Ho Wan Depot to conserve water.

Mechanical Reliability¹ – LWB



Operational Capability² – LWB



▲ LWB conducts regular, rigorous inspections and maintenance of its fleet to ensure the safest and highest-quality service for passengers

¹ Mechanical reliability refers to the average number of kilometres a bus operates before it experiences one mechanical breakdown on the road with passengers on board.

² Operational capability refers to the ratio of actual departures to scheduled departures in the busy direction during the busy hours of 7:00 a.m. to 9:00 a.m. across the bus network.

BUSINESS REVIEW

Hong Kong Non-Franchised Transport Operations

Sun Bus Holdings Limited and its Subsidiaries (the “SBH Group”)

As a leading non-franchised bus operator in Hong Kong, the SBH Group provides premium, safe, reliable and cost-effective transport services for customers.





▲ Sun Bus leverages opportunities in the tourism development and enhances services to meet sector needs

Led by its flagship subsidiary, Sun Bus Limited (“Sun Bus”), the SBH Group offers a range of shuttle transport services tailored to specific market segments including corporations, shopping malls, residential estates, travel agencies and schools, as well as chartered hire services for organisations and the general public.

In 2024, all sectors of society made concerted efforts to boost the tourism industry. Seizing this business opportunity, the SBH Group focused on strengthening its services for the tourism sector, meeting the demand for transportation connecting various attractions. The Group also maintained its market-leading position by introducing new coaches to its fleet, upgrading overall service quality. To further strengthen its competitiveness, the SBH Group planned to purchase more electric vehicles and promote broader adoption of technology. In 2024, the Company launched 22 new Euro VI buses

equipped with seatbelts, speed limiters and tachographs (commonly known as “black boxes”) as part of its fleet upgrade initiative.

Hong Kong’s aging population has led to a continued decline in the labour force, resulting in a severe shortage of drivers in the public transport industry. In response to this, the SBH Group has engaged imported labour from the Mainland through the Hong Kong SAR Government’s Labour Importation Scheme. Additionally, recruitment and retention practices have been optimised to attract new talent and retain experienced staff.

The SBH Group is committed to continuously developing its elite management and operations teams to deliver a reputable service to its customers.



Corporations



Shopping Malls



Residential Estates



Travel Agencies



Schools

BUSINESS REVIEW

Hong Kong Non-Franchised Transport Operations

New Hong Kong Bus Company Limited (“NHKB”)

NHKB operates a direct, value-for-money, 24-hour cross-boundary shuttle bus service, the “Lok Ma Chau – Huanggang Cross-boundary Shuttle Bus” (commonly known as the “Huang Bus”), catering to regular commuters, leisure travellers and tourists between Lok Ma Chau, Hong Kong and Huanggang, Shenzhen.





▲ NHKB has enhanced its Huang Bus service to meet the growing travel demand between Hong Kong and Shenzhen, maintaining its position as the top choice for Lok Ma Chau/Huanggang cross-border passengers

In 2024, there was a remarkable upsurge in demand for the Huang Bus at the Lok Ma Chau Port. The Huang Bus efficiently accommodated the surge by ensuring regular maintenance of its fleet and facilities.

During the year, the Huang Bus's patronage grew by 27.6% compared to the previous year, indicating a deepening connection between Hong Kong and the Mainland on both social and economic fronts. In October 2024, NHKB increased the frequency of the Huang Bus to every 5 to 10 minutes and collaborated with KMB to offer an interchange fare discount, allowing passengers to save up to HK\$10, which was equivalent to a free ride on the Huang Bus. Additionally, NHKB implemented an electronic payment system compatible with 15 popular e-payment methods, including UnionPay, Alipay, and WeChat Pay, which are widely used in China Mainland, to enhance passenger convenience.

Looking ahead to 2025, the anticipated implementation of the multiple-entry Individual Visit Scheme is expected to drive a surge in cross-boundary travel demand. This policy will enable a significant number of Shenzhen residents to visit Hong Kong more frequently, spurring growth in the tourism, retail, and catering industries while creating substantial opportunities for NHKB. The Company remains committed to improving the service frequency of the Huang Bus, despite facing rigorous competition from alternative ports, with the aim of ensuring consistent, high-quality service for passengers.



BUSINESS REVIEW

China Mainland Transport Operations

The Group holds investments in transport service operators in Shenzhen and Beijing as part of its strategy to leverage transport-related business opportunities in China Mainland.



Shenzhen Bus Group Company Limited (深圳巴士集團股份有限公司) (“SZBG”)

SZBG is a Sino-foreign joint stock company formed by KMB (Shenzhen) Transport Investment Limited (九巴(深圳)交通投資有限公司), a wholly-owned subsidiary of the Group, and four Mainland investors. The Group holds a 35% interest in SZBG which has been operating public bus and taxi services in Shenzhen since 2005.

SZBG has a fleet of over 5,000 buses operating on more than 330 routes, along with more than 6,000 taxis. The patronage of both its bus and taxi operations decreased by 11%, from 460 million in 2023 to 408 million in 2024, owing to fierce competition from metro services, app-based taxi-hailing platforms and other transportation modes.

SZBG took the lead in electrifying its bus fleet in 2017, becoming one of the largest public transport operators using new energy in the world. In addition, with ISO 9001 certification for the provision of bus transport services in Shenzhen, SZBG is dedicated to upgrading its services and maintaining its business edge.



▲ SZBG has fully adopted a fleet of new energy buses

Beijing Beiqi Kowloon Taxi Company Limited (北京北汽九龍出租汽車股份有限公司) (“BBKT”)

KMB (Beijing) Taxi Investment Limited (九巴(北京)出租汽車投資有限公司), a wholly-owned subsidiary of the Group, holds a 31.38% equity interest in BBKT, the first Sino-foreign joint stock company to enter China Mainland’s taxi hire and car rental sector when it was established in 2003.

BBKT operated both taxi hire and car rental businesses until April 2013. To sharpen its focus on the booming but challenging car rental market, it spun off its car rental business to another Sino-foreign joint stock company of the Group, Beijing Beiqi First Company Limited (北京北汽福斯特股份有限公司).

With a fleet of over 4,900 taxis, BBKT continues to prioritise service quality as it explores sustainable new business opportunities.

Beijing Beiqi First Company Limited (北京北汽福斯特股份有限公司) (“BBF”)

Established in April 2013 as a Sino-foreign joint stock company with the same shareholding structure as BBKT, BBF operates the car rental business formerly undertaken by BBKT.

BBF has more than 1,000 vehicles available for charter, primarily serving Beijing (北京) and Tianjin (天津). In respect of the provision of car rental services, BBF is well positioned to capitalise on the business opportunities presented by business commuters as well as by the wide variety of events, conferences and exhibitions held in the capital.



▲ BBKT continues to provide excellent, high-quality taxi services for locals and visitors in Beijing

BUSINESS REVIEW

Property Holdings and Development

The Group has a portfolio of investment properties which provides steady rental income for the Group.





▲ Scheduled to be opened in 2025, the 10-storey podium mall at The Millennium is set to become another major landmark in the area

KT Real Estate Limited (“KTRE”)

KTRE, a wholly owned subsidiary of TIH, and Turbo Result Limited (“TRL”), a wholly owned subsidiary of Sun Hung Kai Properties Limited (“SHKP”), jointly own The Millennium in equal shares as tenants in common for long-term investment purposes. The property is located at No. 98 How Ming Street, Kwun Tong, Kowloon.

The Millennium, a premium integrated commercial project strategically located in the heart of Kwun Tong, is close to Kwun Tong and Ngau Tau Kok MTR stations.

The Millennium provides Grade-A office space with a total gross floor area of approximately 650,000 square feet. It consists of two 20-storey towers which sit on top of a large shopping mall in a 10-storey podium, featuring approximately 500,000 square feet of leisure-oriented retail space. Nearly 400 parking spaces will be provided in a four-storey parking garage in the basement, a number of which will be equipped with electric vehicle charging systems. The development achieved LEED Platinum pre-certification and WELL Platinum pre-certification, and was awarded a Platinum pre-certification for new buildings under BEAM Plus.

In December 2022, two SHKP’s subsidiaries, Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited and Kai Shing Management Services Limited, were appointed as the marketing and leasing agent and the property manager of The Millennium respectively for a term of three years until December 2025.

The Millennium completed the construction of its two office towers in 2023. Several tenants have already moved in and commenced operations. The podium mall beneath The Millennium is currently under construction and is scheduled to be opened in 2025.



BUSINESS REVIEW



▲ The Millennity has been awarded green building pre-certifications both locally and internationally. The Building Information Modelling system helps enhance the operation and management efficiency of the premises

LCK Real Estate Limited (“LCKRE”)

LCKRE, a wholly owned subsidiary of TIH, is the owner of the Group’s headquarters building in Lai Chi Kok.

LCKRE owns the 17-storey commercial office building at 9 Po Lun Street, Lai Chi Kok, Kowloon, which has a total gross floor area of approximately 156,700 square feet. Located next to Manhattan Hill, around 12% of the lettable area is used by the Group as its headquarters while the remaining lettable area predominantly leased out to offices, shops and restaurants.

LCK Commercial Properties Limited (“LCKCP”)

LCKCP, a wholly owned subsidiary of TIH, is the owner of Manhattan Mid-town, the commercial complex of Manhattan Hill.

LCKCP owns Manhattan Mid-town, the two-level high-end retail podium at Manhattan Hill. This 50,000 square-foot shopping mall offers Manhattan Hill residents and other shoppers high-quality retail facilities. The entire shopping mall has been leased, generating a steady stream of recurring rental income for the Group.

TM Properties Investment Limited (“TMPI”)

TMPI is jointly owned by TM Properties Holdings Limited (“TMPH”), an indirect wholly owned subsidiary of TIH, and Mega Odyssey Limited (“MOL”), an indirect wholly owned subsidiary of SHKP subsequent to TMPH’s disposal of 50% equity interest in TMPI to MOL in 2020. TMPI, the owner of the property at Tuen Mun Town Lot No. 80 in the New Territories, has become a 50%-owned joint venture of TIH.

TMPI owns an industrial property currently designated for industrial use, godown purposes, or both. In 2023, TMPI obtained approvals from the Town Planning Board for a change of use from industrial to office, shop and service purposes. At the end of 2024, the entire lettable area of the property was leased to generate rental income for the Group.

The Group's Property Holdings and Development:

| Property | Usage | Total Gross Floor Area (Square feet) | Group's Interest (%) | Remarks |
|---|------------------------|--------------------------------------|----------------------|---|
| The Millennity, 98 How Ming Street, Kwun Tong, Kowloon | Office/Retail (Note 1) | 1,150,000 | 50 | The site was acquired at a public auction in 1967. |
| TIH Headquarters Building, 9 Po Lun Street, Lai Chi Kok, Kowloon | Office/Shops | 156,700 | 100 | The site was acquired at market price through private purchase in 1955. |
| Manhattan Mid-town, 1 Po Lun Street, Lai Chi Kok, Kowloon | Shopping Centre | 50,000 | 100 | Acquired at market price through private purchase in 1955, the site was redeveloped and opened in 2009. |
| Tuen Mun Town Lot No. 80, 1 Kin Fung Circuit, Tuen Mun, New Territories | Industrial/ Godown | 105,364 | 50 | The site was acquired at a public auction in 1974. |

Note:

- The Millennity completed the construction of its two office towers in 2023. Several tenants have already moved in and commenced operations. Meanwhile, the podium mall beneath The Millennity is currently under construction and is scheduled to be opened in 2025.



▲► The Manhattan Mid-town offers high-quality retail facilities to both Manhattan Hill residents and other shoppers



SUSTAINABILITY REPORT

About the Report

In 2024, Transport International Holdings Limited ("TIH") continued its journey toward creating sustainable values for its stakeholders and the wider community. TIH is committed to building a sustainable legacy through safe operations, innovative services, community care and environmental protection.



SUSTAINABLE DEVELOPMENT GOALS



Responsible Consumption and Production



Peace, Justice and Strong Institutions

Reporting Focus

The Sustainability Report (the “Report”) of TIH outlines the environmental and corporate social responsibility performance and sustainability achievements of its wholly-owned subsidiaries, The Kowloon Motor Bus Company (1933) Limited (“KMB”), Long Win Bus Company Limited (“LWB”), Sun Bus Holdings Limited and its subsidiaries (“Sun Bus”), and New Hong Kong Bus Company Limited (“NHKB”). The Report also includes TIH’s wholly-owned subsidiaries, KT Real Estate Limited (“KTRE”), LCK Commercial Properties Limited (“LCKCP”) and LCK Real Estate Limited (“LCKRE”), as well as TM Properties Investment Limited (“TMPI”), in which TIH holds a 50% interest. The Report covers the reporting period from 1 January to 31 December 2024. There were no significant changes with regard to TIH’s size, structure, ownership or supply chain during the reporting period. In the Report, data and statistics are presented as absolute figures and are normalised into comparable terms as far as possible. Unless otherwise stated, date and statistics in the Report cover the performance of KMB, LWB, SBH Group, NHKB, KTRE, LCKCP, LCKRE and TMPI.

There is no specific limitation on the scope and boundary of the Report with respect to TIH’s operations.

Reporting Principles

The Report was prepared in accordance with the latest Global Reporting Initiative (“GRI”) Standards 2021 and the Appendix C2: Environmental, Social and Governance Reporting Code (“ESG Reporting Code”) issued by Hong Kong Exchanges and Clearing Limited (“HKEX”). The GRI Content Index correlates GRI disclosures with associated sections in this Report. The Group strictly adheres to the reporting principles of materiality, quantitative, balance and consistency which are set out in the ESG Reporting Code. To align our strategies with international sustainability principles, the Report also makes reference to the United Nations Sustainable Development Goals (“UNSDGs”) and the IFRS Sustainability Disclosure Standards, including IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (“IFRS S1”) and IFRS S2 Climate-related Disclosures (“IFRS S2”), developed by the International Sustainability Standards Board (“ISSB”).

| Reporting Principles | Application |
|----------------------|--|
| Materiality | To identify material ESG-related issues, stakeholder engagement exercises are conducted to gather opinions and feedback from stakeholders. These material ESG issues are then incorporated into the Group’s core business strategy. For more details, please refer to the section “Stakeholder Engagement and Materiality Assessment”. |
| Quantitative | <p>The Group discloses its ESG performances in a quantitative manner. Data and statistics are presented as absolute figures and are normalised into comparable terms as far as possible. For more details, please refer to the section “Performance Statistics”.</p> <p>In 2023, the scope of the Report covered only KMB and LWB; in 2024, it was expanded to include KMB, LWB, SBH Group, NHKB, KTRE, LCKCP, LCKRE and TMPI. As such, comparative quantitative data between 2023 and 2024 is not applicable to the Report. The comparative quantitative data will be available in the 2025 Report.</p> |
| Balance | The Group prepares this Report and discloses its ESG performance and achievements in a transparent, unbiased and fair manner. |
| Consistency | The Report has been prepared in accordance with the latest GRI Standards 2021 and the ESG Reporting Code issued by the HKEX, using consistent methodologies to ensure meaningful data comparisons over time. |

SUSTAINABILITY REPORT

Adopting ISSB Standards

The International Sustainability Standards Board ("ISSB"), established by the Trustees of the IFRS Foundation, aims to provide a high-quality, comprehensive global baseline for sustainability disclosures that meet the information needs of investors.

TIH adopted the IFRS sustainability disclosure framework recommended by ISSB, detailing the risks and opportunities associated with climate change, their potential impact on our business, and the actions we are taking to address these risks and opportunities. TIH is committed to communicating our approach and strategies across ISSB's four thematic areas: governance, strategy, risk management, and metrics and targets.

Sustainability Governance

We adhere to recommended best corporate governance practices to achieve sustainable business development, ensuring compliance with applicable legal and regulatory requirements while also considering the interests of our stakeholders. The Group has adopted an integrated management approach to guide the sustainable development of TIH based on the principles of integrity, equity and transparency. This integrated management approach is strengthened by ongoing staff training and communication with stakeholders. The Board of Directors of TIH (the "Board"), as its highest governance body, is responsible for stewarding the long-term development of the Group and growing shareholder value. The Board currently comprises nine Non-executive Directors, six Independent Non-executive Directors and one Executive Director. The biographies of our current Directors can be found on pages 156 to 166 of our 2024 Annual Report.

The overall strategic planning and accountability for the Group's sustainable development rest with TIH's Board-level Committee, which determines the Group's sustainability strategy and oversees its progress. The Board-level Audit and Risk Management Committee is appointed to oversee strategic ESG-related issues concerning TIH, including climate-related strategies, policies, actions and disclosures. It informs the Board of the strategic risks and opportunities presented by climate change, which are considered as part of the Board's discussion of TIH's strategic plans.

Our ESG Task Force, under the oversight of the Committee, implements the Board's ESG strategy and policies to drive sustainable initiatives throughout our operations, including safety, environmental protection, staff welfare, community engagement and volunteering. The ESG Task Force is also responsible for optimising environmental performance, raising staff awareness of corporate social responsibilities, sharing knowledge and industry best practices, and working with the Enterprise Risk Management Task Force of the Company to assess emerging ESG-related risks.

Legal and Regulatory Compliance

TIH is committed to conducting business activities in compliance with the laws of Hong Kong. All Directors and staff of the Group are subject to a written Code of Conduct when discharging their delegated duties. The Code of Conduct provides guidance on personal conduct, relations with suppliers and contractors, responsibilities to shareholders and the community, customer relations, and employment practices. It also outlines procedures for monitoring compliance and enforcement to promote ethical values in business activities. The Code of Conduct is available on the staff website for easy access and is reviewed and updated periodically to reflect the latest regulatory changes.



TIH's employment practices are also reviewed on a regular basis. We strictly adhere to the Employment Ordinance of Hong Kong and prohibit the hiring of child labour (defined as a person below the local minimum age for employment or under the age of 15) and any form of forced labour.

The Group has a whistleblowing policy that encourages employees and related third parties to raise concerns in confidence about misconduct, malpractice, bribery, money laundering, any forms of forced, coerced or bonded labour, and irregularities in any matters related to the Group. Employees and/or related third parties may make a report to the Company Secretary or the Chairman of the Board's Audit and Risk Management Committee. The Group will take appropriate follow-up actions, including disciplinary measures, in respect of substantiated and partially substantiated cases. In the event of an employee committing any offence of corruption under the Prevention of Bribery Ordinance (Chapter 201, Laws of Hong Kong), the Group will report the matter to the Independent Commission Against Corruption ("ICAC"). There were zero concluded legal cases regarding corruption during the reporting year. Furthermore, we invite the ICAC to provide training to the Board and employees bi-annually to enhance their awareness of anti-corruption and integrity management.

Our Vision and Strategy

To ensure our business remains resilient to climate change, we assess its potential impact on different business units and develop plans to mitigate and adapt accordingly. When refining our business strategy, the Group recognises that sustainable development is crucial for long-term success. The Group has identified physical risks, such as more frequent extreme weather events, and transition risks, including regulatory changes and shifts in customer demand, which may affect our operations to varying degrees. By identifying and effectively managing the financial risks and opportunities associated with climate change, the Group acknowledges the potential for growth that comes with transitioning towards a low-carbon economy.

As such, to align with the National 14th Five-Year Plan and the emissions reduction target of the Hong Kong SAR Government, the Group has determined a clear roadmap for upgrading its whole fleet with new energy buses. In addition, we have set six environmental targets for key performance indicators over a three-year period, starting in the financial year ("FY") 2023. Using FY2019 as the baseline, we plan to reduce both carbon and energy intensity, including the carbon footprints of buses, as well as oil, electricity and water consumption. We are pleased to announce that both KMB and LWB have reached positive results in all six environmental targets by 2023. The Board has already established new environmental targets for the period from FY2024 to FY2028. We have maintained consistency in our targets by using FY2019 as the baseline year once again. Additionally, we

have expanded the scope cover our key business segments including Hong Kong Franchised Public Bus Operations, Hong Kong Non-franchised Transport Operations, and Property Holdings and Development. Six revised environmental targets have been introduced to specifically address diesel consumption (Scope 1), electricity consumption (related to property/real estate operations only) (Scope 2), GHG emissions (Scopes 1 & 2), water consumption, solid chemical waste (hazardous), and metal waste (non-hazardous). More details are provided on pages 60 to 65.

Risk Management

We have incorporated climate-related risks into the Group's Enterprise Risk Management System, utilising a systematic approach and consistent risk assessment criteria to identify and manage risks. Accurate risk information is provided to Management to assist them in decision-making and risk control without compromising cost-effectiveness and efficiency.

A Key Risk Indicator Report ("KRI Report"), summarising the Group's major risks as identified by Management, is submitted to the Audit and Risk Management Committee three times a year. The KRI Report provides a comprehensive overview of major risks and outlines the established mechanisms for monitoring them.

For further details on our corporate governance, please refer to pages 128 to 151 of our 2024 Annual Report.

Stakeholder Engagement and Materiality Assessment

Stakeholder engagement exercises and materiality assessments provide a solid basis for developing our sustainability report. These exercises help identify sustainability topics that are most relevant to both our operations and stakeholders.

Our stakeholders include passengers, employees, suppliers, contractors, legislative councillors, district councillors, transport advisory bodies, interest groups and the government. We have established several engagement programmes to gauge their views on our operations and services. Dialogues with stakeholders are conducted through various channels, including the chatbot platform on the KMB and LWB websites and App1933, KMB's social media channels, corporate publications such as *KMB Today*, as well as face-to-face meetings and media networking. Through engagement exercises, such as annual passenger liaison group meetings and interviews with representatives from various interest groups, we have identified stakeholder concerns and incorporated them into our sustainability strategies. The latest Annual Report of TIH contains more information about the Group, including details on corporate governance and financial performance. If you have any comments regarding the Report, please contact us at ccd@kmb.hk.

SUSTAINABILITY REPORT

TIH engaged an external consultant to carry out a series of stakeholder engagement activities to define the scope of the Report and to identify material economic, environmental and social topics in line with the principles and requirements of the GRI Standards, the HKEX ESG Reporting Code, the UNSDGs and the ISSB Standards. We invited representatives from various stakeholder groups, including passengers, employees, members of the KMB volunteer team, suppliers, non-governmental organisations (e.g., social organisations and green groups), to participate in stakeholder engagement activities such as surveys, focus group meetings and interviews.

Taking into account the findings from the survey results and annual materiality assessments carried out over the past few years, we have mapped the materiality of 12 issues. The top ten issues were prioritised as material for TIH to address and report. The eleventh and twelve issues, "Emissions" and "Effluents and Waste", which have been reported in the previous years, are also included for consistency. The other two topics "Environmental Compliance" and "Forced and Child Labour" are embedded in the consideration given that they are standard practices in operations. The ESG Task Force further reviewed and validated the material topics to ensure a consistent and balanced representation of the Group's sustainability performance and impact. The following material topics have been prioritised for disclosure in TIH's Sustainability Report, with corresponding boundaries specified:

| Environmental | Social | Governance |
|--|---|--|
| Climate Change Effluents and Waste Emissions Energy and Efficiency Measures Environmental Compliance Green Procurement Material Consumption Water Consumption | Accessibility Community Engagement Customer Health and Safety Customer Privacy Protection Diversity and Equal Opportunity Employment Management System Freedom of Association and Collective Bargaining Human Rights Policy Labour and Child Forced Labour Management Relations Non-discrimination Socio-economic Compliance Training and Education Occupational Health and Safety | Anti-corruption Economic Performance Procurement Practices |

The engagement activities provided us with constructive comments and suggestions from our stakeholders. We appreciate their valuable feedback and strive to address their expectations through continuous improvements.

| Key Areas of Interest | Stakeholders' Comments | Our Response and Disclosures in the Report |
|-----------------------|---|--|
| Safety | <ul style="list-style-type: none"> Enhance bus safety through innovative technologies; Strengthen public safety education; and Upgrade bus safety facilities such as installing safety belts for all seats. | Safety has been a top priority of our operations. We make great efforts to implement safety measures and promote safety awareness. (See details in Safety First) |
| Environment | <ul style="list-style-type: none"> Recycle operational waste; and Explore more green energy opportunities and clean energy infrastructure. | We seek to minimise the impact of our operations on the environment by employing energy-efficient buses and exploring green energy and zero-emission bus technologies. (See details in Caring for the Environment) |
| Customers | <ul style="list-style-type: none"> Improve accessibility for the elderly and people with disabilities; Design bus routes that cover more areas; and Explore further digitalisation of the bus management system. | Bus facilities and compartment designs have been upgraded to provide better accessibility and comfort for customers. (See details in Caring for Customers) |
| Employees | <ul style="list-style-type: none"> Enhance communication with internal stakeholders. | To strengthen bilateral communication, we have established a variety of internal communication channels and platforms for employees. (See details in Caring for Employees) |
| Community | <ul style="list-style-type: none"> Participate more actively in key environmental and social sustainability issues (e.g. business operation and engagement with external stakeholders) and improve transparency on progress and performance. | We play an active role in various community activities and make good use of different platforms and occasions to communicate with the public. (See details in Stakeholder Engagement) |

Supply Chain Management

We believe an integrated upstream supply chain management is key to quality and logistics control. We work closely with our business partners to develop vehicles and spare parts that are adapted to the local climate and operational environment, while prioritising energy efficiency and the latest emission standards.

We encourage fair and open competition to develop long-term relationships with suppliers based on mutual trust. Our supply chain policies and procedures are designed to ensure the ethical procurement of supplies and services, enabling us to deliver high-quality end products that our customers can trust. In 2024, KMB and LWB added 52 new suppliers after evaluating their potential capabilities and considering social criteria (100% of new suppliers were screened). During the same year, KMB and LWB procured from 373 local and 34 non-local suppliers and conducted vendor appraisals on 148 suppliers (36% of suppliers) to assess their performance in terms of quality, continuity of supply and general services. This allows us to continually monitor and improve their services or, if necessary, terminate procurement from individual suppliers. The proportion of spending on local suppliers was 72%.

Our Green and Sustainable Procurement Policy spells out the environmental and social risk considerations that should be taken into account in every purchasing decision. To ensure compliance with our social and environmental requirements, we require all suppliers to confirm adherence to our guidelines upon supplier registration in the following areas:

- Environmental care;
- Health and safety;
- The prohibition of forced and child labour; and
- Anti-corruption.

Procurement and Tendering Procedures

Our criteria for the procurement and tendering of goods and services are based on price, quality, specifications, green and sustainable procurement and other relevant factors. The principles of our procurement and tendering procedures are as follows:

- Fair competition;
- Selection of appropriate contract types based on specifications;
- Compliance with laws, relevant regulations and contractual obligations;
- Consideration of environmental and social factors; and
- Adoption of an effective monitoring system, management controls and practices:
 - to prevent bribery, fraud or other malpractices; and
 - to ensure the declaration of conflicts of interest by staff involved in the selection process.



SUSTAINABILITY REPORT



Major Recognition and Awards

We strive to deliver excellent public transport services in a sustainable manner and are pleased to announce that we received a number of prestigious awards in 2024.

Corporate Social Responsibility

- Hong Kong Volunteer Award: Outstanding Corporate Award, Top Ten Highest Volunteer Hours, Corporate Award (Volunteer Hours) - Gold Award (10,000 hours or more) and Long Service Award (25 years), conferred by the Agency for Volunteer Service;
- 2023/2024 Annual Presentation of Awards Ceremony – Platinum Award, presented by The Community Chest of Hong Kong;
- Hong Kong Sustainability Award 2024: Certificate of Excellence (Large-size Organisations), presented by The Hong Kong Management Association;
- HKACE Customer Service Excellence Award 2023: Customer Care Gold Award for the Missing Elderly Assistance Programme, and Digital Service Strategy Merit Award for bot1933, conferred by the Hong Kong Association for Customer Service Excellence;
- Industry Cares Recognition Scheme 2024: Outstanding Caring Awards (Enterprise Group) and The Best CSV Award (Enterprise Group), conferred by the Federation of Hong Kong Industries;
- Hong Kong Green Awards 2024: Green Management Award (Large Corporation) - Silver Award, conferred by Green Council;
- 20 Years Plus Caring Company Logo, awarded by The Hong Kong Council of Social Service;
- BOCHK Corporate Low-Carbon Environmental Leadership Awards 2023: Silver Award (Service Sector), Eco Challenger and Low-Carbon Commitment, awarded by the Federation of Hong Kong Industries;
- Hong Kong Green Organisation Certification – Wastewi\$e Certificate (Good Level) (Headquarters), presented by the Environmental Campaign Committee;
- AED Anywhere for Anyone Programme: Big Heart Award and Big Heart Outstanding Performance Award, presented by the Hong Kong Fire Services Department;
- HSUHK 13th Junzi Corporation Award: Junzi Corporation Award for Exemplary Business Practices with WISDOM and Junzi Corporation Award, conferred by The Hang Seng University of Hong Kong;



- Good Employer Charter 2024, presented by the Labour Department;
- Good MPF Employer 5 Years Award, awarded by the Mandatory Provident Fund Schemes Authority;
- ESG Pledge Scheme 2024, organised by The Chinese Manufacturers' Association of Hong Kong;
- Social Capital Builder Logo Award, presented by the Home and Youth Affairs Bureau;
- Jockey Club "Brain Health" Dementia Screening and Community Support Project – Supporting Organisation, presented by the Jockey Club Centre for Positive Ageing
- Carer Friendly Employment Charter, organised by Hong Kong Federation of Women's Centres Limited;
- Corporate Partner Award, presented by Christian Family Service Centre;
- Outstanding ESG Enterprises Recognition Scheme 2024: ESG Commendation Awards, presented by Sing Tao News Group and The Hong Kong Polytechnic University; and
- Sport-Friendly Action Decal, awarded by Chinese YMCA of Hong Kong.

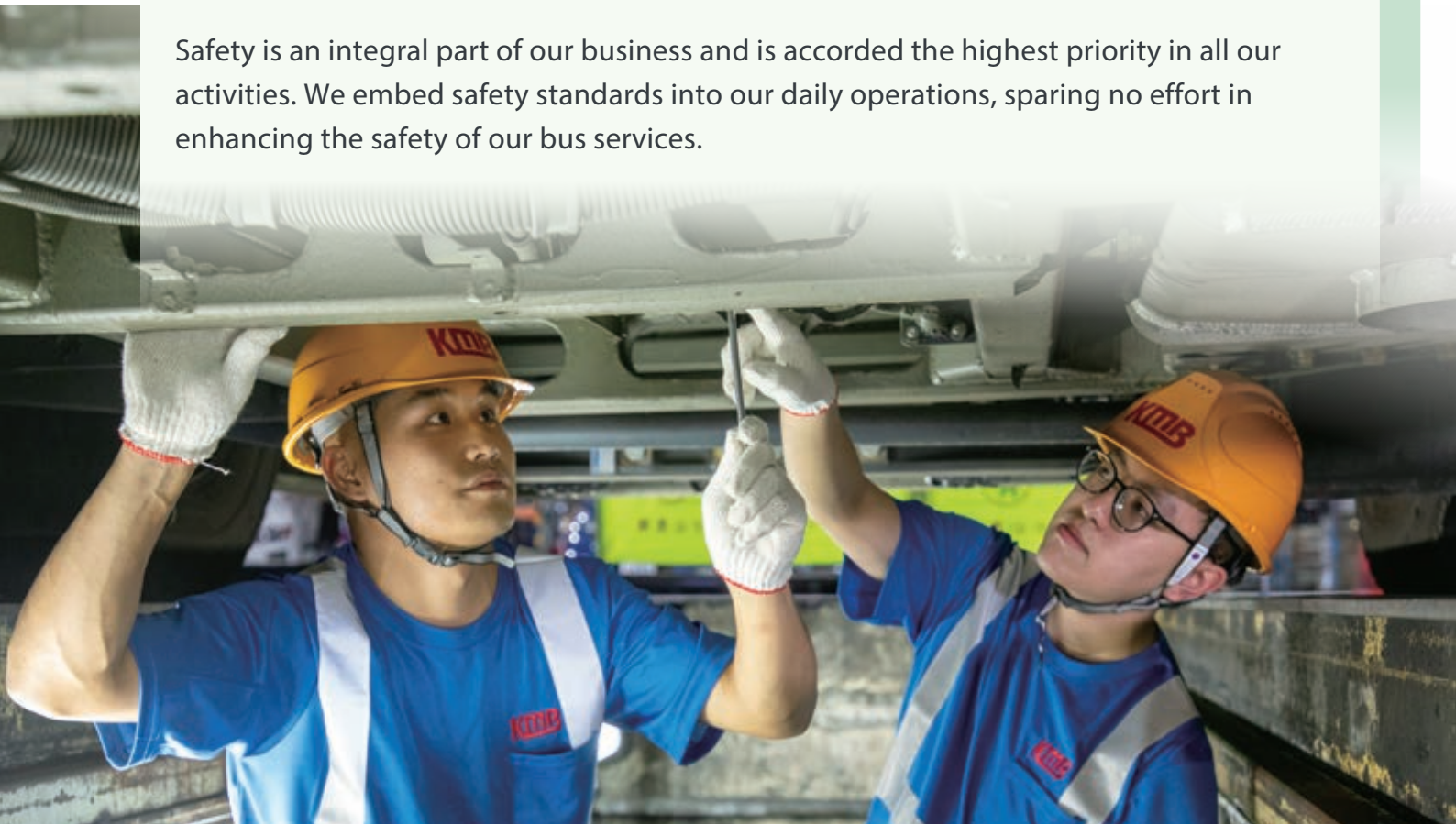
Brand

- IFAPC Outstanding Listed Companies Award 2024, awarded by The Hong Kong Institute of Financial Analysts and Professional Commentators Limited (IFAPC);
- 2022/23 Vision Awards Annual Report Competition: Gold Award for Transportation and Logistics Category, Top 100 Reports Worldwide, and Technical Achievement Award, awarded by The League of American Communications Professionals LLC;
- 2024 International ARC Awards: Honours for illustrations in the transportation and leasing category, presented by MerComm, Inc;
- ESG Green Development & Carbon Neutrality Awards 2023: Outstanding Sustainable Enterprise Award – Listed Company (Public Transport), presented by am730;
- Reader's Digest Trusted Brands 2024 Gold Award – Public Transport category, awarded by *Reader's Digest*;
- Smart Living Partnership Awards 2023/24 – Outstanding All Man Kind Inclusive Bus App, awarded by ET Net;
- Eco-Brand Awards 2024, awarded by *East Week* magazine;
- True Living Supreme Brand Awards 2024 – Supreme Sustainable Public Transport Service Award, presented by am730; and
- Excellence in Living Smart Award 2024 – Chill Out, awarded by *Ming Pao*.

SUSTAINABILITY REPORT

Safety First

Safety is an integral part of our business and is accorded the highest priority in all our activities. We embed safety standards into our daily operations, sparing no effort in enhancing the safety of our bus services.



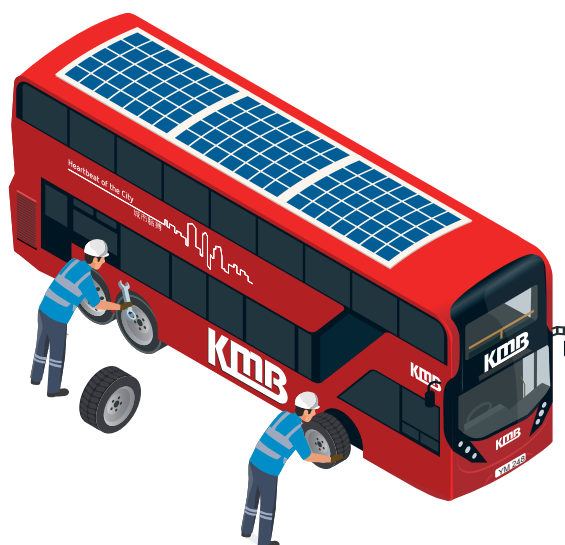
SUSTAINABLE DEVELOPMENT GOALS



Good Health and Well-Being

Safety Policy

The KMB and LWB Safety Policy embodies our commitment to ensuring the health and safety of our employees as we strive to provide a safe environment and optimal working conditions across all business activities. All our employees are required to comply with all legal requirements applicable to our operations, as well as our own standards. We regularly consult employees and stakeholders to identify opportunities for improving our safety management system.



Safety Committees

To facilitate internal communication on safety and health information, including risks, trends and the Company's safety policy, we have established various safety committees across all aspects of our business. These committees comprise employees from various levels, from frontline staff to management. They meet regularly to discuss safety matters and identify areas for improvement.

Safety Management

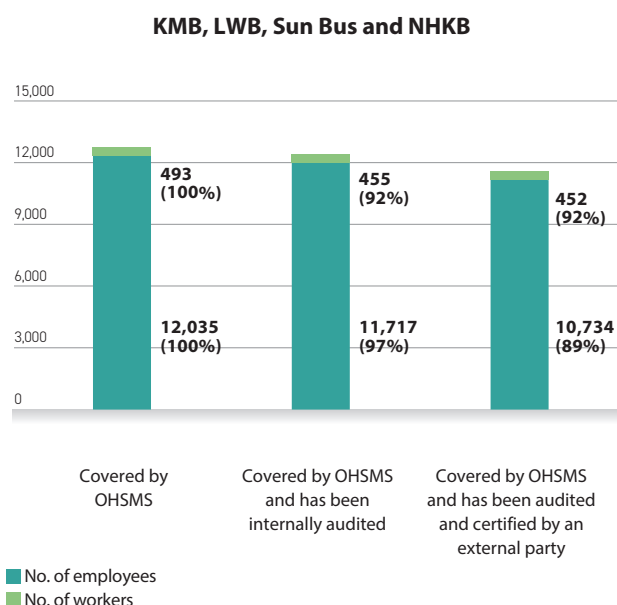
We are committed to achieving a high level of health and safety performance. While compliance with legal requirements and our in-house safety rules serves as our minimum performance standard, we remain diligent in improving our safety performance across all aspects of our business, including bus maintenance and design upgrades. To support this commitment, we employ the Plan-Do-Check-Act management to drive continuous improvement in safety. Our efforts are further reinforced by the KMB Occupational Health and Safety Management System, which is certified to the ISO 45001.

To ensure that our working environment and staff performance consistently meet our standards, we conduct regular safety inspections and audits to identify areas for

improvement, review our safety management system based on the findings, and investigate any safety inspections. We also assess potential risks associated with work tasks, formulate appropriate safety measures, and implement them to minimise risks.

Safety Statistics

The number and the percentage of staff and workers covered by our Occupational Health and Safety Management System ("OHSMS") are shown in the table below:



▲ KMB and LWB's professional and reliable maintenance team ensures the fleet is in optimal condition, enabling the provision of high-quality, safe, and efficient bus services to the public

SUSTAINABILITY REPORT



▲ Debuted in 2023, the Preventive Maintenance System remotely monitors the performance of various bus systems and components, enabling engineers to perform proactive maintenance in advance, as needed, effectively harnessing technology to enhance bus safety

Bus Safety Facilities and Maintenance

Various technological devices, including speed-limiting devices and telematics systems, have been installed on buses to improve safety and record operational data. All KMB and LWB buses adhere to an ISO-certified maintenance regime which includes daily and monthly servicing, a semi-annual minor dock and an annual road-worthiness inspection, and spot checks by the Transport Department of the Hong Kong SAR Government.

Latest Bus Safety Measures

Preventive Maintenance System

A Preventive Maintenance System is in place to enhance the safety and reliability of our bus fleet. Real-time data from various systems (transmission, battery, engine, cooling system and brake pressure) are sent to a backend server, where they are automatically analysed to identify potential issues. When necessary, immediate action is taken to prevent on-road breakdowns, with an ultimate goal of improving safety and minimising the impact on passengers.

GST Safety & Eco Driving System

The GST System is a safety and eco-driving tool that evaluates driving performance and calculates engine idling time for each bus trip. Its goal is to encourage bus captains to improve their driving skills and habits. The driver feedback unit on the dashboard sends real-time audio and visual alerts to the bus captain whenever a driving behaviour requires attention or immediate correction in five key areas: cornering, braking, acceleration, pedal control and speeding.

In addition to receiving instant feedback on his/her driving behaviour, the bus captain can also review his/her performance via the “GST Driver” app. The app clearly displays the time, date and location of any improper driving behaviour, along with the duration and location of engine idling.

A blackspot database was added to the “GST Driver” app in 2024. Bus captains are required to visit the “Blackspot” page via the popup tab during their first login each month. The database covers four of the five key driving aspects: cornering, braking, accelerating and speeding, as well as idling.

In 2024, the GST system also began using data from the first half of the month to predict the final safety scores for bus captains. By the middle of each month, a “predictive behaviour” analysis is available, showing not only the actual scores but also their trends. The predicted scores can help identify bus captains likely to exceed limits by month-end, as well as those at higher risk, through an automated report. This enables us to pinpoint bus captains in need of further training and monitoring. The “GST Driver” app will send notifications to any bus captains identified in these categories.

KMB and LWB has established a reward scheme to recognise bus captains with outstanding safety performance and eco-driving practices. The reward scheme is well-received by bus captains, who compete among themselves for a better ranking in their home depot and are eager to learn from those with high scores.



▲ Bus captains can review their performance through the GST system to improve their driving skills, while KMB Academy instructors use it to analyse challenges faced by trainees and tailor solutions to enhance their driving techniques

Driving Monitoring System ("DMS")

This monitoring device, mounted on the dashboard, uses image processing and advanced facial recognition technology to assess driver alertness. Early audio alerts and vibration warnings will be triggered and sent through the bus captain's signs of fatigue or other abnormality, such as drowsiness, are detected.



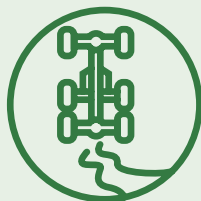
Advanced Driver Assistance System ("ADAS")

The device, installed on the lower front windscreen, uses image-processing technology to detect road obstacles ahead and calculate their distance. Early audio alerts and vibration warnings will be triggered when unsafe conditions are detected, such as when a collision is predicted, unless action is taken.



Electronic Stability Programme ("ESP")

The ESP is a crucial safety feature that helps prevent a bus from skidding or overturning while cornering or operating on slippery road surfaces.



Speed Limiting Retarder ("SLR")

SLR enhances the speed limiters of our fleets by automatically activating the brakes or retarder to prevent speeding when travelling downhill. The current speed limiters cut off the fuel supply to the engine once the speed limit is reached.



Safety Belts

KMB and LWB have requested that bus manufacturers install 3-point safety belts on all seats as a standard feature for new buses, while Sun Bus has 2-point safety belts installed across its new fleet. Meanwhile, KMB has been retrofitting safety belts on some existing buses to provide better protection for passengers.



Tyre Pressure Monitoring System ("TPMS")

TPMS is installed to allow bus captains to monitor tyre pressure in real-time. Visual and audio alerts will be triggered if the tyre pressure drops below a pre-set level. The majority of our bus fleet is equipped with this safety feature.



AI Reversing Camera

In mid-2024, NHKB ("Huang Bus") launched a pilot programme to enhance service quality and driving safety by installing and testing AI reversing cameras on all buses. The AI cameras feature automatic recognition of human shapes, animals and vehicles, including bicycles and motorcycles, and provide real-time visual and audio alerts to assist bus captains during reversing.



SUSTAINABILITY REPORT



▲ Featuring various bus component models, the Technical Training Workshop at KMB Academy offers comprehensive training for students in the “Certificate in Bus Maintenance” programme

KMB Academy

KMB established the KMB Academy (“the Academy”) in January 2022 with the aim of nurturing talent for the bus industry. The Academy provides professional and comprehensive training programmes for franchised bus maintenance personnel and bus captains. In 2023, two new training programmes, the “Certificate in Continuing Development for In-service Bus Captains” and the “Professional Certificate for Instructors in the Franchised Bus Industry” were recognised at Level Three and Level Four, respectively, under the Qualifications Framework (“HKQF”) by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications. The number of HKQF programmes in the KMB Academy now totals four.

The “Certificate in Bus Maintenance” at HKQF Level Two for franchised bus maintenance personnel provides knowledge of mechanical operation and industrial safety. Students will also undergo basic technical training, covering engine, drivetrain, chassis, electrical systems, and air-conditioning, with on-the-job training available at KMB and LWB depots. In addition to the HKQF Level Two accreditation, graduates will also receive professional bus maintenance certificates recognised by two European bus manufacturing giants, Alexander Dennis Ltd and Volvo Buses, qualifying them as semi-skilled workers with a clear progression path through further training.

The “Certificate in Public Bus (Franchised) Driving Training” at HKQF Level Three is designed to build safety awareness, bus manoeuvring skills, and knowledge of bus routes and bus types. In addition to driving, students will also receive training in customer service and emotion management to further enhance their service standards. Before graduation, instructors assess student performance to ensure it meets KMB’s standards.

The “Certificate in Continuing Development for In-service Bus Captains” is at HKQF Level Three. It aims to enhance in-service bus captains’ knowledge and skills in road safety awareness, driving techniques and attitude, including defensive driving.



▲ Both newly hired and in-service bus captains of KMB and LWB are required to undergo comprehensive professional training in courses accredited under the HKQF

The “Professional Certificate for Instructors in the Franchised Bus Industry” at HKQF Level Four provides our instructors (both Driving Instructors and Technical Instructors) with a better understanding of their role at the KMB Academy. The programme focuses on enhancing teaching skills, improving teaching quality and fostering professional development while also considering their teaching performance, professional behaviour and attitude.

In addition to addressing the training needs of bus maintenance staff and bus captains, the Academy also offers short-term courses and workshops for tertiary institutions on various topics. These courses aim to broaden students’ understanding of the bus industry, business operations and public institutions. For primary and secondary schools, the Academy provides a variety of on-campus STEM education courses and activities, allowing students to apply interdisciplinary knowledge and cultivate innovative thinking through both “hands-on” and “minds-on” experiences.

Public Safety Awareness Programme

Ensuring passenger safety is a top priority in our bus operations. Through different channels, we raise public awareness of passenger safety. A series of safety messages is broadcast on the Bus Stop Announcement System in Cantonese, English and Putonghua, reminding passengers to hold the handrail at all times. Safety stickers such as “Hold the Handrail” and “Fasten the Seatbelt” are placed in bus compartments. We also periodically share educational messages with the public through our mobile app, App1933, and KMB’s Facebook page.



▲ Through onboard stickers and the Bus Information Panel System, KMB and LWB remind passengers to hold the handrails at all times



▲ KMB Academy’s “Professional Certificate for Instructors in Franchised Bus Industry” programme enhances instructors’ teaching performance, and continues to provide professional training for bus captains and bus maintenance personnel

Safety Bus

KMB is committed to promoting road and passenger safety. We transformed a single-deck bus into a “Safety Bus” with the theme of “Stop, Look, Listen and Give Way” to engage with the community. By combining learning with playing through motion-sensing games and virtual reality activities inside the compartment, the Safety Bus allows participating students to learn public transport etiquette, such as fastening seatbelts, holding handrails, and understanding the blind spots of buses. To raise awareness among participants, staff members from the Safety Department are also present to host quiz games and give short talks on road and passenger safety. In 2024, a total of 1,352 students visited the Safety Bus.

Mobile Classroom

The first Mobile Classroom activity, launched by the KMB Academy and the Safety Department in 2023, aims to promote road and driving safety, with a focus on situations where bicycles and buses share the road. More than 200 bus captains and members of the public participated in the activity. They welcomed and appreciated our efforts in engaging various road users (bus captains, cyclists, pedestrians and bus passengers) while promoting road safety messages.



▲ KMB regularly holds safety talks at schools to raise students’ awareness of road and travel safety through interactive games in an educational and engaging way

SUSTAINABILITY REPORT

Case Study



KMB Academy Introduces Two Electric Vehicle Maintenance Training Programmes Accredited by EMSD

As the Hong Kong SAR Government continues to march towards carbon reduction, electric vehicles have gained popularity over the years and have become a major development trend in the transport industry. To address the surging demand for electric vehicle maintenance services, KMB, as the operator of Hong Kong's largest electric bus fleet, actively fosters local talent by leveraging its extensive experience in electric vehicle maintenance. The Technical Training Section under the KMB Academy launched the Electric Vehicle Maintenance Safety Awareness Training Programme ("EVE") and the Electric Vehicle Low Voltage (LV) Training Programme ("EVL"). These training programmes were designed not only for KMB's maintenance personnel but also for other industry professionals seeking to acquire expertise in electric vehicle maintenance. We believe these programmes can help expand the talent pool of qualified personnel for electric vehicle maintenance in Hong Kong, facilitating industry-wide collaboration in the transition towards greener urban mobility.

These two programmes offered by the KMB Academy have been accredited by the Vehicle Maintenance Technical Advisory Committee of the Electrical and Mechanical Services Department, establishing the KMB Academy as one of the first organisations to receive official recognition. Upon graduation, registered vehicle mechanics will be qualified for relevant service scopes in EV maintenance. Since the launch of the programmes, the KMB Academy has trained nearly 100 KMB mechanics and other talent from the industry, reinforcing the importance of prioritising safety in electric vehicle maintenance. The EVE welcomes newcomers interested in pursuing a career in vehicle maintenance, as well as vehicle mechanics registered under the Voluntary Registration Scheme for Vehicle Mechanics ("VRSVM") by the Electrical and Mechanical Services Department ("EMSD") with service scopes ranging from S2 to S7. The programme is designed to help students understand relevant laws and regulations on Occupational Safety and Health related to EV maintenance, as well as safety knowledge and the necessary safety facilities in the workplace.



Meanwhile, the EVL, which consists of a total of 48 hours of training, is designed for registered mechanics specialising in the service areas of Body Repair B1, Body Painting B2, Mechanical M and Electrical E under the VRSVM. The programme covers the safety designs of high-voltage systems in EVs and knowledge of safety protective equipment. It uses simulations of various scenarios to offer solutions for potential issues that may arise during the maintenance process. For example, students are required to learn how to effectively isolate a high-voltage vehicle traction battery system, use an onboard diagnostics (“OBD”) system to obtain diagnostic trouble codes (“DTCs”), and apply the “one-to-one” method to dismantle, replace, and install an EV high-voltage system or its associated components. The programme enables participants to apply and practice electric vehicle maintenance skills through a variety of scenarios.



“These two programmes offered by the KMB Academy provide a platform for our KMB mechanics and industry practitioners to enhance their expertise in electric vehicle maintenance. With the growing trend of electric vehicles, there is a high demand for maintenance knowledge and experienced personnel in the market. The new programmes are designed to fill the gap in professional maintenance staff.

Repairing electric vehicles involves certain risks. By leveraging the rich experience and expertise of KMB’s team in maintaining electric buses, programme instructors can effectively impart their skills and techniques for electric vehicle maintenance to participants in a safe environment, helping to develop more professional talent in the industry. Several industry practitioners have shared that, after obtaining the qualification, they have been assigned with more electric vehicle repair tasks.”

Martin Cadman, KMB Safety Director and Director of KMB Academy



SUSTAINABILITY REPORT

Caring for the Environment

We are driving into a new, greener era with our eco-friendly bus fleet and a range of other sustainable innovations and technologies. We aim to become a carbon-neutral bus operator, setting a new industry standard in Hong Kong.



SUSTAINABLE DEVELOPMENT GOALS



3 GOOD HEALTH
AND WELL-BEING



6 CLEAN WATER
AND SANITATION



7 AFFORDABLE AND
CLEAN ENERGY



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



11 SUSTAINABLE CITIES
AND COMMUNITIES



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION





▲ KMB has introduced Hong Kong's highest-capacity electric double-decker bus on cross-harbour routes, offering eco-friendly travel experiences for Hong Kong Island residents

Environmental Policy

We recognise the inherent environmental impacts of our bus services and are committed to mitigating them in the following ways:

- Preventing pollution and enhancing environmental performance through the establishment and achievement of objectives and targets;
- Conserving resources by reducing waste at source, and promoting recycling and reuse;
- Minimising and controlling bus emissions through effective control measures and professional repair and maintenance services;
- Reducing our environmental footprint and combating climate change;
- Raising staff environmental awareness by providing training aligned with our environmental policy, objectives and targets, and helping them understand the potential environmental impacts of our operations;
- Communicating our environmental policy and requirements to suppliers and making the policy publicly available;
- Responding promptly to environmental enquiries and ensuring effective internal communication on environmental issues; and
- Ensuring compliance with all applicable local environmental legislation and other relevant requirements.

Environmental Management

KMB has achieved ISO 14001 certification for the environmental management systems implemented at its two largest depots. KMB's four major depots and LWB's depot are subject to quarterly surveillance audits to ensure compliance with a set of stringent environmental management standards. Environmental working groups have been set up to manage environmental issues and ensure the effective implementation of the ISO systems. Under the guidance of Senior Management, the Engineering Team is adopting innovative technologies for both bus fleets and operations.



▲ The maiden voyage of Hong Kong's highest-capacity electric double-decker bus attracted a large number of locals and received positive feedback

SUSTAINABILITY REPORT

Our Environmental Targets

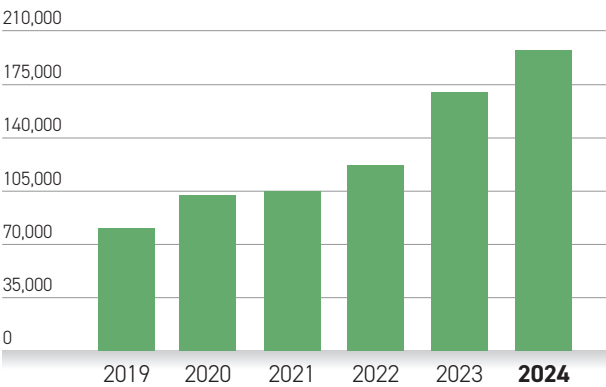
In 2023, TIH appointed an external consultant to review the environmental performance of the Group. To move forward, the Board has already established new Environmental Targets for the period from FY2024 to FY2028. We have ensured consistency in our targets by once again using FY2019 as the baseline year. Additionally, we have expanded the scope to include Hong Kong Franchised Public Bus Operations, Hong Kong Non-franchised Transport Operations and Property Holdings and Development, incorporating six modified environmental targets that specifically address diesel consumption (Scope 1), electricity consumption (related to property/real estate operations only) (Scope 2), GHG emissions (Scopes 1 & 2), Water consumption, solid chemical waste (hazardous), and metal waste (non-hazardous).

The environmental targets for key performance indicators in FY2024 yielded an overall positive result. The Company will monitor all aspects of its operations and implement effective measures to control energy consumption and reduce waste, minimising greenhouse gas emissions in both Scopes 1 & 2.

Safety has always been the Group’s top priority. To uphold high safety standards in our public transportation services, the Group has implemented various measures, including the adoption of technology to monitor the performance of bus systems and components, and timely replacement of bus parts to minimise the risk of mechanical failures, all of which are aimed at ensuring driving safety across both our franchised and non-franchised bus operations. A key indicator of our safety performance is mechanical reliability—measured as the average distance a bus operates before experiencing a breakdown with passengers onboard. This metric improved dramatically from 74,914 km:1 in 2019 to 187,932 km:1 in 2024. We achieved this substantial improvement by implementing

more frequent and comprehensive maintenance protocols, including the proactive replacement of metal components before they reached failure thresholds. While these essential safety improvements have delivered excellent results, they have inevitably led to an increase in metal waste. Additionally, the adjustment of our electric vehicle deployment plan to align with the Government’s policy, further contributed to the rise in metal waste during FY2024. Furthermore, our service level and operating kilometres have reduced compared to FY2019 due to post-pandemic changes in people’s travel patterns together with the expansion of the railway network. The ESG Task Force is reviewing our environmental targets and sustainability performance in operations, maintenance work and procurement, while also implementing upcycling programmes with an aim to achieve our environmental targets.

Mechanical Reliability - KMB & LWB



Note: Mechanical reliability refers to the average number of kilometres a bus operates before it experiences one mechanical breakdown on the road with passengers on board.

Environmental Targets for Key Performance Indicators by FY2028

(Baseline: FY2019)

GHG Emissions (Scopes 1 & 2)

tCO₂e (Absolute)

-11% Progress by FY2024: -11%

tCO₂e/million km (Intensity)

-13% Progress by FY2024: -6%

Metal Waste (Non-hazardous)

kg/million km (Intensity)

-7% Progress by FY2024: 29%

Solid Chemical Waste (Hazardous)

kg/million km (Intensity)

-13% Progress by FY2024: -6%

Diesel Consumption (Scope 1)

GJ/million km (Intensity)

-13% Progress by FY2024: -5%

Electricity Consumption

(Related to Property/Real Estate Operations only) (Scope 2)

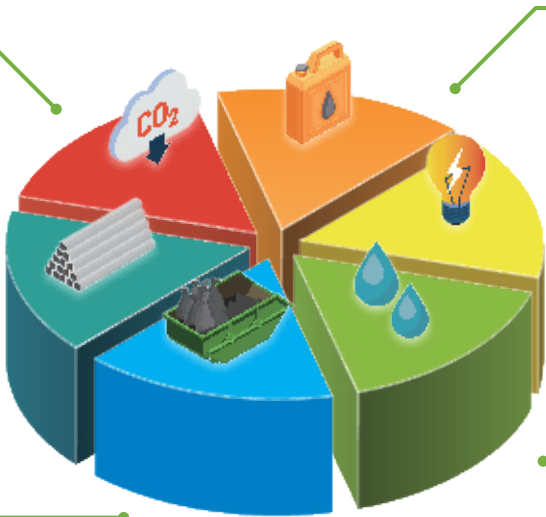
kWh/m² (Intensity)

-35% Progress by FY2024: -49%

Water Consumption

m³/no. of buses (Intensity)

-34% Progress by FY2024: -30%



Green Finance

In 2024, the Group executed its first placement of sustainable deposits while maintaining available green loan and sustainability-linked loan facilities totalling HK\$3,800 million. This amount represents over 50% of our overall available loan facilities, highlighting our commitment to advancing Hong Kong's path towards achieving zero emissions through effective green finance.

We have established key sustainability performance targets aimed at reducing greenhouse gas emissions from our buses, increasing green procurement practices, and enhancing average training hours for employees. Moving forward, TIH Group will continue to identify suitable financing solutions that will drive Hong Kong's transportation industry into a new era of sustainability.

Greenhouse Gas Emissions Reduction

KMB and LWB strive to explore renewable energy and zero-emission technologies, demonstrating our determination to introduce green public transport in Hong Kong. Highlighting the significance of the Government's policy to achieve carbon neutrality by 2050, KMB and LWB have rolled out an electrification roadmap. In the long run, KMB aims to deploy new energy buses in its entire fleet to help transform Hong Kong into a green city.

Environmental Bus Fleet

We invest in eco-friendly buses that meet the strict exhaust emission standards of the European Council of Environmental Ministers to create a better environment and minimise climate-related impacts.

At the end of 2024, the KMB fleet comprised 855 Euro VI buses (including three Euro VI diesel-electric hybrid buses), 2,922 Euro V buses, and 70 battery-electric buses. The LWB fleet consisted of 158 Euro VI buses, 116 Euro V buses and four battery-electric buses, while the Sun Bus fleet comprised 184 Euro VI buses and 174 Euro V buses.

The new electric double-deckers are zero-emission buses that meet the latest KMB standards. They are equipped with solar panel systems, provide free 5G Wi-Fi internet connection services and include an upper-deck occupancy monitoring system. The majority of these buses have been deployed on routes that pass through busy corridors to improve roadside air quality in high-traffic areas.

As of the end of 2024, this largest new energy bus fleet in Hong Kong, comprising 74 battery-powered electric buses and three diesel-electric hybrid buses, has traversed a cumulative distance of five million kilometres, reducing carbon emissions by 8,000 tonnes, equivalent to the yearly emissions of over 1,700 individuals.

We have been replacing older bus models with the latest and more energy-efficient ones to enhance the longevity and environmental performance of our bus fleet, working toward zero emissions. The KMB bus fleet has an average age of 8.3 years, while LWB bus fleet is 5.2 years and the Sun Bus fleet is 6.6 years.

Other environmental facilities within KMB and LWB's bus fleets, depots and other premises:

- KMB has installed heat insulation boards on the roofs of about 70 operation kiosks at open-air bus termini, helping to minimise solar heat absorption, thereby reducing the workload of air-conditioners and promoting energy saving;
- The scheme to retrofit our bus fleet with lower-powered LED strips, aimed at creating a softer and more comfortable travel environment for passengers compared to the previous LED lighting, has been successfully completed and is now a standard feature on newly purchased buses. This initiative contributes to an annual reduction of 5,600 tonnes of carbon emissions from buses. The old LED light strips are dismantled and repurposed for lighting at bus depots and bus stops, producing no additional waste during the retrofitting process;
- KMB, LWB and Sun Bus diesel buses use near-zero sulphur diesel, upgrade older buses by retrofitting exhaust treatment devices such as diesel oxidation catalysts, diesel particulate filters, and selective catalytic reduction units; and
- KMB, LWB and Sun Bus have introduced electric patrol cars as backup support and set up electricity-recharging facilities at their main depots.

SUSTAINABILITY REPORT

Application on Renewable Energy

KMB and LWB have introduced third-generation solar panels on double-deckers to reduce the air temperature inside the bus compartment and supply power to electronic devices in the compartment, thereby reducing fuel consumption. About 30,000 solar panels are installed on buses, at depots and bus stops. Up to 13 million kilowatt-hours (kWh) of electricity will be generated annually, equivalent to the annual electricity consumption of around 4,000 households in Hong Kong, reducing about 9,100 tonnes of carbon emissions. As two franchised bus companies equipped with the largest solar panel systems in Hong Kong, KMB and LWB aim to lead the public transport industry toward a new greener era and promote carbon neutrality.

KMB has installed foldable solar panels on the roofs of three bus depots to generate electricity for water boilers. This setup can supply approximately 1,000 litres of hot water at 55°C per day for our staff members to use for showering.

CO₂ Concentration Checks

Each year, 80 KMB buses and 15 LWB buses from passenger-intensive routes are selected for data logger measurements of indoor CO₂ concentration. Our buses generally demonstrate compliance with the requirements.

Energy Saving

KMB and LWB take all practicable measures to reduce resource consumption and streamline waste disposal procedures. We handle and dispose of all materials responsibly in full compliance with applicable laws and regulations, ensuring that no risks are posed to human health or the environment.

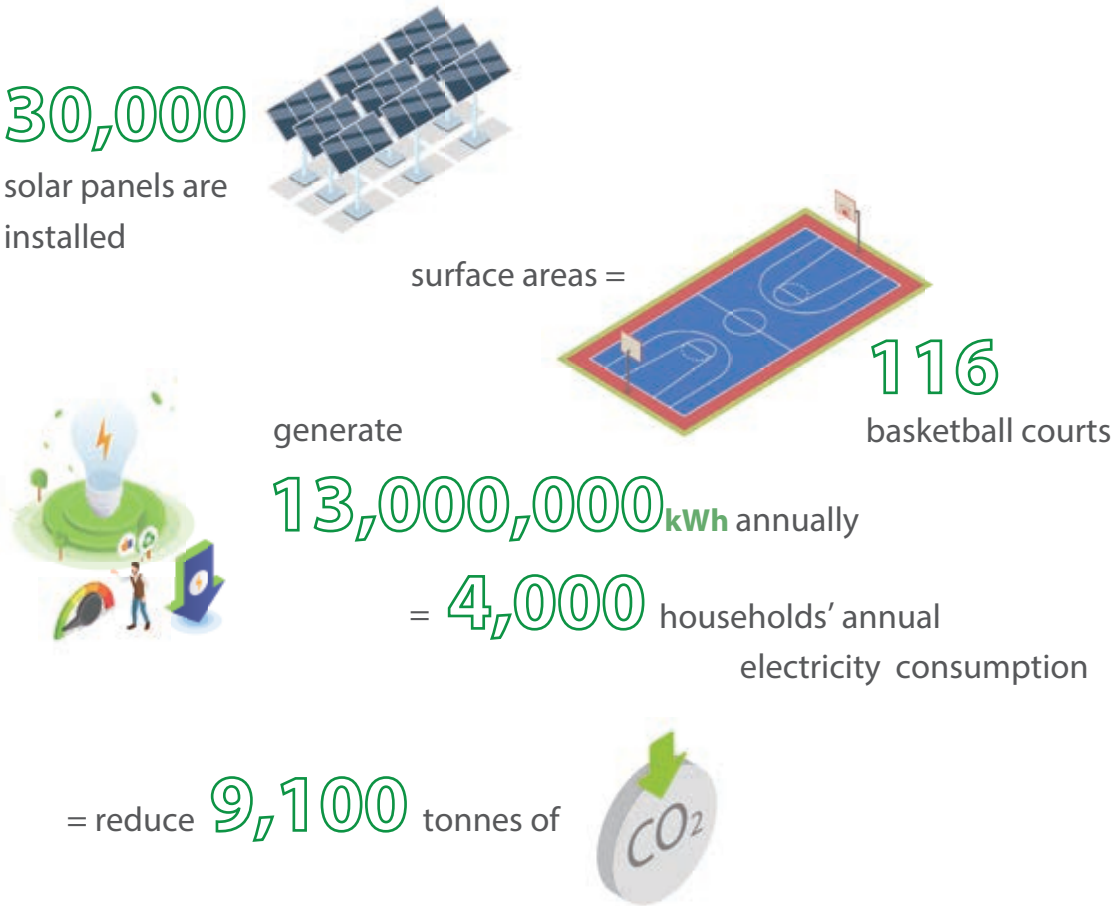
Fuel

To reduce fuel consumption, a number of measures have been adopted throughout the KMB and LWB bus fleets and across all operations:

- The aircraft-style “Posilock” fuel filling system is used to refuel buses;
- Ambient sensors are installed on air-conditioned buses to reduce unnecessary cooling;
- The use of synthetic gearbox oil extends oil drain intervals, reducing waste oil by 80%; and
- The mileage-based oil change scheme reduces engine oil consumption and waste oil by 40%.

Sun Bus also uses Biodiesel B5 for some of its services. Biodiesel B5, the most commonly used renewable fuel in Hong Kong, is produced from animal fat, vegetable oil and other oil through different chemical processes.

Application on Renewable Energy – KMB and LWB



Electricity

We continue to explore environmentally friendly initiatives and invest in the latest technologies to minimise energy use and reduce greenhouse gas emissions.

In addition to our one-off LED light replacement and continuous housekeeping measures, we have dynamically adjusted our electricity consumption pattern in accordance with the latest operation scales, including the adjustment of illumination time for parking depots and the optimisation of equipment supporting our facilities' operations.



▲ KMB has retrofitted its fleet with low-wattage LED strips, creating a more relaxing and comfortable interior for passengers while also reducing power consumption and carbon emissions

Green Measures in the Office

The green office concept drives both the design and renovation of our premises. We run our air-conditioning systems at 25.5°C, echoing the Government's Action Blue Sky Campaign by saving energy. Operating hours have also been rearranged to reduce energy waste during non-office hours. High-efficiency air conditioning units are installed in all newly renovated offices. We ensure that recycling arrangements are in place for used toners and papers, and plastic materials, and that regular efforts are maintained to promote good housekeeping practices among all staff members for energy saving.



▲ KMB collaborated with Hong Chi Association to design green office tips that remind employees to conserve energy

Waste Reduction

KMB and LWB are committed to good waste management through responsible storage and disposal of waste, recycling and reusing resources whenever feasible. Significant types of waste generated in our operations are reported as follows:

Wastewater

As responsible corporate citizens, KMB and LWB are committed to reducing water consumption and properly treating effluents before discharge. Our depots are equipped with nine automatic wastewater treatment systems handling 400 cubic metres per day. Water used for bus washing was collected and recycled, reducing total water consumption at depots by around 4%. Rainwater collection and water recycling systems have been introduced at some of our satellite depots.



▲ LWB has introduced a rainwater collection system at its Siu Ho Wan Depot which, along with the water recycling system, further reduces on-site water consumption

Tyres and Metals

Used KMB and LWB tyres are retreaded by appointed contractors, and waste metals are sent to recycling companies.

Oil and Chemicals

Solid chemical waste is processed and stored by type in designated areas at bus depots before disposal by a registered chemical waste collector at the Government's Chemical Waste Treatment Centre, while waste oil is recycled or disposed of in accordance with the statutory standards. In the reporting period, KMB and LWB have improved the engine oil replacement cycle by changing new engine oil with extended oil drain intervals to reduce solid chemical waste.

Batteries are disposed of by a licensed contractor complying with the instructions of the Environmental Protection Department ("EPD"), with some of them exported to overseas facilities approved by the EPD under the Basel Convention.

SUSTAINABILITY REPORT

Case Study



KMB's New Electric Double-deckers Set Industry Benchmark in Passenger Capacity and New Energy Bus Standards

Green transportation is our way forward. As a prominent player in Hong Kong's transportation industry, KMB takes its responsibility and mission to heart. We aim to be not only a trusted bus service operator but also a pioneer in driving the green transformation of local public transport. With rising public expectations for new energy buses, KMB is tirelessly promoting and expanding electric bus services, making commuting a meaningful action that contributes to a cleaner, low-carbon Hong Kong.

The new generation of electric double-deckers has been warmly welcomed by passengers and the community, receiving unanimous praise since they commenced service. Besides offering steady and quiet rides, these electric buses have been highly acclaimed for their core feature of achieving "zero emissions". KMB primarily collaborates with two electric bus manufacturers — China-based BYD and the UK-based Alexander Dennis. In 2024, KMB launched a new batch of electric double-deckers, the "Alexander Dennis Enviro500EV", specifically designed for Hong Kong by the British manufacturer. Their maiden service on Route 112 attracted crowds eager to experience the ride. To meet Hong Kong's demanding road conditions and operational

requirements, this new batch of electric double-deckers features a custom-built chassis and strategically placed battery compartments under the bus floor, positioned at both the front and rear axle wheel arches to maximise interior space. The lower deck of these buses follows the same layout as traditional double-deckers, with the capacity to accommodate up to 122 passengers, making them the highest-capacity new energy buses in Hong Kong. This service launch also marked the full rollout of two types of new-generation electric double-deckers by KMB, setting a historic precedent.

KMB's electric double-deckers are breaking new ground. They serve several cross-harbour routes, including those connecting Cheung Sha Wan to North Point and Lai Chi Kok to Ap Lei Chau. These electric double-deckers traverse cross-harbour tunnels, reaching the Southern, Central and Western, and Eastern Districts of Hong Kong Island, as well as Wan Chai, marking a new chapter in KMB's new energy bus fleet. Now operating on 40 KMB routes, our electric bus fleet has travelled five million kilometres in total, equivalent to a carbon emission reduction of 8,000 tonnes. KMB has continued to bring green transportation to more local districts, allowing Hong Kong residents to enjoy the benefits



of electric buses while making a positive contribution to improving air quality for all. Our pioneering initiatives have also proven that electric double-deckers are reliable transport options, even on Hong Kong's narrow, winding roads and steep inclines. With a charging time of approximately two hours, these buses can travel up to 300 kilometres, covering nearly 80% of KMB's daily operational needs.

KMB has been investing in electric buses for years, and today, they have become the cornerstone of Hong Kong's green transportation system. Compared to other new energy buses, electric buses offer greater operational stability and a zero emissions feature. These advantages help significantly reduce their environmental impact, embodying the essence of clean energy transportation.

"KMB's electric bus fleet has evolved over the years. Thanks to the tireless efforts of our engineering team, who work closely with bus manufacturers and conduct meticulous research, our electric buses have achieved significant milestones in range and technology in recent years. Today, we are immensely proud to see KMB's 'Electric Green' buses travelling through roads and streets, linking districts with a substantially expanded network of routes and coverage across Hong Kong.

In line with the Hong Kong SAR Government's goal of achieving carbon neutrality by 2050, KMB is actively developing electric buses to reduce the carbon footprint of buses in the city. Electric buses emit no exhaust or pollutants, leaving no trace as they travel each mile.

KMB places a strong emphasis on the battery systems of our electric buses. To enhance the energy efficiency of these buses, the batteries are equipped with a

'water cooling system' and a 'battery management system' to effectively regulate battery temperature and monitor battery conditions, thereby extending battery life. These systems also convert a portion of kinetic energy into electrical energy during deceleration, further improving battery efficiency and reinforcing the concept of eco-friendly buses. I look forward to the expansion of electric buses into more districts in the future, allowing even more passengers to experience the benefits of 'zero-emission' buses first-hand."

Rachel Kwan, KMB Operations Director



SUSTAINABILITY REPORT

Caring for Customers

As a public transport provider, we are dedicated to delivering excellent bus travel experience for all. We strive to identify and understand customer needs and expectations to ensure that our bus services are safe, smart, efficient, comfortable and offer added value for money.



SUSTAINABLE DEVELOPMENT GOALS



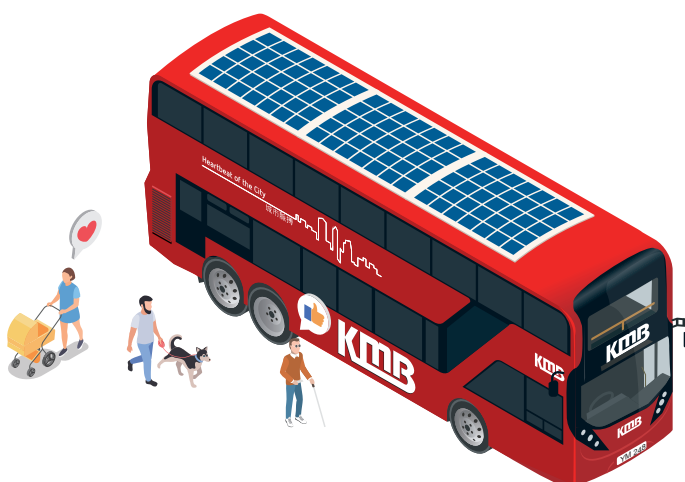
9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE

**Industry, Innovation
and Infrastructure**



11 SUSTAINABLE CITIES
AND COMMUNITIES

**Sustainable Cities
and Communities**



Innovation and Convenience

We believe that innovation and technology are key to benefitting the industry and communities by enabling a convenient, diverse and sustainable travel environment.

Electronic Payment System

LWB was the first franchised bus company in Hong Kong to install a diverse electronic payment system across its fleet in 2020. The e-payment system has been applicable to all KMB routes since 2022 and supports all existing routes under the Regional Short-haul Two-way Section Fare Schemes. The KMB and LWB e-payment systems support sixteen electronic payment methods, establishing KMB and LWB as the industry leaders offering the most diverse electronic payment options among local public transport operators. The sixteen contactless payment options include credit cards, digital wallets on mobile devices, smartwatches, and QR codes, providing an easy, fast and convenient way to pay bus fares. Additionally, Sun Bus customers can make booking payments through bank transfers and FPS.

App1933

With one million unique daily users and approximately seven million downloads, the KMB and LWB mobile app, App1933, elevates customer experience with more convenient and personalised service offerings.

App1933 allows users to check bus route information and estimated bus arrival times. Key features include:



▲ KMB and LWB's electronic payment system leads the industry by supporting 16 electronic payment methods



- The Estimated Travelling Time and the Bus Estimated Time of Arrival ("ETA") services, which help users plan their trips more easily by providing ETAs not only for KMB and LWB but also for other franchised bus companies;
- Real-time occupancy level displays for upcoming buses, enabling passengers to better plan their journeys;
- A reminder function with boarding alerts that allows passengers to set reminders by selecting bus routes and boarding times, ensuring a stress-free daily commuting experience;
- An exclusive loyalty programme, the membership scheme club1933, designed to further engage customers by allowing passengers to earn points for gifts and donations, or eCoins that can be used to pay for bus fares while enjoying their rides; and
- An AI chatbot, bot1933, enabling passengers to make enquiries and provide feedback anytime, day or night.

SUSTAINABILITY REPORT



▲ KMB has introduced Route 230R, the first regular franchised bus route serving Ma Wan, to provide transportation to Ma Wan Park, a new tourist attraction on the island

New Bus Services

The reopening of boundary control points and the resumption of multiple-entry endorsements for Shenzhen residents have led to an increase in visitors, while population intake has also generated greater travel demand. We have implemented a number of enhancements to our bus service to deliver a more pleasant and comfortable journey to our customers.

Recreational Bus Service

- In January 2024, the previously restricted area of Sha Tau Kok was further opened to the public. To enhance accessibility to the area, KMB has introduced a new express Route 78S, operating from Sheung Shui to Sha Tau Kok, to facilitate weekend and holiday travel for visitors. Since then, it has become easier for passengers to explore the area's mystic surroundings, enjoy its scenic beauty and appreciate the historical buildings of Sha Tau Kok;
- Ma Wan Park, a new recreational spot in Ma Wan, opened in 2024. In January 2024, KMB introduced Route 230R [Ma Wan Park ⇌ Kowloon Station] on weekends to provide visitors with direct service from Yau Tsim Mong District to Ma Wan. The route was subsequently extended to a whole-day service in December 2024 to coincide with the second phase of Ma Wan Park's opening. This is the first franchised bus route serving Ma Wan;
- To complement the opening of GO PARK Sai Sha, KMB introduced Route 287 [University Station - GO PARK Sai Sha (Circular)] to provide a whole-day bus service connecting Sai Sha with University Station and Ma On Shan. It also facilitates passenger access to the recreational and sports complex, "GO PARK Sai Sha". KMB deployed electric double-deckers on Route 287 to provide a comfortable, quiet and

zero-emission travel experience for passengers. The route also connects Kam Chun Court, where passengers can transfer to other KMB routes heading to the urban area;

- With more recreational demand in Sai Kung, KMB introduced express departures on Route 92 [Sai Kung ⇌ Diamond Hill Station] on weekends. The new Route 92 (Express) only stops at a few major bus stops, allowing passengers to enjoy a faster journey when travelling to Sai Kung for a picnic or returning to the city after visiting "Hong Kong's backyard"; and
- To offer a new and immersive travel experience to visitors, KMB launched Route HK1, "Tour @Kowloon", which operates between Star Ferry and Wong Tai Sin, connecting key local attractions. With a Tourist Day Pass, visitors can enjoy the "hop on, hop off" service along the route.

Bus Service for Population Intake

- KMB was granted the operating rights for new bus route packages at Fu Tip Estate, Tai Po. To align with the population intake in 2024, KMB introduced Routes 72K [Fu Tip - Tai Wo (Circular)], 74 [Fu Tip ⇌ Yau Tong], 271A [Fu Tip ⇌ Tsim Sha Tsui], 272P (special trip) [Fu Tip ⇌ Kwai Hing] and two cross-harbour routes to Hong Kong Island. To further enhance connectivity to urban areas, Route 72X (Fu Tip ⇌ Mong Kok) was extended from Tai Po Central to Fu Tip;
- To provide better connectivity between Causeway Bay and Tuen Mun, KMB extended the service hours of Route 961 [Tuen Mun (Shan King Estate) ⇌ Wan Chai], with additional service to Causeway Bay. After the service upgrade, passengers in Tuen Mun can now travel directly to and from Causeway Bay in just one trip;



▲ In line with the intake progress of Fu Tip Estate in Tai Po, KMB has made several enhancements to the service level of Route 72K to better meet residents' needs

- Population intake at LOHAS Park is ongoing, and KMB has enhanced its bus service connecting Tseung Kwan O and Kowloon with more convenient travel options. The 'LOHAS Express' Route 298X, now extended to Mei Foo, has significantly increased its service frequency during peak hours on weekdays, with extended service hours on Saturdays; and
- To accommodate the growing population in the residential areas of Tsing Yi, KMB introduced Routes 49 and 49M in 2023, connecting Ching Fu Court to Tsing Yi Station and Tseung Kwan O. In addition, a new Route 49A was introduced in November 2024 to ply between Ching Fu Court and Tsuen Wan.

Boundary Bus Service

- To support the growing usage of Heung Yuen Wai Control Point, KMB introduced Route B9A to operate between the control point and Yuen Long West. Along with the existing Routes B9 and 79K, which have Bus-bus Interchange ("BBI") arrangements with other KMB routes, passengers can transfer between multiple KMB routes to reach urban areas in Yuen Long and the Fanling Station BBI;
- To facilitate late-night boundary travel, KMB launched Route N276 [San Tin Public Transport Interchange ⇌ Tin Tsz] in August 2024, providing a late-night connection between Huang Bus and Yuen Long District; and

- Following the network improvements made in 2023, the LWB A-route bus network has become more mature. To respond to the increasing trend of outbound travel, LWB has increased the service level of A-routes, particularly during peak travel seasons.

Upgrades to Bus Facilities

- Display screens have been installed on the lower deck of KMB buses to show the number of available seats on the upper deck. This helps passengers find vacant seats on the upper deck, contributing to a more even distribution of passengers and enhancing the overall passenger experience;
- KMB has launched a comprehensive upgrade of its 5G services and plans to upgrade its entire bus fleet to 5G-enabled buses, offering free 5G Wi-Fi service on board. For an elevated travel experience, passengers can now enjoy unlimited sessions of complimentary 5G Wi-Fi service with ultra-fast, stable and smooth 5G network connectivity;
- A total of four horizontal ventilation windows, located on both the upper and lower decks, are designed to facilitate natural ventilation and ensure a comfortable journey for passengers;
- KMB and LWB have installed the Bus Information Panel System on 4,123 buses. Real-time bus stop information is displayed on screens on both the upper and lower decks and is also available on App1933, featuring the alighting reminder function;
- The air quality in bus compartments has been improved with the installation of electrostatic air filters in KMB and LWB buses; and
- 4,010 KMB and 283 LWB buses are equipped with power-saving variable capacity air-conditioning compressors, providing more adaptive and refined thermal control in the most fuel-efficient manner under all weather conditions. The air-conditioning systems also feature a fresh air function that extracts outside air and purifies it through a double-layer filter system.



▲ KMB plans to upgrade its entire bus fleet with free 5G Wi-Fi service, allowing passengers to enjoy ultra-fast, stable and seamless internet access during their journeys

SUSTAINABILITY REPORT

Accessibility

Access to transportation is essential for independent living, and an accessible transport system serves as the foundation of an inclusive society.

Accessible Bus Fleet

The entire KMB, LWB and NHKB bus fleets, along with nine buses from Sun Bus, deploy super-low floor buses for easy boarding and alighting, featuring wide entrances and exit doors for better passenger access. These features have made buses highly accessible to the elderly and wheelchair users. KMB has also equipped 331 buses with two wheelchair spaces, which primarily operate on routes to and from hospitals. Besides, KMB has introduced foldable armrests in the wheelchair areas of 160 buses. These new armrests not only enhance comfort for wheelchair users on board but also help prevent wheelchairs from overturning or skidding on the gangway. This design has now become a standard feature on every newly purchased bus.

KMB has been a pioneer in introducing “priority seats” on buses. These seats are strategically located near the bus doors to ensure easy access for passengers in need. KMB actively promotes to the public that these seats are intended for anyone requiring assistance, fostering a culture of support for those in need. To further encourage the spirit, KMB has added two additional priority seats on 500 buses, bringing the total number of newly added priority seats to 1,000. These buses will be identified by a “Priority Seats x6” label on the windscreen, and will primarily serve routes frequented by seniors.

Upgrades to Termini and Bus Stops

KMB and LWB’s commitment to upgrading their facilities at BBLs, termini and bus stops is demonstrated through a series of initiatives designed to enhance passenger comfort and convenience, as detailed below:

- 31 BBLs are designated with clear signage and platform numbers, making it easier for passengers to locate their interchange platforms. All BBLs are equipped with ventilation fans to enhance the comfort of waiting passengers, particularly during the summer months;
- To cater to the needs of the elderly, people with disabilities and children, additional seats have been installed at bus shelters, bus termini and BBLs. In 2024, a total of 2,546 seats were put in place across the territory;
- Display panels have been installed at 1,230 bus shelters, bus termini and interchanges to show estimated bus arrival times. This real-time information helps waiting passengers to better plan their journeys, providing more efficient and user-friendly travel information;
- Solar-powered lamps have been introduced at bus stop locations to provide lighting to customers waiting buses at night. To date, a total of 1,907 bus stops have been equipped with these eco-friendly lamps;
- Two-dimensional QR codes have been added to the information sheets posted at bus stops, allowing customers to easily access details about bus frequencies and other route information;
- In 2024, a total of 35 smart lockers were introduced at bus termini, providing convenient pick-up points for passengers and enhancing the overall commuting experience;



▲ All 31 BBLs enable passengers to access KMB’s comprehensive bus network to travel across the city, elevating their travel experience while fully utilising bus resources

- A total of 18 Automated External Defibrillators (“AED”) have been installed at bus termini, ensuring that the golden window for timely rescue can be seized to assist individuals who suddenly collapse or experience cardiac arrest;
- In 2024, a total of 14 new bus shelters were constructed or upgraded to enhance customer comfort and convenience, bringing the total number of shelters to 2,665. These bus shelters offer protection from inclement weather and create a more pleasant waiting environment for commuters.

Affordability

Fare Concession Schemes

KMB and LWB are committed to providing efficient bus services for the public. A number of fare concession schemes were introduced in 2024, including the following:

KMB

- KMB launched the Monthly Pass Scheme, the first of its kind for franchised buses in Hong Kong. The scheme allows passengers to take up to ten rides per day on KMB and LWB buses, with an additional two trips permitted on Route B1. Pass holders can use the Pass on over 400 KMB routes, including regular, overnight and racecourse routes, and LWB E-, N-, S-, R- and X- routes and enjoy a 73% off fare discount on KMB Recreation Route HK1, LWB A- and NA- routes;



▲ KMB and LWB offer various fare concessions, allowing passengers to enjoy high-quality and efficient bus services at affordable fares



▲ The KMB Fare Saver at Wong Tai Sin Temple offers fare discounts to both locals and tourists

- KMB rolled out the Regional Short-haul Two-way Section Fare Schemes in Tuen Mun, Yuen Long, Tin Shui Wai, Tseung Kwan O and North District. Passengers can enjoy the concessions by tapping an Octopus card, contactless bank card or mobile device, or by scanning the QR code on the designated one-stop validators at bus stops when alighting;
- The KMB Fare Saver Scheme offered a fare discount of up to HK\$4.0, covering certain campuses of educational institutions, shopping malls and residential areas. On top of the existing Fare Saver Kiosks in Mei Foo, Kowloon Mosque, United Court in Yuen Long and two private housing estates in Tin Shui Wai and Tseung Kwan O, KMB has further expanded the scheme to include West Kowloon Cultural Area and Yuen Long. The new Fare Saver Kiosks are located at M+, Hong Kong Palace Museum and Kong Ha Wai Transitional Housing;
- Citibank cardholders enjoyed a 15% bus fare rebate year-round through a fare rebate scheme;
- Partnering with Hong Kong Tramways Limited and some Green Minibus operators, KMB provided inter-modal interchange fare concessions covering routes on Hong Kong Island and in the New Territories;
- A KMB-MTR interchange discount was offered to passengers transferring from designated routes solely operated by KMB to designated MTR stations, and vice versa;
- New Bus-bus Interchange Concession Schemes were introduced alongside the launch of new Routes 72K, 74, 230R, 271A, and B9A;

SUSTAINABILITY REPORT

- In response to the northward consumption patterns observed among locals, KMB introduced Border Routes B1 and B9 interchange discounts. Passengers could enjoy a free ride after completing two designated trips, with fare discounts of up to nearly 50%;
- To encourage families to participate in activities across Hong Kong during National Day, KMB organised a free ride day for children on 1 October 2024. In addition, to promote travel across different areas of the city during the summer holiday, child passengers were offered free rides on more than 450 KMB and LWB routes on Sundays and Public Holidays throughout the summer of 2024;
- A summer promotion offering students a half-fare discount on 30 selected cross-harbour routes was implemented from mid-July to early August 2024; and
- KMB launched the “Early Bird, Night Owl” Reward Programme for members of its membership scheme, club1933. Members can earn 10 times more membership points when travelling within specific times of the day.

LWB

- Citibank cardholders enjoyed a 15% bus fare rebate year-round through a fare rebate scheme;
- A Bus-bus Interchange Concession Scheme was launched in collaboration with New Lantau Bus, offering passenger rides to leisure spots in Mui Wo, Tai O, Ngong Ping and Disneyland;
- Passengers were entitled to a maximum of 50% fare discount when transferring between designated KMB routes to and from the Airport and HZMB under the “Ride 2 Journeys, Get 1 Journey Free” campaign; and
- To encourage families to participate in activities across Hong Kong during National Day, LWB organised a free ride day for children on 1 October 2024. In addition, to promote travel across different areas of the city during the summer holiday, child passengers were offered free rides on more than 450 KMB and LWB routes on Sundays and Public Holidays throughout the summer of 2024.



- ▲ LWB continues to expand its service coverage. In line with the residential developments in Pak Shek Kok, LWB has extended the operating hours of Route A47X departures serving Pak Shek Kok, providing residents with direct bus services to the airport and the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port

Bus-bus Interchange (“BBI”) Schemes

Committed to enhancing their Bus-bus interchange (“BBI”) networks, KMB and LWB offer fare concessions to ensure value-for-money, convenient, and environmentally friendly bus services, aiming to provide passengers with better quality of life and an experience where “Interchange is so simple” becomes a reality.

- KMB and LWB offer fare discounts to passengers on the second leg of their journeys and expand the network coverage under the BBI Schemes. In 2024, KMB established 31 BBIs in key locations across all 18 districts of Hong Kong. These BBI hubs provide passengers with more route options and the added benefit of new interchange discounts; and
- KMB and Sun Bus offer up to HK\$4.0 fare discounts to customers using Octopus cards when transferring from designated KMB routes to Sun Bus Route NR331 [Ma Wan (Pak Yan Road) ⇌ Tsuen Wan] and Route NR331S [Ma Wan (Pak Yan Road) ⇌ Tsuen Wan West Station (near Nina Tower)] to Ma Wan, or vice versa.

KMB Monthly Pass

The KMB Monthly Pass Scheme allows passengers to take up to ten rides per day on KMB and LWB buses, with an additional two trips on Route B1. The scheme covers 450 KMB and LWB routes, including regular, overnight and racecourse routes, as well as the jointly operated Cross-Harbour Routes.

KMB Monthly Pass holders are entitled to exclusive privileges, which include the following:

- With each purchase of the Pass, passengers earn points that can be redeemed for KMB gifts and eCoins under the KMB membership scheme, club1933;
- Enquiries made via the KMB Monthly Pass Exclusive Hotline (3974 7888) will be handled by assigned operators;
- Pass holders can use the Pass on LWB E-, N-, S-, R- and X routes and enjoy a 73% off fare discount on LWB A- and NA- routes, benefitting from a bus network that connects different boundary control points;
- Enjoy a comfortable bus ride on Routes P960, P968 and HK1 by paying the “Fare for an Upgraded Journey”; and
- KMB has launched a “Buy-2-Get-1-Free” promotion, offering Student Identity Octopus cardholders an HK\$800 Octopus dollar rebate with the purchase of a KMB Monthly Pass for only three consecutive months.

Customer Privacy Protection

As the public relies on our transport services daily, we recognise the crucial role we play in safeguarding our customers’ privacy and are determined to maintain our status as a trusted bus company.

Placing great importance on personal data protection, the Group has established working instruction guidelines to prevent inappropriate disclosure of personal data. Stickers are posted inside all buses equipped with CCTV systems to notify passengers and bus captains of its presence and purpose. Authorised personnel access recordings from CCTV cameras solely for security and incident investigation purposes. All recorded data are controlled by Management and will only be accessed, copied or viewed with prior approval of Management and in accordance with governing procedures.

CCTV cameras, including forward-looking cameras to monitor road and saloon conditions, have become standard features on all new buses since 2015. CCTV cameras are installed in all KMB, LWB and Sun Bus buses to protect the interests of bus captains in the event of police investigations or legal proceedings.

In addition to CCTV, we provide regular training and circulate internal emails to our staff on cybersecurity protection and monitoring, while keeping our software and systems up-to-date to minimise the risk of cyberattacks.



▲ Equipped with an on-board CCTV system, LWB buses display real-time footage of the luggage racks, allowing passengers to keep an eye on their belongings while seated and enjoy a comfortable, worry-free journey

SUSTAINABILITY REPORT

Case Study



Adapting to Modern Needs with Innovative Customised Services

As a major public transportation service operator in Hong Kong, KMB strives to cater to the diverse travel needs of its customers. While many pet owners regard their pets as family members, they are often limited to taking their beloved pets to nearby areas unless they use private cars. For longer trips, renting a light goods vehicle or taking a taxi may seem like the only option, which can undoubtedly be a burden for many pet owners, as existing laws and regulations prohibit animals from boarding most public transport services. Many overseas regions have already relaxed their regulations, making it common for animals to be allowed on board public transport. Serving as the “Heartbeat of the City”, KMB takes pride in its pivotal role and responsibility in pioneering societal progress and promoting pet-friendly services. Determined to make the first leap, KMB launched the “Pet Bus Tour”, allowing pets and their owners to ride together and create memorable moments.

The collaboration between KMB and Hoi Tai Tours on “Pet Bus Tour” has been a resounding success, receiving strong support and participation from pet owners, as well as commendation from the public. Several regular routes operate on weekends and public holidays, connecting the east and west of the New Territories, West Kowloon Cultural District, Tseung Kwan O and Hong Kong Island, such as Central Harbourfront. Most boarding and alighting points are situated at pet-friendly locations, such as harbourfronts, parks and malls. KMB provides flexible options for owners, allowing them to choose between the “one owner, one pet” or “two owners, one pet” combinations. Pet owners can book a full-day ride either on a single route or across multiple routes based on their needs,

enabling them and their beloved pets to enjoy bus rides together and create unforgettable memories. In addition to helping pet owners explore the city and leave their footprints with their pets, KMB has also launched the “Special Pet Bus Tour – One-Day Trip to Lantau Island” to meet the enthusiastic public demand. With this dedicated bus service, pet owners can now easily explore South Lantau’s Ngong Ping or Tai O with their pets and savour a tranquil ambiance far from the urban hustle and bustle.

Changes have been observed in visitors’ travel patterns, with many now opting for “city strolls” over the traditional “eat, shop, play” routines, and exploring Hong Kong from eco-tourism and immersive cultural perspectives. Capitalising on this trend, KMB has unveiled an electronic “Tourist Day Pass”, allowing international tourists to roam Hong Kong within 24 hours at an affordable price. With this Pass, they can take unlimited rides across over 450 KMB and LWB bus routes, discovering Hong Kong’s urban culture aboard double-decker buses.

The “Tourist Day Pass” caters to the latest travel preferences of tourists, allowing them to “hop on, hop off” across various bus routes with complete freedom in planning their itinerary, so they can unwind and fully savour every corner of Hong Kong. In addition, with the support of KMB’s mobile application, App1933, passengers can easily access route information and bus estimated time of arrival.

For travellers, Hong Kong is an international metropolis where Eastern and Western cultures seamlessly converge,



imbued with a unique and diverse way of life, as reflected in its dynamic evolution of food, language and architecture. Kowloon, in particular, is home to many renowned local attractions. In light of this, KMB has unveiled the “Tour @Kowloon” Recreation Route HK1, which connects to a variety of unique landmarks and attractions in Kowloon, including the Hong Kong Palace Museum, M+, Wong Tai Sin Temple, and more. With this new bus route, travellers can explore various sights along a single route, immersing themselves in the multifaceted vibrancy of Kowloon.

KMB has also designed a themed bus in a vibrant peach pink colour to make it easily recognisable from afar. Recognising that a comfortable journey enhances the passenger experience, buses primarily serving this route are equipped with spacious seats, curtains, free Wi-Fi, and USB charging ports. On-board announcements, custom-designed in Putonghua, English and Cantonese, remind passengers when to alight and highlight scenic spots along the route, enabling travellers to fully immerse themselves in the distinct “Tour @Kowloon” experience both visually and audibly.

“As a leading public transport operator serving Hong Kong residents and travellers from around the world, KMB consistently strives to provide top-notch bus services. The Company remains attentive to fast-evolving customer needs, enhancing services and embracing innovation to keep pace with the times. Through these efforts, passengers receive attentive care throughout every aspect of their journey, encouraging more individuals to choose KMB for travel.

Deeply ingrained in the diverse communities we serve, KMB recognised the growing demand for pet-friendly travel and responded by offering the ‘Pet Bus Tour’ service. While planning the ‘Pet Bus Tour’, we often put ourselves in the shoes of pet owners and asked questions such as ‘How can we expand the travel range for pet owners and their pets beyond their residences?’, ‘What destinations would we be eager to explore with our pets?’ and ‘Which local pet-friendly spots would we want to experience together?’ Through dedicated efforts, several regular routes have gained popularity. Notably, themed tours such as the ‘Special Pet Bus Tour – One-Day Trip to Lantau Island’ earned widespread acclaim from the public. This success underscores KMB’s commitment to truly understanding and engaging with its customers.

Meanwhile, KMB spares no effort in promoting exploratory tourism in Hong Kong. The ‘Tourist Day

Pass’ and ‘Tour @Kowloon’ Recreation Route HK1 work in synergy to make city discovery more accessible and convenient for travellers, offering fresh perspectives on Hong Kong. These services have not only captivated visitors with the vibrant energy of the city, but also contributed to the growth of local tourism and economic development. We are confident that KMB creates value for customers while remaining steadfastly committed to sustainability. Its efforts serve as a fundamental driving force for societal progress and economic development, motivating us to push even further.”

Emily Cheung, KMB Commercial Director



SUSTAINABILITY REPORT

Caring for Employees

TIH believes employees are the cornerstone of our success and sustainability. Our commitment to staff welfare fosters an inclusive, supportive, and empowering workplace. By investing in our people, we support their growth and contribute to the broader community, all while achieving our corporate goals.



SUSTAINABLE DEVELOPMENT GOALS



3 GOOD HEALTH AND WELL-BEING

Good Health and Well-Being



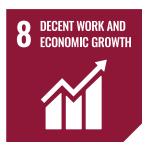
4 QUALITY EDUCATION

Quality Education



5 GENDER EQUALITY

Gender Equality



8 DECENT WORK AND ECONOMIC GROWTH

Decent Work and Economic Growth



10 REDUCED INEQUALITIES

Reduced Inequalities



Human Resources Policy

We prioritise our employees' well-being by creating a safe, respectful, and harmonious work environment. Comprehensive human resources policies are in place to promote gender equality, protect against sexual harassment, enhance occupational health and safety, prevent bribery, and safeguard personal privacy. These policies, along with others, are published on the staff website. We comply with Hong Kong's labour and anti-discrimination laws and ensure that all our suppliers uphold labour rights, including employees' rights to join trade unions.

As an equal opportunity employer, we are committed to ensuring that no job applicant or employee faces discrimination on the grounds of race, gender, marital status, family status, pregnancy, or disability. In collecting personal data from job applicants and current staff members, we comply with the Personal Data (Privacy) Ordinance (Chapter 486). We respect the privacy of personal data and take all reasonable steps to ensure that the data are securely stored and used solely for the purposes outlined in our personal data collection statement. As a public body specified in the Schedule of the Prevention of Bribery Ordinance (Chapter 201), the Company reminds all staff members that they should not use their position to solicit or receive any advantage from the public.



▲ KMB and LWB management teams visited depots and bus termini during Chinese New Year to celebrate the festive season with frontline staff

We remind our employees to comply with our human resources policies at all times and have established a comprehensive complaint handling mechanism. If any complaints arise, we thoroughly investigate each case that breaches the above policies and take appropriate action. Depending on the severity of the complaint, an ad-hoc committee may be formed to investigate the case. Appropriate disciplinary action, including summary dismissal, will be taken in the event of any violation.



▲ Dr. Norman Leung Nai Pang, GBS, JP, Chairman of the Board of Directors (seventh from the left), along with Hon. Frankie Yick Chi Ming, GBS, JP, Legislative Council Member for the Transport Constituency (sixth from the left), and other board members, attended the 2024 Annual Awards Presentation Ceremony of KMB and LWB

SUSTAINABILITY REPORT



▲ KMB and LWB organise the annual Health Month, featuring health seminars and booths to promote the physical and mental well-being of staff

Comprehensive Benefits Package

To attract and retain top talent, the Company offers a competitive benefits package that addresses the needs of our employees and their families. This package includes annual leave, medical benefits covering hospitalisation and accidents and free bus travel for staff and dependents. These benefits are designed to support our employees in maintaining a healthy work-life balance.

Occupational Safety and Health

In order to continuously improve health and safety of our staff and nurture a positive safety culture, we encourage our staff to share recommendations for improvements in health and safety by holding regular health and safety meetings. All staff are protected from any discrimination based on their speech in these meetings.

We continuously promote health and safety awareness among our staff by regularly distributing health and safety publications and broadcasting related videos to enhance their knowledge and encourage active participation. We have also organised a health and safety competition to motivate our staff to deepen their understanding of occupational health and safety.

To maintain a safe working environment for our staff, we have established a workplace inspection programme focused on health and safety, aiming to eliminate substandard conditions across our facilities.

Health and Wellness Initiatives

Our commitment to the health and well-being of our employees is evident through our annual “Health and Well-being Month” and other year-round initiatives. In October 2024, we successfully organised Health and Well-being Month for staff, dependents, and retirees, focusing on four key pillars: physical, mental, social, and financial well-being. Initiatives included a Depot Health Experience Day, onsite flu and pneumococcal vaccinations, health talks on acupuncture point massage and financial well-being, a workshop on in-body composition, alignment and posture check-ups, and the distribution of health gifts to our staff members. One of the highlights of the month was the “Run with KMB 2024” running competition, aimed at promoting and enhancing overall well-being.

Recognising the importance of mental health, our Employee Assistance Programme (“EAP”) offers 24-hour emotional support, short-term counselling, and referrals to mental health professionals. Furthermore, we have fostered a respectful and positive work environment by encouraging active listening, promoting help-seeking behaviours and facilitating the early identification of mental distress. We ensure timely access to treatment when needed, empowering our staff to prioritise their mental health.

We have also arranged annual medical check-ups for all new bus captains and for existing bus captains aged 50 or above, totalling approximately 6,300 check-ups. This proactive measure demonstrates our commitment to both staff well-being and public safety by ensuring the fitness of our vehicle operators.



▲ Run with KMB is held again to encourage employees to engage in physical activities, promoting a healthy work-life balance

Employee Engagement Events and Activities

To foster a vibrant and engaging workplace, we organised a variety of activities in 2024 to promote unity, cultural celebration and personal growth. Alongside our health and well-being initiatives, we engaged our staff members in fun and meaningful activities. Festive joy was shared with our staff throughout various celebrations, including Chinese New Year, Mid-Autumn Festival and Christmas. These celebrations featured the distribution of red packets and special gifts sourced from social enterprises, lucky draws, visits to bus termini and depots, and heartfelt greetings to staff.

We also organised Spring Gatherings for over 12,000 staff members, providing a platform for staff across departments to interact, build stronger relationships and celebrate Chinese New Year together. Such engagement initiatives play a crucial role in fostering a sense of community within the organisation.

Furthermore, we have 10 Staff Interest Clubs, offering employees opportunities to pursue hobbies and connect with colleagues outside of work, thereby enriching their overall experience with the Company. Over the past year, our teams have won 22 awards in external competitions and fundraising events, including the Community Chest Corporate Challenge, Race for Water, Sowers Action Challenging 12 Hours 2024, Hunger Run, Ocean Park Survival Run, The Salvation Army Orienteering Charity Cup, Sacramento Homeless World Cup (Hong Kong) Fundraising Tournament, Inter-Hong Long Distance Run and The Inter-Hong Chinese Chess Tournament 2024. These accomplishments have had a profound impact on the Company's reputation, staff morale and stakeholder relationships.

Staff Development and Training

The KMB Academy was established to demonstrate our commitment to continuous service improvements and staff training, while also ensuring that a stable team is in place to provide maintenance services for KMB and LWB as well as the transportation industry in general. The Academy has adopted "Mission Safety • Act with Self-discipline" as its motto, emphasising the pivotal role of safety and discipline in the industry.

The KMB Academy is the first institution in Hong Kong accredited by the Qualifications Framework ("HKQF") to provide professional training programmes for franchised bus maintenance personnel and bus captains. It now offers four courses accredited under the qualification framework:

1. Certificate in Bus Maintenance – Level 2;
2. Certificate in Public Bus (Franchised) Driving – Level 3;
3. Certificate in Continuing Development for In-service Bus Captains – Level 3; and
4. Professional Certificate for Instructors in Franchised Bus Industry – Level 4.

In 2024, several training courses for electric vehicles were also launched, including the Electric Vehicle Maintenance Safety Awareness Training Programme (EVE) and the Electric Vehicle Maintenance Low Voltage Training Programme (EVL), both approved by EMSD as recognised qualifications for Registered Vehicle Mechanics.

The KMB Academy also provides on-the-job training for current maintenance staff and bus captains, enabling them to learn the latest technology in the bus maintenance industry and refresh their driving and customer service skills.



◀ KMB and LWB management teams distributed fruits to frontline staff at depots and attended to their needs

SUSTAINABILITY REPORT

Continuous Learning

Our diverse learning channels provide self-learning opportunities, including internal classroom training and e-learning programmes. Job rotation and secondment opportunities are also available for employees to broaden their understanding of the industry. We regularly organise customised training and learning activities for all staff levels to keep them abreast of the latest industry trends, knowledge and skills. For instance, we arranged a training course for the Customer Experience Department to enhance their knowledge and skills in managing passenger care during a traffic incident.

Staff Recognition

Our commitment to celebrating excellence is reflected in our various award programmes. In 2024, 185 Star Bus Captains were recognised for their outstanding performance in safe driving and customer care. The Long Service Awards celebrated employee loyalty, with 50 employees receiving the 35-year award and gold medal, 81 receiving the 30-year award, and 92 receiving the 20-year award, along with plaques and pins. Additionally, 404 employees with 10 years of service were awarded certificates of appreciation. The Annual Safety and Green Awards honoured 100 bus captains, with the top 10 Gold Awardees each receiving a HK\$10,000 cash prize and a certificate of appreciation.

To promote a culture of appreciation and gratitude and to encourage continuous improvement in safety compliance, dedicated service, innovative thinking and team spirit, the Outstanding Star Awards Scheme recognised 73 staff members with trophies. Including the Retirement Awards, more than 1,300 employees were recognised for their loyal and outstanding service.



▲ KMB and LWB have 10 interest groups that regularly participate in various public charity competitions, allowing members to hone their skills while supporting community welfare initiatives



▲ The TIH Retiree Association resumed tea gatherings after the pandemic to reunite and reconnect KMB and LWB retirees

Additionally, a series of Appreciation Month events were held to foster a work culture of unity, mutual appreciation and support. These events included a thank-you message collection campaign and the distribution of specially designed staff cardholders, to thank our colleagues for their contributions and support to the Company, while bringing positive energy to everyone working at KMB and LWB.

Fostering a Caring Culture

As part of our commitment to a people-oriented approach, we invest in comprehensive programmes designed to support the well-being of both our employees and their families. Recognising that education is a cornerstone of opportunity, our scholarship programme, established in 2015, has provided financial assistance to over 500 children of employees pursuing higher education, alleviating the financial strain on their families.



▲ KMB and LWB care about the needs of their employees' families. The back-to-school activities included student photo-taking, haircuts, and gift giveaways for employees' children to celebrate the new academic year together

To ensure comprehensive support, we have instituted robust welfare mechanisms, such as benevolent funds and targeted assistance programmes, providing financial aid, healthcare benefits and emergency support. These resources ensure that our employees and their families have access to essential care and assistance when facing unexpected challenges.

Throughout the year, particularly during the summer months, we organised a variety of family-focused activities designed to foster meaningful connections and promote work-life balance. These events included unique experiences such as bus depot visits, a bus-themed leather workshop, a one-day tour of the Sha Tau Kok Frontier Closed Area, free haircuts, and student photo sessions to prepare children for the new school year. By offering these opportunities, we strengthened family bonds within our corporate community and reinforced our commitment to supporting employee well-being both inside and outside the workplace.

Engaging and Supporting Our Retirees

In recognition of the invaluable contributions made by our retired employees, we established the TIH Retiree Association to maintain close connections with our former colleagues through a variety of engaging activities. In 2024, we organised afternoon tea gatherings and distributed red packets and festive gifts to our retirees during the Chinese New Year. To facilitate ongoing communication and strengthen our community bonds, we launched a dedicated KMB retiree website and actively utilised social media. These initiatives not only honour our retirees but also promote mutual support, reflecting our commitment to elderly care and fostering a supportive environment for all members of our corporate family.

Staff Communication

To strengthen bilateral communication and employee wellbeing, the Joint Consultative Committees – comprising Management and staff representatives, who represent around 90% of the total workforce held regular meetings. These meetings focused on reviewing issues such as safety, operations, work environment and staff welfare.

Through the staff website, staff members are kept up-to-date with useful information, including KMB and LWB announcements, safe driving tips, snapshots of KMB and LWB activities and notices of upcoming events. Staff can check duty roster information and make annual leave arrangements through the internal application OPS1933, the internal portal, and the e-learning training platform. Our corporate magazine, *KMB Today*, is another channel to keep employees informed of KMB and LWB news, as well as industry developments.

We use various media and online platforms to share up-to-date information with our staff. Several online activities and programmes, including health talks, interest classes and financial seminars, were held to maintain our connection with employees.

Senior Management Visits

During the year, Senior Management members of KMB, LWB, Sun Bus and NHKB visited bus termini, depots and offices to support and engage with our colleagues. These visits provided excellent opportunities for staff to share their views on operational matters and workplace-related issues with Management.



▲ KMB and LWB organised the “Hello Summer! KMB Staff Summer Activities” during the summer vacation. One of the activities was the exploration of the Sha Tau Kok Frontier Closed Area with employees and their families

SUSTAINABILITY REPORT

Case Study



Empowering Women by Fostering Equality in a Supportive Workplace, Caring for Employees, and Nurturing the Next Generation

KMB's success is driven by the dedication of over 11,000 employees, particularly the exceptional performance, service commitment, and contributions of 8,700 bus captains, who ensure reliable bus services for the public. This achievement is underpinned by KMB's ongoing promotion of inclusivity, equality, and diversity, creating an ideal work environment where every team member and colleague can excel and showcase their talents in various roles.

KMB holds a strong belief in the pivotal role of talent in marching the Company towards consistent success. Therefore, it has embraced a "people-first" management approach, integrating the concept of inclusivity into its operations. As Hong Kong's largest franchised bus operator, KMB is on a mission to advance society and break the stereotype that "only men can be competent bus captains". Since 1989, KMB has been hiring female bus captains, sowing the seeds for gender equality in employment opportunities. What started with some societal hesitations has blossomed into widespread acceptance and recognition. To date, the number of female bus captains at KMB has climbed. Out of 8,700 bus captains, around 7% are female, demonstrating that they are every bit as impressive as their male counterparts in driving skills and professional service.

In a bold move to champion equality and inclusivity, KMB made history in 2024 by pioneering Hong Kong's first-ever all-female bus captain route. Spanning from Tin Shui Wai Town Centre to Yuen Long, the route is fully operated by eleven female bus captains, navigating high-speed, congested roads, and narrow inner streets. Passengers can experience first-hand the expertise of these professionally trained women as they effortlessly navigate double-deckers along the route's intricate paths. By empowering women and providing them with a platform to excel, this initiative not only fosters workplace inclusion but also unlocks female talent for the job market, paving the way for more women to thrive self-sufficiently in the bus industry and contribute to economic growth.

KMB is taking another step towards creating a welcoming workspace by introducing a "Female Staff Priority Rest Kiosk" at Tin Shui Wai Town Centre Bus Terminus. This first-of-its-kind kiosk is equipped with various facilities thoughtfully designed for women, including a changing area, full-length mirrors, and other amenities tailored to their needs. By prioritising the comfort and convenience of female staff, this initiative not only fosters a supportive workplace environment, but also solidifies KMB as a top choice for female employees.



The Company's care for its employees extends beyond the office to include their families as well. Celebrating its tenth year, our scholarship programme has benefitted over 500 children of KMB, LWB, and Sun Bus employees, recognising their achievements in the HKDSE exams. Having awarded approximately HK\$24 million so far, this initiative provides

financial assistance to families, fostering a stronger sense of belonging and allowing our employees to serve the public with peace of mind. It also emphasises that education is a gateway to the future, inspiring young learners to strive for academic success and personal growth as they pursue their dreams and aspirations.

"I have been a KMB bus captain for seven years now, and I still remember how my mentors and colleagues patiently guided me, sharing their valuable experience and offering help, making my work a breeze. Despite being in the minority as a woman in the workplace, I never felt that we were 'different'. Both male and female colleagues get along well. Regardless of gender, we have all completed the KMB training and share a common goal — safely transporting passengers to their destinations every day. Each time I had a brief conversation with passengers, their smiles and compliments about my steady and safe driving filled me with pride, accomplishment and satisfaction.

The newly introduced 'Female Staff Priority Rest Kiosk' has been a game-changer for us, providing a hassle-free space to change into our uniforms. It's a shining example of prioritising the needs of female staff. Being part of KMB, I am thrilled to witness the Company

taking the lead in enhancing the working environment, offering genuine care for employees and fostering a sense of unity.

I hope my experience inspires the women around me to take the leap and become bus captains, spreading our wings and soaring to new heights."

Zhang Yu, KMB bus captain



SUSTAINABILITY REPORT

Stakeholder Engagement

We support various initiatives to enhance community well-being and engage with our stakeholders through effective communication channels.



SUSTAINABLE DEVELOPMENT GOALS



**Good Health
and Well-Being**



**Sustainable Cities
and Communities**



**Industry, Innovation
and Infrastructure**



**Partnerships
for the Goals**



Engaging the Public

With a close connection to the community, we actively engage the public to gather feedback and foster a strong community, creating shared values for all.

Events

In 2024, a number of events were organised to interact with the public we serve:

- KMB participated in the 2024 Lunar New Year Fair Stalls at Victoria Park, Fa Hui, Shatin and Yuen Long from 4 to 10 February 2024. Pop-up stores were held at Tuen Mun V city, Nam Cheong V Walk in April, May and September, respectively, to maintain a close connection with customers;
- In July, KMB participated in the Hong Kong Book Fair, which was held at the Hong Kong Convention and Exhibition Centre;
- To support and encourage the Hong Kong delegation to the Paris 2024 Olympic Games, KMB and LWB have offered one-year free rides and bus naming rights to all delegation members. A bus themed “Support Team Hong Kong” was deployed to various districts to show support for all Hong Kong delegates by cheering “Proud of You” together with the people of Hong Kong;
- In August, KMB and SPCA collaborated on a “Pet Bus Tour”, taking pet owners and their pets from Tsuen Wan to Tsing Yi on a KMB double-deck bus. Since October, the “Pet Bus Tour” has become a regular route, travelling across Hong Kong Island, Kowloon and the New Territories. It has gained popularity and received a lot of positive feedback from the public;
- KMB and LWB offered free rides on all buses for children on Sundays and Public Holidays during the summer. In addition, a carnival with vintage bus exhibitions and game booths was organised, attracting thousands of club1933 members to join; and

- In October, KMB participated in the Bus Parade cum Exhibition, organised by the Transport Department, to celebrate the 75th Anniversary of the Founding of the People’s Republic of China. KMB arranged three vintage buses including a Daimler E double-decker for the parade, and five buses for the exhibition, featuring the oldest buses in Hong Kong — a Daimler A double-decker — along with vintage exhibits and bus models showcasing buses from the past and present in Victoria Park;
- In December, KMB organised three pet bus tours to Lantau Island and a night pet bus tour to encourage pet owners to enjoy quality time with their pets and promote a pet-friendly environment; and
- KMB and LWB held a total of twelve Passenger Liaison Group meetings at bus termini across their operating areas to gather customer feedback on various issues, including interchange schemes, environmentally friendly buses, passenger facilities and network connectivity.



◀ The “Free Ride Days for Kids” campaign included a carnival showcasing KMB’s antique buses, bringing joy to everyone



▲ To celebrate Lunar New Year with the public, KMB set up booths at various Lunar New Year fairs to sell a wide range of KMB-themed merchandise



▲ To commend the outstanding performance of Hong Kong athletes in the Paris Olympics and Paralympics, KMB and LWB have awarded them bus naming rights and free bus passes, joining the entire Hong Kong community in supporting these remarkable athletes

SUSTAINABILITY REPORT

Media and Social Media Platforms

In 2024, we strengthened our public communication by inviting the media to cover our events and promoting the greater use of social media platforms such as Facebook and Instagram to share information related to KMB and LWB. Our interaction with netizens included a number of cross-media activities, which proved popular, with our Facebook page reaching over 1.3 million netizens in 2024. Similarly, the number of followers on our Instagram account surpassed 24,400 by the end of December.

Firmly believing that social media platforms play a pivotal role in communication between the public and the Group, we are committed to continuously leveraging online communication platforms to strengthen our ties with the public.

Throughout the year, the KMB Facebook page has showcased various events through images, GIFs and videos. In particular, bus safety and etiquette have been actively promoted on this platform and other social media channels.

App1933

KMB's smartphone application has been continually updated with new features, such as the "Estimated Alighting Time", to better cater to passengers' trip planning needs. The application calculates passenger alighting times at different bus stops based on real-time traffic conditions to facilitate trip planning.

More mini-games have been introduced to the "Game Room" on App1933, allowing users to earn extra club1933 points that can be converted into eCoins for bus rides.

club1933

At the end of 2024, club1933 had over 520,000 registered members. Members can accumulate club points and convert them into eCoins to pay for bus fares, donate to charity organisations, and redeem gifts. Lucky draw entries can also be earned by taking bus rides, encouraging members to travel more around town. In December, club1933 held a lucky draw campaign offering flight tickets.

Websites

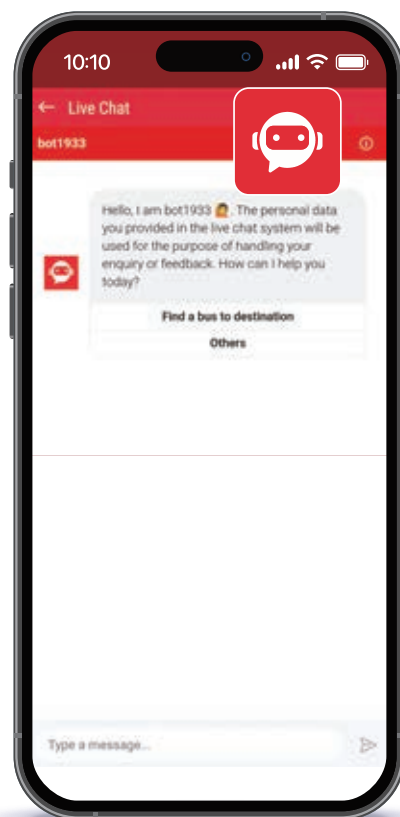
The KMB and LWB website (www.kmb.hk) and the Sun Bus website (www.sunbus.com.hk) provide a user-friendly experience with enhanced information integration, making it easy for users to access service details.

Excellent Customer Service

KMB and LWB place great emphasis on delivering quality services to customers and welcome their feedback on our bus services. At KMB and LWB, we consider substantive feedback as a valuable reference for continuous service improvement and future development.

Chatbot for Enquires

KMB and LWB offer an artificial intelligence chatbot, bot1933, on their websites and App1933, allowing customers to receive instant year-round responses to enquiries and provide feedback on bus services. Since its launch, the chatbot has been continually upgraded to handle customer enquiries and has received positive feedback.



Customer Service Hotline

KMB, LWB and Sun Bus offer a manned customer service hotline (2745 4466, 2261 2791, and 2372 0638, respectively) with human operators available for enquiries daily. The service is complemented by a 24-hour hotline system, featuring shortcut keys that quickly connect callers to a live operator for prompt assistance with the “Tourist Day Pass” and locating lost elderly individuals.

Customer Service Centres

Our Customer Service Centres, located at Tsim Sha Tsui and Hong Kong International Airport, provide customers with a one-stop service, including KMB and LWB souvenirs, Octopus card add-value services and bus route information. Additionally, at Tai Lam Tunnel BBI and Tuen Mun Road BBI, convenience stores are available for food and beverages, catering to customers’ daily needs and indulgences while they wait.

Smart Lockers

KMB has installed self-service lockers at 35 bus termini to provide customers with the convenience of picking up parcels easily at bus termini, elevating customers’ riding experience to a new level. To provide additional assistance for passengers retrieving their lost items, these smart lockers at bus termini also serve as collection points for lost property.



▲ KMB has installed smart lockers at bus termini to facilitate parcel collection and lost item retrieval, enhancing the passenger experience

Membership of Associations and Advocacy

During the reporting period, we further strengthened our connection with stakeholders by joining the following organisations:

- Business Environment Council;
- Employers’ Federation of Hong Kong;
- Federation of Hong Kong Industries;
- Hong Kong Association for Customer Service Excellence;
- Hong Kong Brand Development Council;
- The Chartered Institute of Logistics and Transport in Hong Kong; and
- The Hong Kong General Chamber of Commerce.

Serving the Community

We make continuous efforts to understand the evolving needs of our community and proactively contribute to various societal initiatives. Leveraging the Group’s business strengths and resources, we are committed to creating a positive social impact by engaging the elderly and fostering youth development.

Missing Elderly Assistance Programme

KMB and LWB provide assistance in locating lost seniors, especially those with dementia. A quick-dial option has been added to the KMB Customer Service Hotline, allowing callers to promptly report missing persons and provide relevant information. Upon receiving a request for assistance, KMB will enter details, such as the missing person’s name, characteristics and Octopus card number, into a central system. When a lost elderly person boards our bus, the bus captain is alerted by a warning signal and a red light. The system also notifies KMB’s 24-hour Radio Control Section and Hotline, allowing us to provide immediate assistance. In 2024, we received 300 requests and successfully located 28 lost seniors, while the others were reunited with their families through other channels.



▲ The LWB Customer Service Centre at the airport offers one-stop services for residents and travellers, including route inquiries, and the sale of Tourist Day Passes and bus tickets

SUSTAINABILITY REPORT

Donating Retired Bus and Bus Stop Pole

As part of our commitment to sustainability, recycling, and support for those in need, we donated retired buses and bus stop poles to schools and elderly homes. KMB launched the Donation of Used and Retired Bus Programme in 2016 to donate used and retired buses to schools and non-profit organisations. These buses can be repurposed to meet the creative learning needs of these institutions. Through our Donation of Caring Bus Stop Pole Programme, we donated tailor-made bus stop poles to elderly homes to help prevent seniors with dementia from wandering and going missing, supporting their treatment and care.

Below is a list of beneficiary schools/non-profit organisations that received a donated bus or bus stop pole in 2024, listed in alphabetical order:

Retired Bus Donation

- Hong Kong St. John Ambulance;
- Mu Kuang English School; and
- Yew Chung International School.

Bus Stop Pole Donation

- Chung Sing Benevolent Society Lau Mui Hin Home for The Elderly;
- HKFYG Lee Shau Kee Primary School;
- Hong Kong Baptist Mr. & Mrs. Au Shue Hung Rehabilitation & Healthcare Home;
- Hong Kong Children & Youth Services Jubilant Day Care Centre for the Elderly;
- Laguna Elderly House;
- Po Leung Kuk Chu Lee Yuet Wah Day Care Centre for the Elderly;
- Po Leung Kuk Comfort Court for the Senior;
- Prime Garden Mont Albert North (Australia);
- Sino Kwu Tung Nursing Home cum Day Care Centre; and
- Wai Ji Christian Service.



▲ Through the "Old and Retired Bus Donation Programme", Hong Kong St. John Ambulance received a retired bus from KMB, repurposed as St. John's Cycle Response Unit First Aid Base at Nam Sang Wai

Donating Retired Bus Handrails

In collaboration with occupational therapists from Haven of Hope Christian Service Wong Tai Sin Enhanced Home and Community Care Services, KMB donated and installed retired bus handrails for patients identified as having a high risk of falling at home. In 2024, we installed six pairs of handrails for residents in Wong Tai Sin District.



▲ KMB's Caring Bus Handrails serve as support points in the homes of stroke recovery patients, the elderly, and other individuals in need, helping to reduce the risk of falls

Collaboration with Hong Kong Society for the Blind and Polytechnic University

As part of its collaboration with The Hong Kong Society for the Blind ("HKSB"), the Department of Rehabilitation Sciences and the Department of Chinese & Bilingual Studies, the Hong Kong Polytechnic University ("PolyU"), KMB has assisted in installing a caring bus stop at the Yuen Long Home for the Aged Blind, HKSB. The bus stop features a retired bus stop pole, a seating bench with queueing rails, a soundtrack providing bus route information for Route 64K, and a pair of priority seats, creating a simulated environment that allows elderly residents to experience waiting for a bus indoors. This initiative, together with the cognitive stimulation therapy developed by PolyU and HKSB, enhances the effectiveness of assessing and treating visually impaired elderly individuals with cognitive problems.



▲ In 2024, a total of 10 elderly care homes benefitted from the Donation of Caring Bus Stop Pole Programme

Nurturing Talents

KMB is committed to cultivating young people and nurturing talents for the transportation industry in Hong Kong. The following activities were carried out throughout the year:

- In collaboration with Hong Chi Association, KMB offered students with Special Educational Needs ("SEN") the chance to showcase their talents beyond the classroom through multiple platforms and placements. For example, our staff coffee shop, Café1933, provided retail placements for students, along with food and beverage services. Through the partnership, KMB has also recruited SEN graduates for roles such as bus cleaning workers, office assistants, customer experience assistants, and gardening assistants;
- KMB organised a career-oriented seminar for secondary school students, featuring a depot tour and a career talk session to help students explore various job roles and work environments while gaining insight into KMB's organisational structure. The activity aimed to broaden students' horizons and inspire them to plan for their future studies and career paths; and
- KMB partnered with the Vocational Training Council's Diploma programme and invited students studying Foundation Studies (Design) to participate in the "Sustainable Get Set • Go" bus body advertisement competition, where the winning designs were transformed into bus decals. These buses then travelled across the New Territories, Kowloon, and Hong Kong Island, spreading environmental messages to the community.

Community Participation

- KMB and LWB offer free rides on all bus routes for people with disabilities, along with one accompanying caregiver, in support of the International Day of Persons with Disabilities every year;

- KMB and LWB support the annual Senior Citizens Day by offering free rides to people aged 65 and over; and
- KMB has long supported the activities of The Community Chest. In 2024, a group of KMB, LWB and Sun Bus staff participated in The Community Chest New Territories Walk for Millions.

FRIENDS OF KMB

KMB's volunteer club, FRIENDS OF KMB ("FRN"), has been promoting environmental protection, civic education and social service activities since its formation in 1995. In the reporting period, FRN comprised over 1,100 members, including customers, KMB, LWB and Sun Bus staff and their dependents.

During the reporting period, FRN organised bus model art workshops, inviting SEN students and their family members to design bus body artwork on recycled bus miniatures. It provided an opportunity for students with drawing talent to create unique bus models for themselves while also promoting environmental protection.

FRN participated in regular home visits and made care calls to elderly individuals experiencing depression. The programme was organised by Suicide Prevention Services, with which FRN has maintained a partnership since 2013. FRN also launched a civic education programme, "Being a Good Passenger", to raise awareness of road safety, bus safety and bus etiquette among primary school students through various interactive games.

In October 2024, KMB held an appreciation ceremony to commend FRN volunteers who contributed 50, 100, 200, 500 and 1,000 hours of service.



◀ FRN Volunteers actively support various charitable activities, including regular visits to the elderly and those in need, thereby contributing to community service

SUSTAINABILITY REPORT

Case Study



Ride with KMB for a Good Cause: Helping those in need for positive community impact

Relentlessly serving the community for years, KMB has extended its care beyond passengers to support those in need. In addition to providing top-notch bus services, KMB demonstrates its care by attentively listening to community needs and fostering a spirit of mutual support across all sectors. To encourage individuals to actively extend a helping hand to those in need, KMB introduced a new option within its KMB and LWB membership scheme, club1933, in 2023. Members can donate their eCoins, which are redeemable using their membership points, to charities through the mobile application App1933. For every three eCoins donated by members, KMB will donate HK\$2.0 to their selected organisations on their behalf, offering adequate assistance to the charities' service recipients. This initiative has made every bus ride more meaningful by directing resources to the right beneficiary organisations, making a significant impact on society and driving positive change.

In August 2024, KMB took a step further with the launch of the innovative "Donation Matching Scheme". For every three eCoins donated by club1933 members to an organisation, KMB will not only contribute HK\$2.0 on their behalf but also

organise additional activities or donate supplies to the groups supported by these organisations, such as the underprivileged, people with disabilities, and stray animals, ensuring they receive appropriate assistance. Under the Matching Scheme, KMB collaborates with different charitable organisations every two weeks. To date, it has partnered with more than 10 organisations, including The Society for Community Organisation, and Heep Hong Society. As of the end of 2024, the number of donors had increased by 16% compared to the previous year, with over 25,500 individuals participating. The Scheme has donated over 400 smart cooling and heating fans to low-income families, improving ventilation and overheating conditions in their homes. Additionally, activities such as the "Bus Model Art Workshop" and "Being a Good Passenger" have been organised for children with special education needs and those from low-income families, benefiting multiple groups. KMB is grateful for the selfless contributions of all members, which bring community stakeholders closer through the Matching Scheme and foster a network of mutual assistance.



"It is estimated that there are over 100,000 people with dementia in Hong Kong. Dementia patients suffer from a progressive decline in cognitive functions, such as memory, thinking, orientation, understanding and self-care ability, placing a heavy burden on their caregivers. Through KMB's 'Donation Matching Scheme', I am delighted to see KMB proactively leveraging the power of the community to generously support those in need.

Operating on a break-even, non-profit basis, the Association provides specialised and professional services for cognitive impairments. As the saying goes, 'prevention is better than cure', early identification of cognitive impairments and timely treatment are crucial. Through KMB's Matching Scheme, each donation from its members helps alleviate the Association's daily operational pressures. In addition, KMB arranges initial cognitive screenings for elderly individuals to help

identify symptoms early and slow the progression of deterioration. KMB's initiative aligns seamlessly with our mission and has benefitted numerous seniors.

We are pleased to see KMB fully leveraging its extensive community network to encourage donations to those in need, making a direct contribution to society. These efforts foster an atmosphere of mutual support, creating a lasting and profound positive impact on the community."

Maggie Lee, Executive Director of Hong Kong Alzheimer's Disease Association



SUSTAINABILITY REPORT

Performance Statistics

| | Units | FY 2024 |
|---|---------------------------------------|------------|
| Environmental | | |
| Emissions | | |
| GHG Emissions of Bus (Scope 1) | tCO ₂ e | 516,136 |
| GHG Emissions of Bus (Scope 1) Intensity | tCO ₂ e per million km | 1,387 |
| GHG Emissions of Electricity (Scope 2) ¹ | tCO ₂ e | 11,023 |
| GHG Emissions of Electricity (Scope 2) Intensity ¹ | tCO ₂ e per m ² | 0.021 |
| Nitrogen Oxides (NO _x) ² | tonnes | 2,107 |
| Sulphur Oxides (SO _x) ² | tonnes | 3.18 |
| Particulate Matter (PM) ² | tonnes | 152 |
| Waste | | |
| Hazardous Waste | | |
| Solid Chemical Waste (recycled) | kilograms (kg) | 1,476,369 |
| Solid Chemical Waste Intensity | kg per million km | 3,967 |
| Tyres (recycled) | kg | 944,460 |
| Fluorescent Tubes | kg | 0 |
| Waste Oil (recycled) | kg | 508,440 |
| Battery (recycled) | kg | 316,072 |
| Non-hazardous Waste | | |
| Metal (recycled) | kg | 1,064,034 |
| Metal Intensity | kg per million km | 2,859 |
| Waste directed to disposal (paper waste) | tonnes | 41.3 |
| Use of Resources | | |
| Diesel Oil Consumption | gigajoules (GJ) | 7,602,602 |
| Diesel Oil Consumption Intensity | GJ per million km | 20,428 |
| Water Consumption | m ³ | 219,752 |
| Water Consumption Intensity | m ³ per bus | 47 |
| Non-renewable Electricity Consumption | kWh | 24,433,788 |
| Non-renewable Electricity Consumption Intensity | kWh per m ² | 48 |

¹ The emission factors of greenhouse gas emissions for electricity consumption were obtained from 2022 HKEX published document, "How to prepare an ESG Report, Appendix 2: Reporting Guidance on Environmental KPIs": 0.37kg CO₂e/kWh.

² The emission factors were obtained from the 2022 HKEX published document, "How to prepare an ESG Report, Appendix 2: Reporting Guidance on Environmental KPIs".

| | Units | FY 2024 |
|--|------------------------------------|---------|
| Social | | |
| Employment | | |
| Total Workforce | no. of employees | 12,695 |
| <i>By Gender</i> | | |
| Female | no. of employees | 1,058 |
| Male | no. of employees | 11,637 |
| <i>By Age Group</i> | | |
| Below 40 Years Old | no. of employees | 2,590 |
| 40-50 Years Old | no. of employees | 3,755 |
| Over 50 Years Old | no. of employees | 6,350 |
| <i>By Employment Category</i> | | |
| Senior Level | no. of employees | 33 |
| Middle Level | no. of employees | 259 |
| Entry Level | no. of employees | 12,403 |
| <i>By Employment Type by Gender</i> | | |
| Full Time Female | no. of employees | 914 |
| Full Time Male | no. of employees | 10,423 |
| Non Full Time Female | no. of employees | 144 |
| Non Full Time Male | no. of employees | 1,214 |
| <i>By Employment Contract by Region</i> | | |
| Permanent in Hong Kong | no. of employees | 11,338 |
| Permanent in Other Region | no. of employees | 20 |
| Temporary in Hong Kong | no. of employees | 1,337 |
| Temporary in Other Region | no. of employees | 0 |
| <i>By Employment Contract by Gender</i> | | |
| Permanent Female | no. of employees | 931 |
| Permanent Male | no. of employees | 10,139 |
| Temporary Female | no. of employees | 127 |
| Temporary Male | no. of employees | 1,498 |
| Parental Leave | | |
| Return to work | % of employees took parental leave | 100 |
| Retention | % of employees took parental leave | 87 |

SUSTAINABILITY REPORT

| | | Units | FY 2024 |
|--|---|-------|---------|
| Social | | | |
| Turnover Rate | | | |
| <i>By Gender</i> | | | |
| Female | no. of employees | | 219 |
| Male | no. of employees | | 2,081 |
| <i>By Age Group</i> | | | |
| Below 40 Years Old | no. of employees | | 612 |
| 40-50 Years Old | no. of employees | | 438 |
| Over 50 Years Old | no. of employees | | 1,250 |
| <i>By Geographical Region</i> | | | |
| Hong Kong | no. of employees | | 2,300 |
| Other Region | no. of employees | | 0 |
| Health and Safety | | | |
| Total Number of Work-related Fatalities Occurred | no. of employees | | 0 |
| | rate (no. of employees/total workforce) | | 0 |
| Lost Days Due to Work Injury | no. of days | | 20,601 |
| Work-related injuries | no. of injuries | | 288 |
| Work-related ill health | no. of ill health | | 0 |
| Development and Training | | | |
| <i>By Gender</i> | | | |
| Female | % of employees trained | | 64.37 |
| Male | % of employees trained | | 77.34 |
| <i>By Employment Category</i> | | | |
| Senior Level | % of employees trained | | 21.21 |
| Middle Level | % of employees trained | | 32.82 |
| Entry Level | % of employees trained | | 77.31 |
| <i>Training Hours</i> | | | |
| Total Training Hours | no. of hours | | 342,590 |
| <i>Average Training Hours By Gender</i> | | | |
| Female | no. of hours | | 23.33 |
| Male | no. of hours | | 27.32 |
| <i>Average Training Hours By Employment Category</i> | | | |
| Senior Level | no. of hours | | 3.30 |
| Middle Level | no. of hours | | 8.46 |
| Entry Level | no. of hours | | 27.44 |

| | | | Units | FY 2024 |
|---|--|--|-------|---------|
| Social | | | | |
| Employees Receive Regular Performance and Career Development Reviews | | | | |
| <i>By Gender</i> | | | | |
| Female | | % of employees received | | 97.35 |
| Male | | % of employees received | | 90.93 |
| <i>By Employment Category</i> | | | | |
| Senior Level | | % of employees received | | 96.97 |
| Middle Level | | % of employees received | | 100 |
| Entry Level | | % of employees received | | 91.28 |
| Diversity and Equal Opportunity | | | | |
| Senior Level | | ratio of basic salary and remuneration of women to men | | 0.95 |
| Middle Level | | ratio of basic salary and remuneration of women to men | | 0.89 |
| Entry Level | | ratio of basic salary and remuneration of women to men | | 0.89 |
| Number of incidents of discrimination and corrective actions taken | | no. of cases | | 0 |
| Supply Chain Management | | | | |
| <i>By Region</i> | | | | |
| Hong Kong | | no. of suppliers | | 373 |
| Other Region | | no. of suppliers | | 34 |
| Product Responsibility | | | | |
| Service-Related Complaints Received | | no. of complaints received per million passenger trips | | 2.26 |
| Anti-corruption | | | | |
| Concluded Legal Cases | | no. of cases | | 0 |
| Training on Anti-Corruption | | no. of employees | | 1,652 |

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Reporting Content Index Table

Transport International Holdings Limited (“TIH”) has prepared the Report in accordance with the latest Global Reporting Initiative (“GRI”) Standards 2021 and the Appendix C2: Environmental, Social and Governance Reporting Code (“ESG Reporting Code”) issued by Hong Kong Exchanges and Clearing Limited (“HKEX”). The Report also makes reference to the United Nations Sustainable Development Goals (“UNSDGs”) and the IFRS’ Sustainability Disclosure Standards, including IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (“IFRS S1”) and IFRS S2 Climate-related Disclosures (“IFRS S2”), developed by the International Sustainability Standards Board (“ISSB”). The following content index table presents the associated disclosures either by cross-referring relevant section(s) in this Report and/or by providing direct remarks.

| | | | | | | Page(s) ^: refer to TIH 2024 Annual Report |
|---|----------------|-------|------------------|--|--|--|
| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/ [*] Direct Answer/ [†] Remarks (e.g. omission) | |
| GRI 2: General Disclosures 2021 | | | | | | |
| Organisational Profile | | | | | | |
| | | | 2-1 | Organisational details | About the Report | 44-51 |
| Mandatory Disclosure Requirements: Reporting Boundary | | | 2-2 | Entities included in the organisation’s sustainability reporting | About the Report | 44-51 |
| | | | 2-3 | Reporting period, frequency and contact point | About the Report | 44-51 |
| Mandatory Disclosure Requirements: Reporting Principles | | | 2-4 | Restatements of information | Our Environmental Targets [*] In the 2023 TIH Sustainability Report (p.21), the targets of Diesel Consumption (Scope 1) (Intensity) and GHG Emissions (Scopes 1 & 2) (Intensity) should be corrected to -13% and -13% respectively. | 62 |
| | | | 2-5 | External assurance | [†] The Report has not been externally assured. | — |

| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/*Direct Answer/*Remarks (e.g. omission) | Page(s) ^: refer to TIH 2024 Annual Report |
|-------------------------------|----------------|-------|------------------|------------------------------|--|--|
| Activities and workers | | | | | | |
| KPI B5.1 | | | 2-6 | Activities, value chain | Business at a Glance | 4-5^ |
| KPI B5.2 | | | | and other business | Key Franchised Bus Network in Hong | 6-7^ |
| KPI B5.3 | | | | relationships | Kong | |
| KPI B5.4 | | | | | Financial and Operational Highlights | 8-9^ |
| | | | | | Supply Chain Management | 49 |
| KPI B1.1 | | | 2-7 | Employees | Caring for Employees | 78-85 |
| | | | | | Performance Statistics | 94-97 |
| | | | 2-8 | Workers who are not | Supply Chain Management | 49 |
| | | | | employees | Safety First | 52-59 |
| | | | | | Performance Statistics | 94-97 |
| Governance | | | | | | |
| | | | 2-9 | Governance structure and | Sustainability Governance | 46 |
| | | | | composition | Corporate Governance Report | 128-151^ |
| | | | 2-10 | Nomination and selection | Corporate Governance Report | 128-151^ |
| | | | | of the highest governance | | |
| | | | | body | | |
| | | | 2-11 | Chair of the highest | Corporate Governance Report | 128-151^ |
| | | | | governance body | | |
| Mandatory | IFRS S1-27 | | 2-12 | Role of the highest | Sustainability Governance | 46 |
| Disclosure | IFRS S2-6 | | | governance body | Our Vision and Strategy | 47 |
| Requirements: | | | | in overseeing the | Risk Management | 47 |
| Governance | | | | management of impacts | | |
| structure | | | | | | |
| Climate-related | | | | | | |
| Disclosure: | | | | | | |
| Governance | | | | | | |
| Climate-related | | | 2-13 | Delegation of responsibility | Sustainability Governance | 46 |
| Disclosure: | | | | for managing impacts | Risk Management | 47 |
| Governance | | | | | | |
| Mandatory | | | 2-14 | Role of the highest | Corporate Governance Report | 128-151^ |
| Disclosure | | | | governance body in | | |
| Requirements: | | | | sustainability reporting | | |
| Governance | | | | | | |
| structure | | | | | | |

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| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/#Direct Answer/*Remarks (e.g. omission) | Page(s) ^: refer to TIH 2024 Annual Report |
|---|----------------|---|------------------|--|---|--|
| | | | 2-15 | Conflicts of interest | Procurement and Tendering Procedures Financial Review | 49 112-127^ |
| | | | 2-16 | Communication of critical concerns | Legal and Regulatory Compliance Caring for Employees | 46-47 78-85 |
| | | | 2-17 | Collective knowledge of the highest governance body | Corporate Governance Report | 128-151^ |
| | | | 2-18 | Evaluation of the performance of the highest governance body | Risk Management Corporate Governance Report | 47 128-151^ |
| | | | 2-19 | Remuneration policies | Remuneration Report | 152-155^ |
| | | | 2-20 | Process to determine remuneration | Remuneration Report | 152-155^ |
| | | | 2-21 | Annual total compensation ratio | Directors' emolument | 220-221^ |
| Strategy, Policies and Practices | | | | | | |
| Mandatory Disclosure Requirements: Governance structure | | | 2-22 | Statement on sustainable development strategy | Chairman's Letter Managing Director's Message | 14-17^ 18-19^ |
| | | | 2-23 | Policy commitments | Supply Chain Management Caring for the Environment Caring for Employees | 49 60-67 78-85 |
| | | | 2-24 | Embedding policy commitments | Supply Chain Management Caring for the Environment Caring for Employees | 49 60-67 78-85 |
| | | | 2-25 | Processes to remediate negative impacts | Safety First Caring for the Environment Caring for Employees | 52-59 60-67 78-85 |
| KPI B7.2 | | | 2-26 | Mechanisms for seeking advice and raising concerns | Legal and Regulatory Compliance Stakeholder Engagement | 46-47 86-93 |
| GD A1, B1, B2, B4, B6, B7 | | 16: Peace, Justice and Strong Institutions | 2-27 | Compliance with laws and regulations | Legal and Regulatory Compliance | 46-47 |
| | | 17: Partner- ships for the Goals | 2-28 | Membership associations | Stakeholder Engagement | 86-93 |

| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/#Direct Answer/*Remarks (e.g. omission) | Page(s) ^: refer to TIH 2024 Annual Report |
|---|--|--|------------------|---|--|--|
| Stakeholder engagement | | | | | | |
| Mandatory Disclosure Requirements: Reporting Principles | | | 2-29 | Approach to stakeholder engagement | Stakeholder Engagement and Materiality Assessment Stakeholder Engagement Performance Statistics | 47-48 86-93 94-97 |
| KPI B6.2 | | | | | | |
| | | 8: Decent Work and Economic Growth | 2-30 | Collective bargaining agreements | Legal and Regulatory Compliance Stakeholder Engagement and Materiality Assessment Caring for Employees | 46-47 47-48 78-85 |
| | | | | | * There is no collective bargaining legislation in Hong Kong but we have established various staff engagement channels. | |
| GRI 3: Material Topics 2021 | | | | | | |
| Mandatory Disclosure Requirements: Reporting Principles | | | 3-1 | Process to determine material topics | Stakeholder Engagement and Materiality Assessment | 47-48 |
| | | | 3-2 | List of material topics | Stakeholder Engagement and Materiality Assessment | 47-48 |
| GRI 201: Economic Performance 2016 | | | | | | |
| Climate-related Disclosure: Strategy | IFRS S1-30, 32, 33, 34, 35, 41 IFRS S2-9, 10, 13, 14, 15, 16, 22 | | 3-3 | Management of material topics | Management Discussion & Analysis Adopting ISSB Standards Caring for the Environment | 20-21^ 46-48 60-67 |
| | | | 201-1 | Direct economic value generated and distributed | Financial Review | 112-127^ |
| Climate-related Disclosure: Risk Management | IFRS S1-44 IFRS S2-25 | 8: Decent Work and Economic Growth 13: Climate Action | 201-2 | Financial implications and other risks and opportunities due to climate change | Management Discussion & Analysis Adopting ISSB Standards Sustainability Governance Our Vision and Strategy Risk Management Caring for the Environment | 20-21^ 46-48 46 47 47 60-67 |

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| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/*Direct Answer/*Remarks (e.g. omission) | Page(s) ^: refer to TIH 2024 Annual Report |
|--|----------------|---|------------------|--|--|--|
| | | 8: Decent Work and Economic Growth | 201-3 | Defined benefit plan obligations and other retirement plans | Caring for Employees Remuneration Report Financial Report | 78-85 152-155^ 168-268^ |
| | | | 201-4 | Financial assistance received from government | Financial Report | 168-268^ |
| GRI 204: Procurement Practices 2016 | | | | | | |
| GD B5 KPI B5.2 KPI B5.3 KPI B5.4 | | | 3-3 | Management of material topics | Supply Chain Management | 49 |
| KPI B5.1 | | | 204-1 | Proportion of spending on local suppliers | Supply Chain Management | 49 |
| GRI 205: Anti-corruption 2016 | | | | | | |
| GD B7 KPI B7.2 KPI B7.3 | | | 3-3 | Management of material topics | Legal and Regulatory Compliance | 46-47 |
| | | 16: Peace, Justice and Strong Institutions | 205-1 | Operations assessed for risks related to corruption | Legal and Regulatory Compliance * TIH conducts enterprise risk assessment annually. Corruption was not identified as a significant risk during the reporting year. | 46-47 |
| KPI B7.3 | | | 205-2 | Communication and training about anticorruption policies and procedures | Legal and Regulatory Compliance | 46-47 |
| KPI B7.1 | | | 205-3 | Confirmed incidents of corruption and actions taken | Legal and Regulatory Compliance Performance Statistics | 46-47 94-97 |
| GRI 207: Tax 2019 | | | | | | |
| | | | 3-3 | Management of material topics | Financial Report | 168-268^ |
| | | | 207-1 | Approach to tax | Financial Report | 168-268^ |
| | | | 207-2 | Tax governance, control, and risk management | Financial Report | 168-268^ |
| | | | 207-3 | Stakeholder engagement and management of concerns related to tax | Stakeholder Engagement and Materiality Assessment Financial Report | 47-48 168-268^ |

| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/ [*] Direct Answer/ [*] Remarks (e.g. omission) | Page(s) [^] : refer to TIH 2024 Annual Report |
|-----------------------------|-----------------|---------------|------------------|-----------------------------|--|--|
| GRI 302: Energy 2016 | | | | | | |
| GD A2 | IFRS S1-30, 32, | | 3-3 | Management of material | Caring for the Environment | 60-67 |
| GD A3 | 33, 34, 35, 41, | | | topics | Caring for Customers | 68-77 |
| KPI A2.3 | 46, 51 | | | | | |
| Climate-related | IFRS S2-9, 10, | | | | | |
| Disclosure: | 13, 14, 15, 16, | | | | | |
| Strategy, | 22, 29, 33, 34, | | | | | |
| Metrics and | 35, 36 | | | | | |
| Targets | | | | | | |
| KPI A2.1 | IFRS S1-46, 51 | 7: Affordable | 302-1 | Energy consumption within | Caring for the Environment | 60-67 |
| Climate-related | IFRS S2-29, 33, | and Clean | | the organization | Performance Statistics | 94-97 |
| Disclosure: | 34, 35, 36 | Energy | | | | |
| Metrics and | | 12: | | | | |
| Targets | | Responsible | | | | |
| | | Consumption | | | | |
| | | and | | | | |
| | | Production | | | | |
| | | 13: Climate | | | | |
| | | Action | | | | |
| | | 12: | 302-2 | Energy consumption | [*] Information limitation: TIH is going | — |
| | | Responsible | | outside of the organization | to work with its supply chain to | |
| | | Consumption | | | explore the feasibility for making | |
| | | and | | | these voluntary disclosures in the | |
| | | Production | | | future. | |
| | | 13: Climate | | | | |
| | | Action | | | | |
| KPI A2.1 | IFRS S1-46, 51 | | 302-3 | Energy intensity | Caring for the Environment | 60-67 |
| Climate-related | IFRS S2-29, 33, | | | | Performance Statistics | 94-97 |
| Disclosure: | 34, 35, 36 | | | | | |
| Metrics and | | | | | | |
| Targets | | | | | | |
| KPI A2.3 | | | 302-4 | Reduction of energy | Caring for the Environment | 60-67 |
| Climate-related | | | | consumption | Performance Statistics | 94-97 |
| Disclosure: | | | | | | |
| Metrics and | | | | | | |
| Targets | | | | | | |
| | | | 302-5 | Reductions in energy | Caring for the Environment | 60-67 |
| | | | | requirements of products | | |
| | | | | and services | | |

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| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/^Direct Answer/^Remarks (e.g. omission) | |
| GRI 303: Water and Effluents 2018 | | | | | | |
| GD A2 GD A3 Climate-related Disclosure: Strategy, Metrics and Targets | IFRS S1-30, 32, 33, 34, 35, 41, 46, 51 IFRS S2-9, 10, 13, 14, 15, 16, 22, 29, 33, 34, 35, 36 | | 3-3 | Management of material topics | Caring for the Environment | 60-67 |
| KPI A2.2 KPI A2.4 KPI B5.3 Climate-related Disclosure: Metrics and Targets | IFRS S1-46, 51 IFRS S2-29, 33, 34, 35, 36 | 6: Clean Water and Sanitation | 303-1 | Interactions with water as a shared resource | Caring for the Environment * All water used at KMB, LWB, Sun Bus, NHKB, KTRE, LCKRE, LCKCP and TPMI offices and depots was sourced from municipal water supplies. No major issue concerning sourcing water and water-related impacts has been encountered during the reporting year. | 60-67 |
| GD A3 KPI A3.1 Climate-related Disclosure: Strategy | IFRS S1-30, 32, 33, 34, 35, 41 IFRS S2-9, 10, 13, 14, 15, 16, 22 | | 303-2 | Management of water discharge-related impacts | Caring for the Environment * We ensure water discharge to drainage systems and water bodies were in compliance with local government requirements. | 60-67 |
| KPI A2.4 Climate-related Disclosure: Metrics and Targets | IFRS S1-46, 51 IFRS S2-29, 33, 34, 35, 36 | | 303-3 | Water withdrawal | Caring for the Environment Performance Statistics | 60-67 94-97 |
| Climate-related Disclosure: Strategy | IFRS S1-30, 32, 33, 34, 35, 41 IFRS S2-9, 10, 13, 14, 15, 16, 22 | | 303-4 | Water discharge | Caring for the Environment * Effluents are discharged into municipal sewage treatment systems and comply with local regulatory standards of effluents discharge. | 60-67 |
| KPI A2.2 Climate-related Disclosure: Metrics and Targets | IFRS S1-46, 51 IFRS S2-29, 33, 34, 35, 36 | | 303-5 | Water consumption | Caring for the Environment Performance Statistics * No specific regions are water stressed in Hong Kong. | 60-67 94-97 |

| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/ [*] Direct Answer/ [*] Remarks (e.g. omission) | Page(s) [^] : refer to TIH 2024 Annual Report |
|---|--|---|------------------|--|--|--|
| GRI 305: Emissions 2016 | | | | | | |
| GD A1 GD A3 KPI A3.1 Climate-related Disclosure: Strategy, Metrics and Targets | IFRS S1-30, 32, 33, 34, 35, 41, 46, 51 IFRS S2-9, 10, 13, 14, 15, 16, 22, 29, 33, 34, 35, 36 | | 3-3 | Management of material topics | Caring for the Environment | 60-67 |
| KPI A1.1 Climate-related Disclosure: Metrics and Targets | IFRS S1-46, 51 IFRS S2-29, 33, 34, 35, 36 | 12: Responsible Consumption and Production 13: Climate Action | 305-1 | Direct (Scope 1) GHG emissions | Caring for the Environment Performance Statistics | 60-67 94-97 |
| KPI A1.1 Climate-related Disclosure: Metrics and Targets | | | 305-2 | Energy indirect (Scope 2) GHG emissions | Caring for the Environment Performance Statistics | 60-67 94-97 |
| KPI A1.1 Climate-related Disclosure: Metrics and Targets | | 13: Climate Action | 305-3 | Other indirect (Scope 3) GHG emissions | [*] Information limitation: TIH is going to work with its supply chain to explore the feasibility for making these voluntary disclosures in the future. | — |
| KPI A1.5 Climate-related Disclosure: Metrics and Targets | | 12: Responsible Consumption and Production 13: Climate Action | 305-4 | GHG emissions intensity | Caring for the Environment Performance Statistics | 60-67 94-97 |
| KPI A1.5 Climate-related Disclosure: Strategy, Metrics and Targets | IFRS S1-30, 32, 33, 34, 35, 41, 46, 51 IFRS S2-9, 10, 13, 14, 15, 16, 22, 29, 33, 34, 35, 36 | 7: Affordable and Clean Energy 12: Responsible Consumption and Production 13: Climate Action | 305-5 | Reduction of GHG emissions | Caring for the Environment Performance Statistics | 60-67 94-97 |

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| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/ [*] Direct Answer/ [^] Remarks (e.g. omission) | Page(s) [^] : refer to TIH 2024 Annual Report |
|---|--|--|------------------|---|--|--|
| KPI A1.1 | | | 305-6 | Emissions of ozone-depleting substances (ODS) | * Not applicable; TIH does not produce/import/export ODS. | — |
| KPI A1.1 | | 12: Responsible Consumption and Production 13: Climate Action | 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Caring for the Environment Performance Statistics | 60-67 94-97 |
| GRI 306: Effluents and Waste 2016 | | | | | | |
| GD A1 Climate-related Disclosure: Strategy, Metrics and Targets | IFRS S1-30, 32, 33, 34, 35, 41, 46, 51 IFRS S2-9, 10, 13, 14, 15, 16, 22, 29, 33, 34, 35, 36 | | 3-3 | Management of material topics | Caring for the Environment | 60-67 |
| | | 6: Clean Water and Sanitation 13: Climate Action | 306-3 | Significant spills | * TIH has not recorded any significant spills during the reporting year. | — |
| GRI 306: Waste 2020 | | | | | | |
| GD A1 GD A3 KPI A1.6 KPI A3.1 Climate-related Disclosure: Strategy, Metrics and Targets | IFRS S1-30, 32, 33, 34, 35, 41, 46, 51 IFRS S2-9, 10, 13, 14, 15, 16, 22, 29, 33, 34, 35, 36 | | 3-3 | Management of material topics | Caring for the Environment | 60-67 |
| KPI A3.1 Climate-related Disclosure: Strategy, Metrics and Targets | | | 306-1 | Waste generation and significant waste-related impacts | Caring for the Environment Performance Statistics | 60-67 94-97 |
| | | 12: Responsible Consumption and Production | 306-2 | Management of significant waste-related impacts | Caring for the Environment Performance Statistics | 60-67 94-97 |

| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/ [*] Direct Answer/ [^] Remarks (e.g. omission) | Page(s) [^] : refer to TIH 2024 Annual Report |
|--|---|------------------------------------|------------------|--|---|--|
| KPI A1.3 KPI A1.4, *KPI A2.5 | IFRS S1-46, 51 IFRS S2-29, 33, 34, 35, 36 | | 306-3 | Waste generated | Performance Statistics * Due to the nature of TIH's primary business in bus operations, total packaging material used for finished products is not relevant. | 94-97 |
| Climate-related Disclosure: Metrics and Targets | | | | | | |
| KPI A1.6 | | | 306-4 | Waste diverted from disposal | Caring for the Environment Performance Statistics | 60-67 94-97 |
| Climate-related Disclosure: Metrics and Targets | | | | | | |
| | | | 306-5 | Waste directed to disposal | Caring for the Environment Performance Statistics | 60-67 94-97 |
| GRI 401: Employment 2016 | | | | | | |
| GD B1 | | | 3-3 | Management of material topics | Caring for Employees | 78-85 |
| KPI B1.2 | | | 401-1 | New employee hires and employee turnover | Caring for Employees Performance Statistics | 78-85 94-97 |
| | | 8: Decent Work and Economic Growth | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Caring for Employees | 78-85 |
| | | 10: Reduced Inequalities | 401-3 | Parental leave | Caring for Employees Performance Statistics | 78-85 94-97 |
| GRI 403: Occupational Health & Safety 2018 | | | | | | |
| GD B2 | | | 3-3 | Management of material topics | Safety First | 52-59 |
| KPI B2.3 | | | | | Caring for Employees | 78-85 |
| GD B2 | | 3: Good Health and Well-Being | 403-1 | Occupational health and safety management system | Safety First | 52-59 |
| KPI B2.3 | | 8: Decent Work and Economic Growth | | | Caring for Employees | 78-85 |
| KPI B2.3 | | | 403-2 | Hazard identification, risk assessment, and incident investigation | Sustainability Governance Safety First Caring for Employees | 46 52-59 78-85 |
| KPI B2.3 | | | 403-3 | Occupational health services | Safety First Caring for Employees | 52-59 78-85 |

SUSTAINABILITY REPORT

| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/#Direct Answer/^Remarks (e.g. omission) | Page(s) ^: refer to TIH 2024 Annual Report |
|---|----------------|-------------------------|------------------|---|---|--|
| | | | 403-4 | Worker participation, consultation, and communication on occupational health and safety | Safety First Caring for Employees | 52-59 78-85 |
| KPI B2.3 | | | 403-5 | Worker training on occupational health and safety | Supply Chain Management Safety First Caring for Employees | 49 52-59 78-85 |
| | | | 403-6 | Promotion of worker health | Safety First Caring for Employees | 52-59 78-85 |
| KPI B2.3 | | | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Supply Chain Management Safety First | 49 52-59 |
| KPI B2.3 | | | 403-8 | Workers covered by an occupational health and safety management system | Safety First | 52-59 |
| KPI B2.1 KPI B2.2 | | | 403-9 | Work-related injuries | Caring for Employees Performance Statistics | 78-85 94-97 |
| KPI B2.1 | | | 403-10 | Work-related ill health | Caring for Employees Performance Statistics | 78-85 94-97 |
| GRI 404: Training and Education 2016 | | | | | | |
| GD B3 | | | 3-3 | Management of material topics | Safety First Caring for Employees | 52-59 78-85 |
| KPI B3.1 KPI B3.2 | | 4: Quality Education | 404-1 | Average hours of training per year per employee | Performance Statistics | 94-97 |
| | | | 404-2 | Programmes for upgrading employee skills and transition assistance programmes | Safety First Caring for Employees | 52-59 78-85 |
| | | | 404-3 | Percentage of employees receiving regular performance and career development reviews | Caring for Employees Performance Statistics | 78-85 94-97 |

| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/#Direct Answer/*Remarks (e.g. omission) | Page(s) ^: refer to TIH 2024 Annual Report |
|---|----------------|--|------------------|--|---|--|
| GRI 405: Diversity & Equal Opportunity 2016 | | | | | | |
| GD B1 | | | 3-3 | Management of material topics | Caring for Employees | 78-85 |
| KPI B1.1 | | 5: Gender Equality 10: Reduced Inequalities | 405-1 | Diversity of governance bodies and employees | Caring for Employees Performance Statistics Corporate Governance Report | 78-85 94-97 128-151^ |
| | | | 405-2 | Ratio of basic salary and remuneration of women to men | Caring for Employees Performance Statistics | 78-85 94-97 |
| GRI 406: Non-discrimination 2016 | | | | | | |
| GD B1 | | | 3-3 | Management of material topics | Caring for Employees | 78-85 |
| | | 5: Gender Equality 10: Reduced Inequalities | 406-1 | Incidents of discrimination and corrective actions taken | Caring for Employees Performance Statistics | 78-85 94-97 |
| GRI 407: Freedom of Association & Collective Bargaining 2016 | | | | | | |
| GD B5 | | | 3-3 | Management of material topics | Legal and Regulatory Compliance Caring for Employees | 46-47 78-85 |
| | | 8: Decent Work and Economic Growth 10: Reduced Inequalities | 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | * TIH suppliers are all in regions in which workers' rights are at a low risk of being violated. Collective bargaining is not recognised as a legally enforceable right in Hong Kong. | — |
| GRI 408: Child Labor 2016 | | | | | | |
| GD B4 | | | 3-3 | Management of material topics | Legal and Regulatory Compliance | 46-47 |
| KPI B4.1 KPI B4.2 | | 8: Decent Work and Economic Growth | 408-1 | Operations and suppliers at significant risk for incidents of child labour | Legal and Regulatory Compliance Supply Chain Management | 46-47 49 |
| GRI 409: Forced or Compulsory Labor 2016 | | | | | | |
| GD B4 | | | 3-3 | Management of material topics | Legal and Regulatory Compliance | 46-47 |
| KPI B4.1 KPI B4.2 | | 8: Decent Work and Economic Growth | 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labour | Legal and Regulatory Compliance | 46-47 |

SUSTAINABILITY REPORT

| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/#Direct Answer/*Remarks (e.g. omission) | Page(s) ^: refer to TIH 2024 Annual Report |
|---|----------------|--|------------------|---|---|--|
| GRI 413: Local Communities 2016 | | | | | | |
| GD B8 | | | 3-3 | Management of material topics | Stakeholder Engagement | 86-93 |
| KPI B8.1 KPI B8.2 | | 9: Industry, Innovation & Infrastructure 11: Sustainable Cities & Communities | 413-1 | Operations with local community engagement, impact assessments, and development programmes | Caring for Customers Stakeholder Engagement | 68-77 86-93 |
| | | | 413-2 | Operations with significant actual and potential negative impacts on local communities | * Given the nature of TIH's operations, this disclosure is not applicable. | — |
| GRI 414: Supplier Social Assessment 2016 | | | | | | |
| GD B5 | | 12: Responsible Consumption and Production | 3-3 | Management of material topics | Supply Chain Management | 49 |
| KPI B5.2 | | | 414-1 | New suppliers that were screened using social criteria | Supply Chain Management | 49 |
| KPI B5.3 | | | 414-2 | Negative social impacts in the supply chain and actions taken | Supply Chain Management | 49 |
| GRI 416: Customer Health & Safety 2016 | | | | | | |
| GD B6 | | | 3-3 | Management of material topics | Safety First Stakeholder Engagement | 52-59 86-93 |
| GD B6 | | 3: Good Health and Well-Being | 416-1 | Assessment of the health and safety impacts of product and service categories | Safety First Stakeholder Engagement | 52-59 86-93 |
| GD B6 KPI B6.1 * KPI B6.3 KPI B6.4 | | | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | Safety First * TIH recorded no non-compliance with regulations and/or voluntary codes during the reporting period. | 52-59 |

| | | | | | | Page(s) ^: refer to TIH 2024 Annual Report |
|---------------------------------------|----------------|-------|------------------|--|---|--|
| ESG Code, HKEX | ISSB Standards | UNSDG | GRI Standards | Disclosure | Relevant Section(s)/^Direct Answer/^Remarks (e.g. omission) | |
| GRI 418: Customer Privacy 2016 | | | | | | |
| GD B6 KPI B6.2 | | | 3-3 | Management of material topics | Safety First | 52-59 |
| KPI B6.5 | | | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Safety First Caring for Customers * TIH recorded no substantiated complaints concerning the breaches of customer privacy and losses of customer data during the reporting period. | 52-59 86-93 |

FINANCIAL REVIEW

The Group Summary of Financial Performance

| | 2024 | 2023 | Favourable/(Unfavourable) Change | |
|---|------------------|--------------|-------------------------------------|---------|
| | HK\$ million | HK\$ million | HK\$ million | % |
| Revenue | 8,215.4 | 7,884.8 | 330.6 | 4.2 |
| Other net income | 112.4 | 68.1 | 44.3 | 65.1 |
| Operating expenses | (7,916.2) | (7,738.3) | (177.9) | (2.3) |
| Profit from operations | 411.6 | 214.6 | 197.0 | 91.8 |
| Change in fair value of investment properties and investment property under development | (78.2) | 287.4 | (365.6) | (127.2) |
| Finance costs | (98.3) | (110.1) | 11.8 | 10.7 |
| Share of profits of associates | 0.6 | 31.1 | (30.5) | (98.1) |
| Share of profit of joint venture | 8.6 | 8.1 | 0.5 | 6.2 |
| Profit before taxation | 244.3 | 431.1 | (186.8) | (43.3) |
| Income tax expense | (57.0) | (29.4) | (27.6) | (93.9) |
| Profit for the year ("Reported profit") | 187.3 | 401.7 | (214.4) | (53.4) |
| Underlying profit (Reported profit excluding the effect of change in fair value of investment properties and investment property under development) | 265.5 | 114.3 | 151.2 | 132.3 |
| Reported earnings per share (HK\$) | 0.37 | 0.83 | (0.46) | (55.4) |
| Underlying earnings per share (HK\$) | 0.53 | 0.24 | 0.29 | 120.8 |

Review of 2024 Financial Performance

The Group's Results for the Year

The Group's underlying profit attributable to equity shareholders for the year ended 31 December 2024, excluding the effect of the change in fair value of investment properties and investment property under development, amounted to HK\$265.5 million, compared to HK\$114.3 million last year. Underlying earnings per share was HK\$0.53, compared to HK\$0.24 last year. The increase in underlying profit was mainly attributable to the improvement in the financial performance of the franchised public bus operations, but partly offset by expected credit losses on certain listed debt securities.

Reported profit and reported earnings per share attributable to equity shareholders were HK\$187.3 million and HK\$0.37 respectively, compared to HK\$401.7 million and HK\$0.83 last year. The 2024 reported profit included a decrease in fair value of investment properties and investment property under development of HK\$78.2 million, compared to an increase of HK\$287.4 million last year.

The revenue and profit generated by the Group's four Divisions for the year ended 31 December 2024 are shown below:

| HK\$ million | Revenue | | Profit before taxation | |
|--|---------|---------|------------------------|---------|
| | 2024 | 2023 | 2024 | 2023 |
| Franchised Public Bus Operations Division | 7,849.3 | 7,563.9 | 281.0 | 129.7 |
| Non-franchised Transport Operations Division | 267.5 | 238.0 | 24.6 | 17.2 |
| Property Holdings and Development Division | 98.6 | 82.9 | 11.8 | 364.6 |
| China Mainland Transport Operations Division | – | – | 0.6 | 31.1 |
| | 8,215.4 | 7,884.8 | 318.0 | 542.6 |
| Finance costs | | | (98.3) | (110.1) |
| Unallocated net operating income/(expense) | | | 24.6 | (1.4) |
| Profit before taxation | | | 244.3 | 431.1 |
| Income tax expense | | | (57.0) | (29.4) |
| Profit for the year | | | 187.3 | 401.7 |

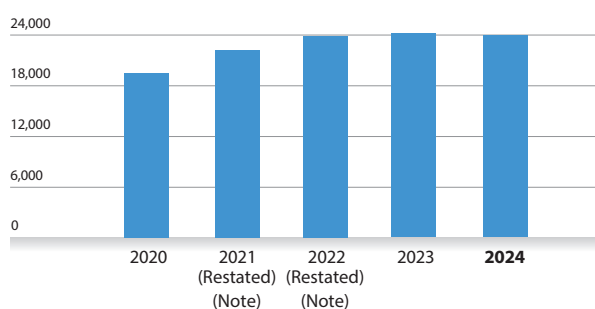
Segment information on the Group's main businesses is set out in note 12 to the financial statements on pages 224 to 226 of this Annual Report.

Key Changes to the Group's Revenue, Other Net Income and Operating Expenses

Total revenue for 2024 amounted to HK\$8,215.4 million, an increase of HK\$330.6 million or 4.2% compared with HK\$7,884.8 million for 2023. The increase was mainly due to the increase in revenue of HK\$285.4 million and HK\$29.5 million from the Group's franchised public bus operations and non-franchised transport operations; and the increase in rental income arising from the Group's investment properties of HK\$15.7 million.

Total Assets at 31 December

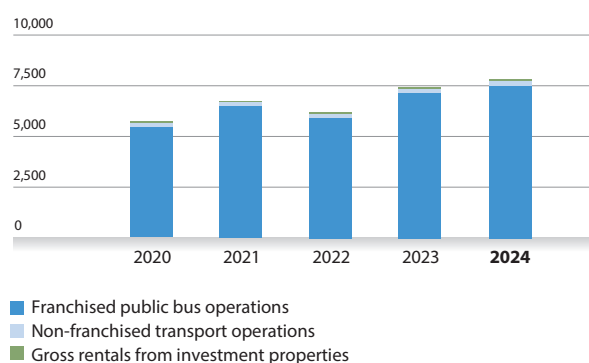
HK\$ million



Note: The relevant comparative amounts in 2021 and 2022 have been restated to reflect the change in accounting policies in respect to the measurement of investment properties and investment property under development.

Group Revenue

HK\$ million



FINANCIAL REVIEW

Other net income increased by HK\$44.3 million from HK\$68.1 million in 2023 to HK\$112.4 million in 2024, which included expected credit losses of HK\$171.0 million recognised on certain listed debt securities, compared to HK\$260.0 million last year. The breakdown of other net income is set out in note 4 to the financial statements on page 217 of this Annual Report.

Total operating expenses for 2024 amounted to HK\$7,916.2 million, an increase of HK\$177.9 million compared to HK\$7,738.3 million for 2023. The increase was mainly due to the increase in staff costs due to pay rises, but partly offset by the decrease in fuel and oil costs as a result of the decrease in fuel price.

The Group's share of profits of associates for 2024 amounted to HK\$0.6 million, compared to HK\$31.1 million for 2023.

Income tax expense for the year amounted to HK\$57.0 million (2023: HK\$29.4 million). The breakdown of the income tax expense is set out in note 6 to the financial statements on page 219 of this Annual Report.

More detailed information in respect of the Group's individual business units is set out on pages 119 to 124 of this Annual Report.

Dividend

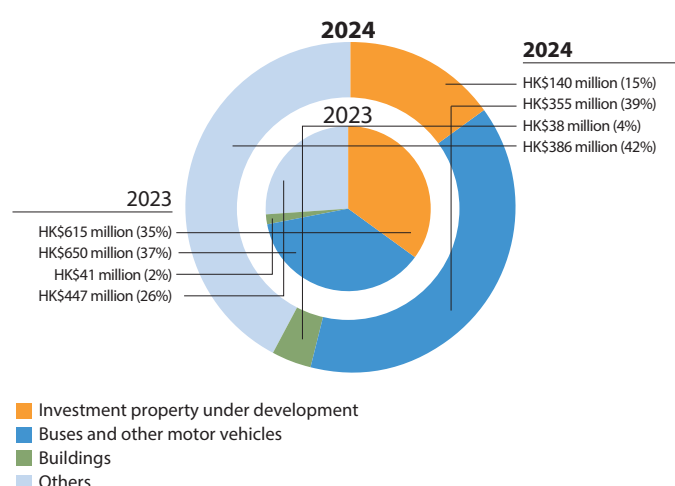
The Board has recommended an ordinary final dividend of HK\$0.50 per share (2023: HK\$0.50 per share). As the Board did not declare any interim dividend during 2024 (2023: HK\$0.30 per share), total dividends for the year will amount to HK\$0.50 per share (2023: HK\$0.80 per share), subject to the approval of the shareholders at the Annual General Meeting of the Company to be held on 15 May 2025 or at any adjournment thereof.

Key Changes to Financial Position

Capital Expenditure

As at 31 December 2024, the Group's investment properties, investment property under development, interest in leasehold land and other property, plant and equipment (comprising buildings, buses and other motor vehicles, buses under construction, tools and others) amounted to HK\$15,679.4 million (2023: HK\$16,038.7 million). The decrease was mainly due to the reduction in fleet replacement. None of the assets was pledged or charged as at 31 December 2024. The breakdown of the capital expenditure is shown in note 13 to the financial statements on pages 227 to 229 of this Annual Report.

Capital Expenditure



Intangible Assets and Goodwill

As at 31 December 2024, the Group's intangible assets and goodwill amounted to HK\$529.1 million (2023: HK\$529.1 million) and HK\$84.1 million (2023: HK\$84.1 million) respectively. The intangible assets mainly comprise passenger service licences and transport operating rights of the Group's non-franchised transport operations.

Current Assets and Current Liabilities

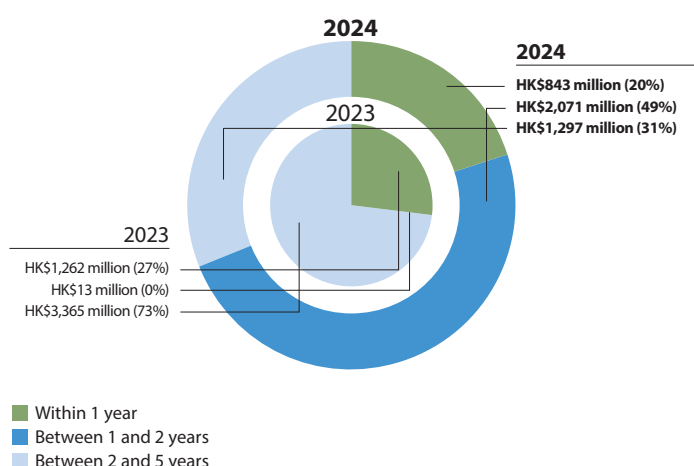
The Group's total current assets as at 31 December 2024 amounted to HK\$3,188.5 million (2023: HK\$3,299.2 million), mainly comprising liquid funds of HK\$1,930.0 million (2023: HK\$1,655.3 million) and accounts receivable of HK\$998.5 million (2023: HK\$1,025.1 million). The Group's liquid funds as at 31 December 2024 were mainly denominated in Hong Kong dollars.

Total current liabilities as at 31 December 2024 amounted to HK\$2,518.5 million (2023: HK\$3,169.0 million), which mainly included accounts payable and accruals, and the current portion of bank loans.

Bank Loans

As at 31 December 2024, bank loans, all unsecured, amounted to HK\$4,210.9 million (2023: HK\$4,639.6 million). The maturity profile of the bank loans of the Group as at 31 December 2024 and 31 December 2023 is shown in the chart below:

Debt Maturity Profile at 31 December



As at 31 December 2024, the Group had undrawn banking facilities totalling HK\$2,870.0 million (2023: HK\$2,450.0 million).

Capital Commitments

The Group's capital commitments as at 31 December 2024 amounted to HK\$171.8 million (2023: HK\$343.2 million). These commitments were mainly in respect of the development of The Millennity and the purchase of major motor vehicle components, which are to be financed by bank borrowings and from the Group's internal resources. A summary of the capital commitments is set out below:

| | 2024 HK\$ million | 2023 HK\$ million |
|---|----------------------|----------------------|
| Development of The Millennity | 32.3 | 37.6 |
| Purchase of buses and other motor vehicles | 5.9 | 183.9 |
| Purchase of other properties, plant and equipment | 133.6 | 121.7 |
| Total | 171.8 | 343.2 |

As at 31 December 2024, the Group did not have new buses on order for delivery in 2025 (2023: 77 new buses on order for delivery in 2024).

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Funding and Financing

Financial Liquidity and Resources

The Group closely monitors its liquidity requirement and financial resources to ensure that a healthy financial position is maintained such that cash inflows from operating activities together with the Group's reserves of cash and liquid assets and undrawn banking facilities are sufficient to meet the requirements for loan repayments, daily operational needs and capital expenditure as well as potential business expansion and development. The Group's operations are mainly financed by shareholders' funds and bank loans. In general, major operating companies of the Group arrange their own financing to meet their operational and specific needs. The Group's other subsidiaries are mainly financed by the Company's capital base. The Group reviews its funding policy from time to time to ensure that cost-efficient and flexible funding is available to cater for the unique operating environment of each subsidiary.

Net Cash/(Net Borrowing) and Liquidity Ratio

As at 31 December 2024, the Group's net borrowing (i.e. total borrowings less cash and deposits at banks) amounted to HK\$2,281.0 million (2023: HK\$2,984.3 million) with a liquidity ratio (the ratio of current assets to current liabilities) of 1.3 (2023: 1.0). The details of the Group's net cash/net borrowing position by currency are set out as follows:

| Currency | Cash and deposits at bank in foreign currency million | Cash and deposits at bank HK\$ million | Bank loans HK\$ million | Net cash/(Net borrowing) HK\$ million |
|-----------------------|--|---|----------------------------|--|
| At 31 December 2024 | | | | |
| Hong Kong dollars | | 1,055.2 | (4,210.9) | (3,155.7) |
| United States dollars | 111.1 | 863.3 | – | 863.3 |
| Other currencies | | 11.4 | – | 11.4 |
| Total | | 1,929.9 | (4,210.9) | (2,281.0) |
| At 31 December 2023 | | | | |
| Hong Kong dollars | | 1,039.2 | (4,639.6) | (3,600.4) |
| United States dollars | 77.6 | 605.8 | – | 605.8 |
| Other currencies | | 10.3 | – | 10.3 |
| Total | | 1,655.3 | (4,639.6) | (2,984.3) |

Finance Costs and Interest Cover

The finance costs incurred by the Group for the year ended 31 December 2024 were HK\$98.3 million, a decrease of HK\$11.8 million compared with HK\$110.1 million for 2023. The decrease was mainly due to the decrease in average bank borrowings of the Group but partly offset by the increase in average interest rate from 4.24% per annum for 2023 to 4.49% per annum for 2024.

Net Cash Flow

For 2024, there was a net increase of HK\$146.6 million (2023: net decrease of HK\$860.5 million) in cash and cash equivalents. The sources are set out below:

| | 2024 HK\$ million | 2023 HK\$ million |
|------------------------------------|----------------------|----------------------|
| Net cash generated from/(used in): | | |
| • Operating activities | 1,515.3 | 1,366.8 |
| • Investing activities | (824.6) | (1,714.7) |
| • Financing activities | (544.1) | (512.6) |
| Net cash inflow/(outflow) | 146.6 | (860.5) |

The net cash generated from operating activities amounted to HK\$1,515.3 million, primarily attributable to the franchised public bus operations, which accounted for HK\$1,344.1 million (2023: HK\$1,159.6 million).

On the other hand, the decrease in net cash used in investing activities was primarily due to the reduction in purchase of new buses and development costs associated with The Millennity.

Lastly, the net cash used in financing activities was primarily due to the repayment of bank loans in 2024.

Details of the Group's cash flow movement for the year ended 31 December 2024 are set out in the consolidated cash flow statement on pages 196 to 197 of this Annual Report.

Treasury Risk Management

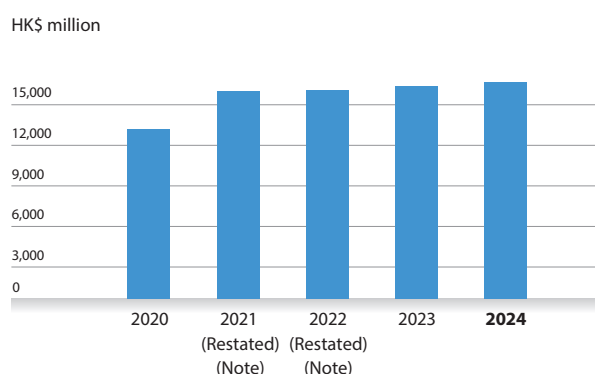
The Group's activities are exposed to various financial risks, including foreign currency, interest rate, fuel price, credit and liquidity risks. The Group's exposure to these risks as well as its risk management policies and practices are described below:

Foreign Currency Risk

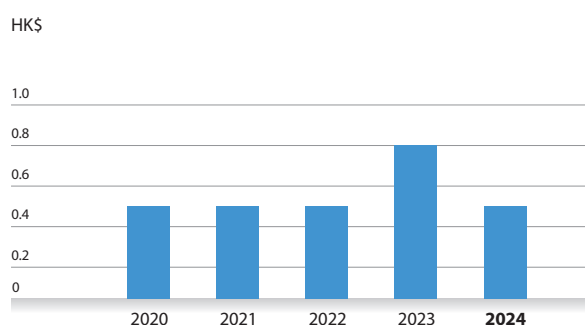
The Group is exposed to foreign currency risk primarily through purchases of new buses and motor vehicle components from overseas, investments in financial assets measured at FVOCI (recycling) and deposits placed at banks that are denominated in a foreign currency. The currencies giving rise to this risk are primarily British Pounds Sterling (GBP) and United States dollars (USD). In respect of the exposure in GBP used for bus purchases, the Group's treasury team will enter into forward foreign exchange contracts in a strategic manner when appropriate.

As at 31 December 2024, the Group had outstanding GBP forward contracts totalling GBP3.0 million (2023: GBP5.0 million), which had maturities of less than one year after the end of the reporting period.

Shareholders' Fund at 31 December



Dividends per Share



Note: The relevant comparative amounts in 2021 and 2022 have been restated to reflect the change in accounting policies in respect to (i) the measurement of investment properties and investment property under development, and (ii) the abolition of the MPF-LSP offsetting mechanism.

FINANCIAL REVIEW

Interest Rate Risk

In view of the volatile financial markets and the prospect of interest rate hikes, the Group will continue to closely monitor the market conditions and devise suitable strategies to manage its exposure to interest rate risk in a prudent manner with different techniques and instruments, including natural hedges achieved by spreading loans over different rollover periods and maturity dates. Derivative financial instruments such as interest rate swaps, will be used when appropriate. As at 31 December 2024, all of the Group's borrowings were denominated in Hong Kong dollars and on a floating interest rate basis. The Group regularly reviews its strategy on interest rate risk management in the light of the prevailing market conditions.

The Group's major subsidiary, KMB, has been assigned an "A" credit rating by Standard & Poor's since 14 January 2002. The credit rating agency viewed KMB as an integrated economic entity of Transport International Holdings Limited. Accordingly, the rating of KMB also reflects the Group's credit profile.

Fuel Price Risk

The impact of fuel price movements on the results of the Group's core franchised public bus operations can be significant. Although exposure to fluctuations in the fuel price might be managed by the use of fuel derivatives, the Group has carefully evaluated the pros and cons of entering into fuel price hedging arrangements and concluded that fuel price hedging would be as risky as not hedging, and would not necessarily result in a better financial position for the Group in the long term. Alternatively, the Group enters into contracts with diesel suppliers from time to time for the supply of diesel with a price cap arrangement (where feasible), which would enable the Group to benefit from the fall in international fuel oil prices while limiting risk exposure in the event that oil prices rise above the cap level. It is expected that the fuel price will continue to be volatile, and management will continue to closely monitor fuel price movements and constantly review its strategy in respect of fuel price risk management in light of the prevailing market conditions.

Credit Risk

The Group's credit risk is primarily attributable to trade and other receivables and debt investments. Management has a credit policy in place under which exposure to credit risk is monitored on an ongoing basis. In respect of trade and other receivables, credit evaluations are performed on major customers requiring credit over a certain amount. Regular reviews and any necessary follow-up action are carried out on overdue amounts to minimise the Group's exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. The Group has established treasury management guidelines for investment of surplus cash reserves in debt securities for yield enhancement purposes. Limits are set for the total portfolio size and individual debt securities to minimise the overall risk as well as the concentration risk. The credit ratings of the debt issuers and market news relating to them, as available, are closely monitored over the life of the transactions. In addition, investment portfolio and investment strategies will be monitored and reviewed on a regular basis to minimise the risk of default on the investments in debt securities. Cash at bank and bank deposits are placed with licensed financial institutions with high credit ratings and the Group monitors the exposure to each financial institution. The Group does not provide guarantees to third parties which would expose the Group to credit risk.

Cash Flow and Liquidity Risk

The Group closely monitors its liquidity and financial resources to ensure that a healthy financial position is maintained such that cash inflows from operating activities together with undrawn banking facilities are sufficient to meet the requirements for loan repayments, daily operational needs, capital expenditure and dividend payments as well as potential business expansion and development. Major operating companies of the Group arrange for their own financing to meet specific requirements. The Group's other subsidiaries are mainly financed by the Company's capital base. The Group reviews its strategy from time to time to ensure that cost-efficient funding is available to cater for the unique operating environment of each subsidiary.

Employees and Remuneration Policies

Running a transport operation is a labour intensive business, and staff costs accounted for about 56% (2023: 54%) of the total operating expenses of the Group in 2024. The Group closely monitors its headcount and staff remuneration in line with productivity and the prevailing market trends. The Group's total remuneration excluding retirement costs and equity-settled share-based payment expenses for 2024 amounted to HK\$4,244.2 million (2023: HK\$3,968.8 million). As at 31 December 2024, the Group employed approximately 12,700 staff (2023: over 13,000 staff).

Individual Business Units

Franchised Public Bus Operations

The Kowloon Motor Bus Company (1933) Limited ("KMB")

| | Unit | 2024 | 2023 |
|--------------------------|-------------------------|------------------|-----------|
| Revenue | HK\$ million | 7,229.8 | 7,031.3 |
| Other income | HK\$ million | 145.6 | 133.0 |
| Total operating expenses | HK\$ million | (7,150.3) | (7,070.3) |
| Profit from operations | HK\$ million | 225.1 | 94.0 |
| Finance costs | HK\$ million | (72.5) | (78.8) |
| Profit before taxation | HK\$ million | 152.6 | 15.2 |
| Income tax expense | HK\$ million | (25.8) | (3.7) |
| Profit after taxation | HK\$ million | 126.8 | 11.5 |
| Net profit margin | | 1.8% | 0.2% |
| Passenger volume | Million passenger trips | 940.3 | 923.6 |
| Kilometres operated | Million km | 256.2 | 260.2 |
| Staff number at year-end | Number of staff | 11,150 | 11,598 |
| Fleet size at year-end | Number of buses | 4,010 | 4,055 |
| Total assets | HK\$ million | 9,996.6 | 10,012.5 |

KMB recorded a profit after taxation of HK\$126.8 million for 2024, compared to the profit after taxation of HK\$11.5 million for 2023.

Fare revenue for 2024 was HK\$6,949.3 million, an increase of HK\$208.6 million or 3.1% compared with HK\$6,740.7 million for 2023. The increase was mainly due to the increase in fare revenue as a result of the increase in bus patronage. KMB's total ridership increased by 1.8% to 940.3 million passenger trips (a daily average of 2.57 million passenger trips) as compared with 923.6 million passenger trips (a daily average of 2.53 million passenger trips) for 2023.

Total operating expenses for 2024 amounted to HK\$7,150.3 million, an increase of HK\$80.0 million or 1.1% compared with HK\$7,070.3 million for 2023. The increase was mainly due to the increase in staff costs due to pay rises, but partly offset by decrease in fuel and oil costs as a result of the decrease in fuel price.

FINANCIAL REVIEW

Long Win Bus Company Limited (“LWB”)

| | Unit | 2024 | 2023 |
|--------------------------|-------------------------|----------------|---------|
| Revenue | HK\$ million | 630.6 | 530.5 |
| Other income | HK\$ million | 3.5 | 1.7 |
| Total operating expenses | HK\$ million | (578.2) | (496.5) |
| Profit from operations | HK\$ million | 55.9 | 35.7 |
| Finance costs | HK\$ million | (6.1) | (8.1) |
| Profit before taxation | HK\$ million | 49.8 | 27.6 |
| Income tax expense | HK\$ million | (8.1) | (4.5) |
| Profit after taxation | HK\$ million | 41.7 | 23.1 |
| Net profit margin | | 6.6% | 4.4% |
| Passenger volume | Million passenger trips | 48.3 | 42.9 |
| Kilometres operated | Million km | 33.5 | 29.1 |
| Staff number at year-end | Number of staff | 842 | 757 |
| Fleet size at year-end | Number of buses | 283 | 285 |
| Total assets | HK\$ million | 716.2 | 649.9 |

The profit after taxation of LWB for 2024 was HK\$41.7 million, compared to the profit after taxation of HK\$23.1 million for 2023.

LWB’s fare revenue for 2024 was HK\$626.7 million, an increase of HK\$100.0 million or 19.0% compared with HK\$526.7 million for 2023. The increase was mainly due to the growth in bus patronage. LWB recorded a total ridership of 48.3 million passenger trips (a daily average of 132,000 passenger trips) for 2024, as compared with 42.9 million passenger trips (a daily average of 118,000 passenger trips) for 2023.

Total operating expenses for 2024 amounted to HK\$578.2 million, an increase of HK\$81.7 million or 16.5% compared with HK\$496.5 million for 2023. The increase was largely attributed to the increase in staff costs due to pay rises as well as the increase in manpower in response to the increased service levels.

Non-franchised Transport Operations

The Group’s Non-franchised Transport Operations Division reported a profit after taxation of HK\$20.6 million for 2024, compared to HK\$13.9 million for 2023. A review of the operations of the principal business units in this Division is set out as follows:

Sun Bus Holdings Limited and its Subsidiaries (the “SBH Group”)

The SBH Group is one of the leading non-franchised bus operators in Hong Kong, providing customised, premium, safe, reliable, and value-for-money transport services to a wide range of customers, including large residential estates, shopping malls, major employers, travel agents and schools, as well as the general public through chartered hire services.

The revenue of the SBH Group for 2024 increased by 11.5% compared with 2023. The increase was mainly attributable to the business growth from both local business and cross-boundary services. Total operating costs for 2024 also increased as a result of the rise in staff costs and other operating expenses in line with the growth of business.

In 2024, the SBH Group continued to modernise its bus fleet with the latest Euro VI buses. As at 31 December 2024, the SBH Group had a fleet of 409 buses (2023: 421 buses).

New Hong Kong Bus Company Limited (“NHKB”)

NHKB operates a direct, economical, 24-hour cross-boundary shuttle bus service (commonly known as the “Huang Bus” service) serving regular commuters and leisure travellers between Lok Ma Chau in Hong Kong and Huanggang (皇崗) in Shenzhen.

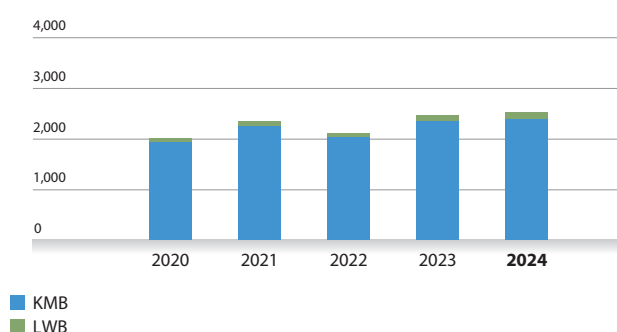
The revenue of the NHKB for 2024 increase by 27.6% compared with 2023. The increase was mainly due to the increase in bus patronage as a result of the recent trend of northbound spending for Hong Kong residents over weekends and holidays. Total operating expenses for the year increased correspondingly as a result of the increase in service level to cater for the increased demand.

As at 31 December 2024, NHKB had a fleet of 15 buses (2023: 15 buses).

Average Number of Passenger Trips per Day

(Franchised public bus operations)

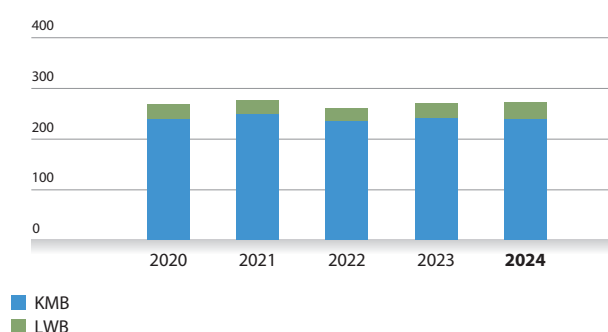
Thousand of passenger trips per day



Bus Kilometres Operated

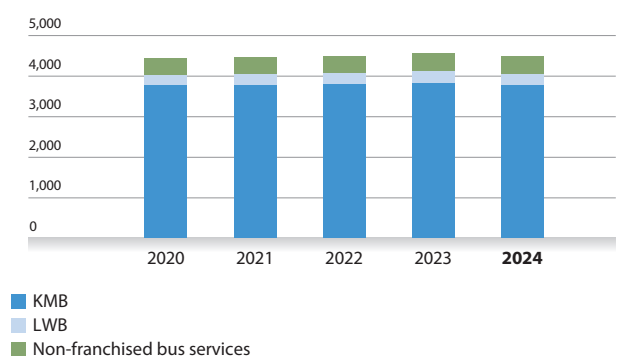
(Franchised public bus operations)

Million kilometres



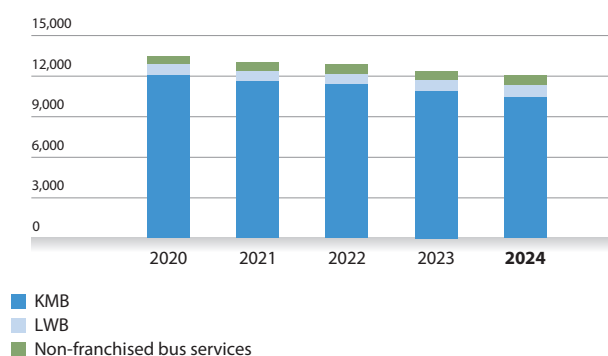
Number of Licensed Buses at 31 December

Number of buses



Number of Staff at 31 December

Number of staff



FINANCIAL REVIEW

Property Holdings and Development

The Group's Property Holdings and Development Division reported a profit after taxation of HK\$60.1 million (excluding a decrease in fair value of HK\$78.2 million on investment properties and investment property under development) for 2024, compared to the profit after taxation of HK\$46.6 million (excluding an increase in fair value of HK\$287.4 million on investment properties and investment property under development) for 2023. A review of the Group's investment properties is set out as follows:

KT Real Estate Limited ("KTRE")

KTRE, a wholly-owned subsidiary of the Group, together with Turbo Result Limited ("TRL"), a subsidiary of Sun Hung Kai Properties Limited ("SHKP"), owns The Millennity situated at 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong in equal shares as tenants in common for long-term investment purpose.

The Millennity, a premium integrated commercial project strategically located in the heart of Kwun Tong, is close to Kwun Tong and Ngau Tau Kok MTR stations.

The Millennity offers Grade-A offices with a total gross floor area of approximately 650,000 square feet under two 20-storey towers and a large shopping mall in a 10-storey podium covering leisurely retail space of approximately 500,000 square feet. Nearly 400 parking spaces will be provided in a 4-storey parking garage in the basement, a number of which will be equipped with electric vehicle charging systems.

Two office towers of The Millennity were completed and certain tenants moved in, commencing their operations since 2023. The podium mall beneath The Millennity is still under construction and is scheduled to be opened in 2025.

As at 31 December 2024, the office portion of The Millennity was classified as investment property, while the remaining portion was classified as investment property under development in the consolidated statement of financial position (31 December 2023: same).

LCK Real Estate Limited ("LCKRE")

LCKRE, a wholly-owned subsidiary of the Group, is the owner of a 17-storey commercial office building at 9 Po Lun Street, Lai Chi Kok, Kowloon, which has a total gross floor area of about 156,700 square feet. The building is situated next to Manhattan Hill. A portion of the lettable area is used by the Group as headquarters with the remaining lettable area predominantly leased out to offices, shops and restaurants, and classified as investment property in the consolidated statement of financial position.

LCK Commercial Properties Limited ("LCKCP")

LCKCP, a wholly-owned subsidiary of the Group, is the owner of "Manhattan Mid-town", the commercial complex of Manhattan Hill. The 50,000 square feet shopping mall provides shoppers with high quality retail facilities since its opening in March 2009. As at 31 December 2024, the entire lettable area of the shopping mall was leased out, generating a stream of recurring rental income for the Group, and classified as investment property in the consolidated statement of financial position.

TM Properties Investment Limited ("TMPI")

TMPI is jointly owned by TM Properties Holdings Limited ("TMPH"), an indirect wholly-owned subsidiary of the Group, and Mega Odyssey Limited ("MOL"), an indirect wholly-owned subsidiary of SHKP subsequent to the disposal of TMPH's 50% equity interest in TMPI to MOL in 2020. TMPI, the owner of the property at Tuen Mun Town Lot No. 80 in the New Territories, has become a 50%-owned joint venture of the Group.

As at 31 December 2024, the entire lettable area of the property has been leased out to generate rental income for the Group.

China Mainland Transport Operations

The Group's China Mainland Transport Operations Division reported a profit after taxation of HK\$0.6 million for 2024, compared to the profit after taxation of HK\$31.1 million for 2023.

As at 31 December 2024, the Group's total interest in associates within the China Mainland Transport Operations Division amounted to HK\$569.7 million (2023: HK\$609.1 million). Such investments are mainly related to the operation of public transport services in Shenzhen, as well as taxi and car rental services in Beijing.

Summary of Investments in China Mainland Transport Operations as at 31 December 2024

| | Shenzhen | Beijing |
|--|----------------------------------|----------------------------------|
| Nature of business | Bus and taxi hire services | Taxi and car rental services |
| Form of business structure | Sino-foreign joint stock company | Sino-foreign joint stock company |
| Operation commenced | January 2005 | April 2003 |
| The Group's investment cost (RMB million) | 387 | 80 |
| The Group's effective interest | 35% | 31.38% |
| Fleet size at year-end 2024 (Number of vehicles) | 11,380 | 6,054 |
| Bus passenger volume (Million trips) | 330 | N/A |
| Bus kilometres travelled (Million km) | 265 | N/A |
| Staff number at year-end 2024 | 22,044 | 1,698 |

Shenzhen Bus Group Company Limited (深圳巴士集團股份有限公司) ("SZBG")

SZBG, which commenced operations in January 2005, is a Sino-foreign joint stock company formed by KMB (Shenzhen) Transport Investment Limited (九巴(深圳)交通投資有限公司), a wholly-owned subsidiary of the Group, and four other China Mainland investors. The Group has invested RMB387.1 million (equivalent to HK\$363.9 million at the investment date) in SZBG, representing a stake of 35%. SZBG mainly provides public bus, minibus and taxi services in Shenzhen City, Guangdong Province, operating a fleet of over 5,000 buses running on more than 330 routes and over 6,000 taxis. As a result of significant competition from various modes of transportation, including metro services and app-based taxi ride hailing platforms, the patronage of SZBG including both its bus and taxi operations decreased by 11.3% to 408.0 million in 2024 as compared to 460.0 million in 2023.

Beijing Beiqi Kowloon Taxi Company Limited (北京北汽九龍出租汽車股份有限公司) ("BBKT")

BBKT, a Sino-foreign joint stock company, was established in Beijing in March 2003. BBKT's shareholders include KMB (Beijing) Taxi Investment Limited (九巴(北京)出租汽車投資有限公司), a wholly-owned subsidiary of the Group, and four other China Mainland investors. The Group has invested RMB80.0 million (equivalent to HK\$75.5 million at the investment date) in BBKT, representing an equity interest of 31.38%. BBKT operated both taxi hire and car rental businesses in Beijing until April 2013, when, to sharpen its focus on the business opportunities provided by the booming but challenging car rental market, BBKT spun off its car rental business to another Sino-foreign joint stock company, namely Beijing Beiqi First Company Limited (北京北汽福斯特股份有限公司), which has the same shareholding structure as BBKT. As at 31 December 2024, BBKT had a fleet of over 4,900 taxis and around 1,700 employees.

FINANCIAL REVIEW

Beijing Beiqi First Company Limited

(北京北汽福斯特股份有限公司) (“BBF”)

Established in April 2013 as a Sino-foreign joint stock company with the same shareholding structure as BBKT, BBF operates the car rental business formerly undertaken by BBKT. In respect of the provision of car rental services, BBF is well placed to take advantage of the business opportunities afforded by business commuters as well as by the wide variety of events, conferences and exhibitions that are held in the capital. As at 31 December 2024, BBF had over 1,000 vehicles available for charter mainly in Beijing and Tianjin.

Continuing Connected Transactions

Particulars of the following continuing connected transactions of the Group are set out below in compliance with the reporting requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”):

(a) THE GROUP

Transactions with Sun Hung Kai Properties Insurance Limited (“SHKPI”)

As described in note 35(a) to the financial statements on pages 262 to 263 of this Annual Report, on 29 December 2022, the Group entered into various insurance policies with SHKPI, a wholly-owned subsidiary of SHKP, which is a substantial shareholder of the Company, pursuant to which SHKPI agreed to provide to the Group insurance coverage, including a motor vehicle third party and passengers’ liability insurance and an employees’ compensation insurance coverage from 1 January 2023 to 31 December 2024 (the “**2023/24 Insurance Arrangements**”). On 19 December 2024, the Group entered into various insurance policies with SHKPI, pursuant to which SHKPI agreed to provide to the Group insurance coverage, including a motor vehicle third party and passengers’ liability insurance and an employees’ compensation insurance coverage from 1 January 2025 to 31 December 2026 (the “**2025/26 Insurance Arrangements**”). The transactions contemplated under the 2023/24 Insurance Arrangements and 2025/26 Insurance Arrangements constitute continuing connected transactions of the Company, particulars of which were disclosed in the announcements of the Company dated 29 December 2022 and 19 December 2024 respectively.

The cap amounts of the insurance premium payable by the Group to SHKPI under the 2023/24 Insurance Arrangements for the years ended 31 December 2023 and 2024, as disclosed in the announcement dated 29 December 2022, were HK\$102,500,000 and HK\$105,500,000 respectively. Such annual cap amounts were determined mainly with reference to the historical transaction amounts, the estimated business requirements of the Group (including the estimated vehicles, staffing and fixed assets requirements), and the insurance premium rates as specified under the 2023/24 Insurance Arrangements. For the year ended 31 December 2024, the insurance premium paid and payable to SHKPI under the 2023/24 Insurance Arrangements was HK\$100,568,000 (2023: HK\$93,279,000).

The cap amounts of the insurance premium payable by the Group to SHKPI under the 2025/26 Insurance Arrangements for the years ending 31 December 2025 and 2026, as disclosed in the announcement dated 19 December 2024, were HK\$40,500,000 and HK\$41,500,000 respectively. Such annual cap amounts were determined mainly with reference to the historical transaction amounts, the number of vehicles and total payroll of employees and the insurance structure and the premium rates as specified under the 2025/26 Insurance Arrangements.

The insurance premium paid and payable by the Group under the 2023/24 Insurance Arrangements and 2025/26 Insurance Arrangements were and will be satisfied by internal resources of the Group. The transactions under the 2023/24 Insurance Arrangements and 2025/26 Insurance Arrangements are only subject to the applicable reporting, announcement and annual review requirements of the Listing Rules but are exempt from the independent shareholders’ approval requirement.

(b) SUN BUS LIMITED***Shuttle Bus Services Contracts with certain subsidiaries of SHKP***

As described in note 35(a) to the financial statements on pages 262 to 263 of this Annual Report, Sun Bus Limited has entered into various shuttle bus services contracts ("**Shuttle Bus Services Contracts**") with certain subsidiaries of SHKP, pursuant to which Sun Bus Limited agreed to provide and operate various shuttle bus services. The service fees for the provision of the shuttle bus services were charged in accordance with the rates specified in the relevant contracts, ranging from approximately HK\$300 to HK\$600 per hour per bus, which were determined after taking into account factors such as the number and model of buses requested, the days and hours of services requested, the relevant costs and expected loads and routes, using the prevailing market rates as a price indicator, namely, the service fees charged for similar bus operations in the market. The transactions contemplated under the Shuttle Bus Services Contracts constitute continuing connected transactions of the Company, particulars of which were disclosed in the announcement of the Company dated 21 March 2024 respectively.

The cap amounts of the service fees estimated to be receivable by Sun Bus Limited under the Shuttle Bus Services Contracts for the year ended/ending 31 December 2024 and 2025, as disclosed in the announcement dated 21 March 2024, were HK\$7,661,000 and HK\$9,427,000 respectively. Such annual cap amounts were determined with reference to the historical amounts, the rates specified in the relevant contracts and the expected possible demand for the services. For the year ended 31 December 2024, the service fees received and receivable by Sun Bus Limited (inclusive of the fees for basic services, overtime services, on-demand additional services, and toll charges) under the Shuttle Bus Services Contracts amounted to HK\$6,700,000 (2023: HK\$5,370,000).

The transactions contemplated under the Shuttle Bus Services Contracts are only subject to the applicable reporting, announcement and annual review requirements of the Listing Rules but are exempt from the independent shareholders' approval requirement.

(c) KT REAL ESTATE LIMITED ("KTRE")***The Office Premises Leasing Management Agreement and the Retail Premises Leasing Management Agreement with Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited ("SHKRE(SL)") and the Property Management Agreement with Kai Shing Management Services Limited ("KSMS")***

As described in note 35(a) to the financial statements on pages 262 to 263 of this Annual Report, on 29 December 2022, KTRE and Turbo Result Limited, a wholly-owned subsidiary of SHKP, (being the owners in equal shares as tenants in common of The Millennity located at No.98 How Ming Street, Kwun Tong) entered into the Office Premises Leasing Management Agreement and Retail Premises Leasing Management Agreement with SHKRE(SL), a wholly-owned subsidiary of SHKP, pursuant to which SHKRE(SL) was appointed as the exclusive marketing and leasing agent and administrators for the units in the office and retail premises and parking spaces in The Millennity for a term of three years commencing from 1 January 2023 to 31 December 2025 (the "**2023-2025 Office and Retail Premises Leasing Management Agreements**"). On 29 December 2022, KTRE and TRL entered into the Property Management Agreement with KSMS, a wholly-owned subsidiary of SHKP, pursuant to which KSMS was appointed as the property manager for the units in the office/retail premises in The Millennity for a term of three years commencing from 1 January 2023 to 31 December 2025 (the "**2023-2025 Property Management Agreement**"). The transactions contemplated under the 2023-2025 Office and Retail Premises Leasing Management Agreements and the 2023-2025 Property Management Agreement constitute continuing connected transactions of the Company, particulars of which were disclosed in the announcements of the Company dated 29 December 2022.

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The cap amounts of the office and retail premises leasing management fees and other expenses payable by KTRE to SHKRE(SL) under the Office Premises Leasing Management Agreement and Retail Premises Leasing Management Agreement for each of the three years ended/ending 31 December 2023, 2024 and 2025, as disclosed in the announcement dated 29 December 2022, were approximately HK\$186,525,000 and HK\$54,290,000 each year respectively. Such annual cap amounts were determined based on the maximum number of units estimated to be let or licensed in The Millennity and the remuneration rates as specified under the 2023-2025 Office and Retail Premises Leasing Management Agreements. For the year ended 31 December 2024, the leasing management fees and other expenses paid and payable to SHKRE(SL) under the 2023-2025 Office and Retail Premises Leasing Management Agreements were HK\$2,048,000 (2023: HK\$3,501,000) and HK\$Nil (2023: HK\$Nil) respectively.

The cap amounts of the property manager's remuneration and other expenses payable by KTRE to KSMS under the 2023-2025 Property Management Agreement for each of the three years ended/ending 31 December 2023, 2024 and 2025, as disclosed in the announcement dated 29 December 2022, would be approximately HK\$7,185,000 each year. Such annual cap amounts were determined based on the number of units in The Millennity and the remuneration rates as specified under the 2023-2025 Property Management Agreement. For the year ended 31 December 2024, the property manager's remuneration and other expenses paid and payable to KSMS under the 2023-2025 Property Management Agreement was HK\$5,620,000 (2023: HK\$4,396,000).

The office and retail premises leasing management fees and property manager's remuneration and other expenses paid and payable by KTRE under the 2023-2025 Office and Retail Premises Leasing Management Agreements and the 2023-2025 Property Management Agreement were and will be satisfied by internal resources of the Group. The transactions under the 2023-2025 Office and Retail Premises Leasing Management Agreements and the 2023-2025 Property Management Agreement are only subject to the applicable reporting, announcement and annual review requirements of the Listing Rules but are exempt from the independent shareholders' approval requirement.

(d) KMB

The Cleaning Services Agreement with Nixon Cleaning Company Limited ("Nixon")

As described in note 35(a) to the financial statements on pages 262 to 263 of this Annual Report, on 28 September 2023, KMB entered into the Cleaning Services Agreement with Nixon, a wholly-owned subsidiary of SHKP, pursuant to which Nixon agreed to provide cleaning services to KMB at service locations designated by KMB, including premises, offices and depots for an initial term of two years commencing from 1 October 2023 to 30 September 2025, and an extended term of one year commencing from 1 October 2025 to 30 September 2026 with an exercisable option (the "**Cleaning Services Agreement**"). The transactions contemplated under the Cleaning Services Agreement constitute continuing connected transactions of the Company, particulars of which were disclosed in the announcements of the Company dated 28 September 2023.

The cap amounts of the cleaning service fees payable by KMB to Nixon under the Cleaning Services Agreement for the four years ended/ending 31 December 2023, 2024, 2025 and 2026, as disclosed in the announcement dated 28 September 2023, were approximately HK\$3,481,872, HK\$13,927,488, HK\$13,962,561 and HK\$10,550,835 respectively. Such annual cap amounts were determined based on the expected possible ad hoc demand for cleaning services and the agreed rates as specified under the Cleaning Services Agreement. For the year ended 31 December 2024, the cleaning service fees paid and payable to Nixon under the Cleaning Services Agreement was HK\$13,927,000 (2023: HK\$3,481,872).

The cleaning service fees payable by KMB under the Cleaning Services Agreement were and will be satisfied by internal resources of the Group. The transactions under the Cleaning Services Agreement are only subject to the applicable reporting, announcement and annual review requirements of the Listing Rules but are exempt from the independent shareholders' approval requirement.

In compliance with the Listing Rules, the Directors, including the Independent Non-executive Directors, have reviewed and confirmed the following:

1. The foregoing continuing connected transactions conducted during the year ended 31 December 2024 with SHKPI, SHKRE(SL), KSMS, Nixon and certain subsidiaries of SHKP were entered into:
 - (i) in the ordinary and usual course of the business of the Group;
 - (ii) either on normal commercial terms or better; and
 - (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole;
2. the annual insurance premium paid and payable by the Group to SHKPI under the 2023/24 Insurance Arrangements for the year ended 31 December 2024 did not exceed the cap amount of HK\$105,500,000, as disclosed in the announcement dated 29 December 2022;
3. the service fees received and receivable by Sun Bus Limited (inclusive of the fees for basic services, overtime services, on-demand additional services, and toll charges) from certain subsidiaries of SHKP under the Shuttle Bus Services Contracts for the year ended 31 December 2024 did not exceed the cap amount of HK\$7,661,000, as disclosed in the announcement dated 21 March 2024;
4. the office and retail premises leasing management fees and other expenses paid and payable by KTRE to SHKRE(SL) under the 2023-2025 Office and Retail Premises Leasing Management Agreements for the year ended 31 December 2024 did not exceed the cap amount of HK\$186,525,000 and HK\$54,290,000 respectively, as disclosed in the announcement dated 29 December 2022;
5. the property manager's remuneration and other expenses paid and payable by KTRE to KSMS under the 2023-2025 Property Management Agreement for the year ended 31 December 2024 did not exceed the cap amount of HK\$7,185,000, as disclosed in the announcement dated 29 December 2022; and
6. the cleaning services fees paid and payable by KMB to Nixon under the Cleaning Services Agreement for the year ended 31 December 2024 did not exceed the cap amount of HK\$13,927,488, as disclosed in the announcement dated 28 September 2023.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions conducted during the year ended 31 December 2024 as set out above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

CORPORATE GOVERNANCE REPORT

Good corporate governance forms the foundation of stakeholder confidence and sustainable returns for shareholders, making it the cornerstone of business success.

The Board believes that maintaining good corporate governance fosters a strong and healthy culture within the Group. It also strengthens management effectiveness, improves control mechanisms, enhances shareholder values, and fulfils satisfaction among shareholders and stakeholders. Board members and staff observe a set of sound policies, procedures, and rules.

The governance of sustainability is embedded within our corporate governance structure across the Group. The Group considers the long-term interests of shareholders and stakeholders by balancing business growth with community responsibility.

Corporate Governance Framework

The Group's Corporate Governance Framework (the "Framework") is built upon the principles of accountability, transparency and integrity. It aims to identify key participants in good governance, their inter-relationships, and their contributions to the implementation of effective governance policies and processes.

The Board and the Senior Management use the Framework as the benchmark for evaluating the Group's performance in achieving its business goals. In response to changes in regulatory requirements, environmental needs, social expectations and international relations, the Group regularly reviews the Framework, updates its management policies and practices, and ensures its consistent implementation at all levels.

The corporate governance objectives are achieved primarily through the implementation of the following measures:

- Maintain a diverse and balanced board composition, establish efficient management reporting systems, and retain a professional management team to ensure that Directors are well-informed prior to making decisions in the best interests of the stakeholders;
- Establish thorough internal audit and control systems to safeguard against risks, protect the Group's assets, and ensure that its policies and management practices are executed as planned, in order to swiftly identify and rectify any irregularities, deviations, material misstatements and instances of malpractice; and
- Establish transparent and effective communication channels to ensure that the Group's affairs are brought to the attention of shareholders, customers and other stakeholders.

Corporate Governance Code Compliance

The Company abides by the corporate governance principles contained in the Corporate Governance Code (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The CG Code sets out (a) the mandatory requirements for disclosure; and (b) the principles of good corporate governance with two levels of recommendations: (a) "Code Provisions" and (b) "Recommended Best Practices".

The Company complied with all applicable Code Provisions throughout the year ended 31 December 2024, except that three Directors were unable to attend the Annual General Meeting held on 16 May 2024 (the "2024 AGM") as required by Code Provision C.1.6 owing to other commitments.

The Board of Directors

Board Composition

The composition of the Board represents a balance of high-calibre executive and non-executive directors, each possessing relevant skills, industry knowledge, first-hand experience and diverse perspectives, all of which are essential to the businesses of the Group. As of 31 December 2024, the Board comprised 16 members, including six Independent Non-executive Directors, nine Non-executive Directors and one Executive Director. The day-to-day management of the Group's businesses is entrusted to the Senior Management, under the supervision of four designated Board Committees: the Standing Committee, the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee. The Board of Directors and the Board Committees are chaired by Independent Non-executive Directors. The compositions of the Board and Board Committees on 31 December 2024 are stated below:

| | Independent Non-executive Directors | Non-executive Directors | Executive Director | Total |
|-------------------------------------|---|----------------------------|-----------------------|-------|
| Board of Directors | 6 | 9 | 1* | 16 |
| Board Committees: | | | | |
| Standing Committee | 3 | 4 | 1* | 8 |
| Audit and Risk Management Committee | 4 | 1 | – | 5 |
| Remuneration Committee | 3 | 2 | – | 5 |
| Nomination Committee | 2 | 1 | – | 3 |

* The Managing Director

While the Non-executive Directors are not involved in the day-to-day management of the Group's businesses, they act as custodians of the governance processes, scrutinising the Management's performance in meeting the agreed corporate goals and objectives. They contribute by, among other things, attending Board meetings, at which they provide independent views on various matters relating to the Group's strategy, policy, performance, accountability, resources, key appointments and standards of conduct. Non-executive Directors are appointed for a term of three years. A mechanism has been put in place to ensure that independent views and input are available to the Board. The implementation and effectiveness of this mechanism are reviewed on an annual basis.

Independent Non-executive Directors critically and objectively review issues that come before the Board. In particular, they ensure that the general interests of shareholders are fully considered by the Board. They also check that connected transactions and other issues are subject to impartial and thorough contemplation by the Board.

Independent Non-executive Directors are clearly identified by their names in all corporate communications. Pursuant to Rule 3.13 of the Listing Rules, the Company considers all Independent Non-executive Directors to be independent, as all of them have confirmed their independence in writing to both the Stock Exchange and the Company. The Company complies with the requirement in the Listing Rules that at least one-third of the Board members should be Independent Non-executive Directors.

In accordance with Mandatory Disclosure Requirement B(h) of Appendix C1 to the Listing Rules, the relationship between members of the Board is disclosed in the Directors' Profiles section of the Annual Report.

CORPORATE GOVERNANCE REPORT

Board Diversity

Diverse board composition ensures a wide range of business and professional experience within the Board, allowing the decision-making process to incorporate different perspectives and support the achievement of the Company's strategic objectives. All Board appointments are merit-based. The Company has adopted a Board Diversity Policy that takes into account, among other aspects, each candidate's gender, age, cultural and educational background, professional experience, skills, knowledge and length of service, as well as the development for a pipeline of potential successors to the Board of the Company to achieve diversity. All candidates are assessed based on these criteria. In 2024, the Nomination Committee reviewed the Board Diversity Policy and confirmed that the selection of Board members would continue to be based on merit, in line with this policy. The policy is available on the Company's website.

The Executive and Non-executive Directors have a diverse background. Each of them possesses a depth of relevant experience and expertise necessary to oversee the businesses of the Group. The current mix of Board members represents a balance of business leaders, academia and professionals, which helps to deliver sustainable values and safeguard shareholders' interests.

The age group and gender diversity of the Board of Directors as of 31 December 2024 are set out below:

| Age Group | Male | Female |
|-------------|------|--------|
| 50 or under | 1 | 0 |
| 51-60 | 2 | 1 |
| 61-70 | 3 | 1 |
| Over 70 | 8 | 0 |
| Total | 14 | 2 |

The Role of the Board

The Board promotes the success of the Group by directing and supervising its affairs in a responsible and effective manner. The primary responsibilities of the Board are as follows:

- Setting the Group's values and standards;
- Providing management objectives and directions;
- Monitoring management performance;
- Managing relationships with stakeholders, including shareholders, the HKSAR Government, employees and the community;
- Establishing appropriate policies to manage risks in pursuit of the Group's strategic objectives;
- Reviewing the effectiveness of internal controls and risk management procedures;
- Reviewing and approving the accounts of the Group;
- Ensuring the integrity of the Group's financial reporting system and public announcements;
- Approving major financing arrangements;
- Evaluating major acquisitions, disposals and material contracts; and
- Formulating a dividend policy.

The Roles of Chairman and Managing Director

The Chairman and the Managing Director are two distinct posts, separately held by Dr Norman LEUNG Nai Pang, GBS, JP, an Independent Non-executive Director, and Mr Roger LEE Chak Cheong, an Executive Director. Neither of them has any financial, business, family or other relationships with each other.

There is a clear distinction between the roles of the Chairman and the Managing Director. The respective responsibilities of the Chairman and the Managing Director are defined in writing and summarised below:

The responsibilities of the Chairman include:

- Chairing the Board and shareholders' meetings (ensuring that the views and concerns of the Board members and shareholders are expressed at these meetings);
- Ensuring the effective operation of the Board and the timely discussion of all major and appropriate matters;
- Ensuring that all Directors receive adequate, accurate, clear, complete and reliable information in a timely manner;
- Facilitating effective communication with shareholders and ensuring that their views are adequately reflected to the Board; and
- Ensuring that all corporate governance practices adopted by the Board are implemented.

The responsibilities of the Managing Director include:

- Realising the long-term objectives and priorities set by the Board by developing and implementing the Group's policies and strategies;
- Providing the Board with salient, accurate, timely and succinct information to monitor the performance of the Management;
- Leading an effective and professional executive team in managing the Group's daily operations;
- Closely monitoring the operational and financial results in accordance with plans and budgets;
- Maintaining regular dialogue with the Chairman on important and strategic issues faced by the Group, and bringing the same to the Board's attention;
- Putting adequate operational, planning, legal and financial control systems in place; and
- Managing the Company's relationships with its diverse stakeholders.

The Chairman also meets with the Independent Non-executive Directors once a year, in the absence of the Non-executive Directors and the Executive Director, to discuss the Group's business affairs. In 2024, the meeting was held on 19 December 2024.

CORPORATE GOVERNANCE REPORT

Board Proceedings

Board Meetings

A Board meeting is generally held every other month, during which Board members discuss major corporate, strategic and operational matters and evaluate investment opportunities. All Board meetings are conducted according to the procedures laid down in the Company's Bye-laws and the Code Provisions contained in the CG Code. At the beginning of every year, all Board members will be provided with the schedule of regular Board meetings. They will be duly informed of any amendments to the schedule at least 14 days before the relevant meeting.

The agenda for regular Board meetings is consolidated by the Company Secretary and submitted for approval by the Chairman. All Directors are entitled to put forward items for inclusion in the agenda of Board meetings. A notice of Board meeting, together with the agenda, is delivered to each Director one month in advance of the scheduled meeting date. Detailed discussion papers for the Board meeting are circulated 7 days prior to the meeting to ensure that the Directors have sufficient time to consider the items for discussion and make decisions in the best interests of the Company.

At Board meetings, the Senior Management and relevant corporate executives report to the Board on the operational and financial performance of the various business areas of the Group. The Company Secretary prepares draft minutes of Board meetings, documenting the matters considered by the Board, decisions reached, and any concerns raised or dissenting views expressed by the Directors. The draft minutes are circulated to the Directors for comments, and the final version of the draft minutes is submitted to the Board at the ensuing meeting for formal adoption. The adopted minutes are kept by the Company Secretary and are available for inspection by the Directors.

Voting on Connected Transactions

The Company's Bye-laws provide that all Directors are required to declare the nature and extent of their interests, if any, in any transaction, arrangement or other proposal to be discussed at a Board meeting and to abstain from voting on relevant resolutions if they have a conflict of interest or a material interest in the proposed transaction. Any such declaration of interest will be recorded by the Company Secretary in the minutes. A Director is excluded from the quorum for such part of a meeting relating to a resolution on which he/she is not allowed to vote, but he/she shall be included in the quorum for all other parts of that meeting. This reduces the potential for conflict which might otherwise arise between the Company's business and an individual Director's other interests or appointments.

Independent Non-executive Directors, together with the other Board members, ensure that connected transactions are entered into in the ordinary and usual course of the Group's business, on normal commercial terms or better, and according to the agreement governing them on terms that are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole. The Company Secretary is responsible for ensuring that all connected transactions entered into are in compliance with the Listing Rules. In 2024, the Company entered into several continuing connected transactions, details of which are given on pages 124 to 127 of this Annual Report.

Obligations of Directors

Code of Conduct

All Directors and staff of the Company are subject to a written Code of Conduct, which is available on the staff website. It provides guidance on matters relating to personal conduct, relations with suppliers and contractors, responsibilities to shareholders, relations with customers, employment practices and responsibilities to the community, as well as procedures for monitoring compliance and means of enforcement. The Code of Conduct promulgates ethical values in business activities which the Directors and employees are required to adhere to when discharging their delegated duties. The Code of Conduct is reviewed and updated periodically to be kept up to date with regulatory changes. The Company has a whistleblowing policy to encourage employees and related third parties (such as customers and suppliers) who deal with the Company to raise concerns in confidence about misconduct, malpractice or irregularity in any matters related to the Company. The whistleblowing policy is published on the Company's website and staff website.

Securities Transactions by Directors

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as its own code of conduct to regulate Directors' securities transactions in respect of the Company's shares. Senior managers, other nominated managers and staff who, because of their positions in the Company, are likely to be in possession of Inside Information as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) are requested to comply with the provisions of the Model Code.

After making specific enquiries, all Directors confirmed that they complied with the standard of dealings set out in the Model Code throughout 2024. Details of the shareholding interests held by the Directors in the Company as of 31 December 2024 are set out on pages 171 to 172 of this Annual Report.

Induction and Continuous Professional Development

All Directors attended training programmes during the year to keep themselves abreast of the latest developments in the fields relevant to their respective expertise and professions. The Company Secretary is responsible for providing tailored induction programmes for new Directors and appropriate training programmes for the ongoing development of all Directors to ensure that they have a proper understanding of the Company's business operations and practices and are fully aware of their responsibilities under the Listing Rules and other regulatory requirements. Information on the latest developments regarding the Listing Rules and other applicable governance matters is provided for the Directors as and when required. The Directors are provided with detailed monthly management reports, as well as monthly media reports, including press articles relevant to the Company's businesses. On 15 August 2024, a seminar was conducted by the Independent Commission Against Corruption on Corporate Governance Briefing, and on 17 October 2024, another seminar was conducted by KPMG on Board Leadership. The Directors are encouraged to participate in continuous professional development programmes organised by qualified institutions. The costs for such programmes are borne by the Company. Formal procedures are in place for reporting the training and continuous professional development received by the Directors. The training record of each Director is set out on page 139 of this Annual Report.

Time Commitment of Directors

For the year ended 31 December 2024, the Company received confirmation from each Director that he/she had committed sufficient time and attention to the Company's affairs. The Board reviews their contribution annually.

CORPORATE GOVERNANCE REPORT

Re-election, Retirement and Appointment of Directors

The Company has in place a formal and transparent procedure for the appointment of new Directors. A person may be appointed as a member of the Board at any time either by the shareholders in a general meeting or by the Board on the recommendation of the Nomination Committee when it is necessary to fill a casual vacancy. A Director appointed by the Board to fill a casual vacancy shall hold office until the first annual general meeting after such appointment but is eligible for election at the same meeting. Subject to authorisation by the shareholders in a general meeting, a Director may also be appointed by the Board as an addition to the existing Board. All Directors are appointed for a specific term and are subject to retirement by rotation and re-election at the Company's annual general meeting at least once every three years. All Directors have a current term of office no longer than three years. Shareholders may remove a Director before the expiration of his/her period of office by passing a special resolution, stating detailed reasons, at a general meeting properly convened for this purpose in accordance with the Bye-laws of the Company.

The election of individual Directors is subject to separate resolutions to be approved by the shareholders. In respect of the reappointment of an Independent Non-executive Director who has served on the Board for nine years, the Company is required to explain in a circular containing the notice of the annual general meeting why it considers that the Director to remain independent and why it recommends his/her re-election to the shareholders.

Re-election and Appointment of Directors

At the 2024 AGM, Mr Raymond KWOK Ping Luen, JP, Mr Charles LUI Chung Yuen, M.H., Ms Winnie NG, JP, Dr Eric LI Ka Cheung, GBS, OBE, JP, Professor LIU Pak Wai, SBS, JP, Mr TSANG Wai Hung, GBS, PDSM, JP, Dr CHEUNG Wing Yui, BBS, Mr LEE Luen Fai, BBS, JP, and Mr Christopher Kwok Kai Wang, JP, retired by rotation and were re-elected as Directors of the Company.

Ms WANG Xiao Bin was appointed as an Independent Non-executive Director with effect from 1 November 2024. Ms WANG Xiao Bin will hold office until the Annual General Meeting and, subject to authorisation by shareholders, being eligible, will offer herself for re-election.

Dr Norman LEUNG Nai Pang, GBS, JP, Dr. John CHAN Cho Chak, GBS, JP, Mr William LOUEY Lai Kuen, Mr. Allen FUNG Yuk Lun, Mr LUNG Po Kwan and Mr. Roger LEE Chak Cheong will retire as Directors of the Company and offer themselves for re-election at the 2025 AGM.

All these retiring Directors, being eligible, have been nominated by the Nomination Committee and recommended by the Board to stand for re-election at the next AGM. The re-election of each Director will be subject to the voting of shareholders in a separate resolution.

Procedures for Making Proposals to Nominate a Person for Election as a Director

The shareholders are entitled to nominate a person for election as a Director at a general meeting of the Company. The procedures for making proposals to nominate a person for election as a Director are available on the respective websites of the Company and the Stock Exchange.

Directors' Indemnities and Protection

The Company has taken out an appropriate insurance policy covering any potential legal actions against the Directors of the Company, which indemnifies the Directors for liabilities incurred in connection with the Company's activities. These indemnities were in effect throughout 2024 and remain in effect.

Delegation by the Board of Directors

The Board maintains four designated Board Committees to oversee various aspects of the Group's affairs: the Standing Committee, the Audit and Risk Management Committee, the Remuneration Committee, and the Nomination Committee. The Committees are governed by their respective terms of reference and are provided with adequate authority and resources to discharge their duties. The terms of reference are regularly reviewed and are available on the respective websites of the Company and the Stock Exchange.

The membership of each Committee (as of 31 December 2024) is shown below:

| Name of Directors | Standing Committee | Audit and Risk Management Committee | Remuneration Committee | Nomination Committee |
|--|--------------------|-------------------------------------|------------------------|----------------------|
| Independent Non-executive Directors | | | | |
| Dr Norman LEUNG Nai Pang, GBS, JP | Chairman | | | |
| Dr John CHAN Cho Chak, GBS, JP | Member | | Chairman | Chairman |
| Dr Eric LI Ka Cheung, GBS, OBE, JP | | Chairman | Member | Member |
| Professor LIU Pak Wai, SBS, JP | | Member | Member | |
| Mr TSANG Wai Hung, GBS, PDSM, JP | Member | Member | | |
| Ms WANG Xiao Bin | | Member | | |
| Non-executive Directors | | | | |
| Mr Raymond KWOK Ping Luen, JP | Member | | | |
| Mr Charles LUI Chung Yuen, M.H. | Member | | | |
| Ms Winnie NG, JP | Member | | Member | |
| Mr Allen FUNG Yuk Lun | | Member | | Member |
| Mr William LOUEY Lai Kuen | Member | | | |
| Mr LUNG Po Kwan | | | Member | |
| Executive Director | | | | |
| Mr Roger LEE Chak Cheong | Member | | | |

Standing Committee

The role of the Standing Committee is to advise and assist the Board in devising business strategies, making significant investment proposals and monitoring their implementation. The Standing Committee's findings and recommendations are submitted directly to the Board. In 2024, the Standing Committee held six meetings with the Senior Management to review and discuss the Group's financial, operational and strategic planning, as well as potential investment opportunities.

CORPORATE GOVERNANCE REPORT

Audit and Risk Management Committee

The Chairman of the Audit and Risk Management Committee is Dr Eric LI Ka Cheung, an Independent Non-executive Director of the Company. He is a Certified Public Accountant who possesses the professional qualifications and accounting expertise prescribed by the Listing Rules. Dr LI and the other members of the Audit and Risk Management Committee have diverse experience in various business and professional fields as set down in the Directors' biographies on pages 156 to 166 of this Annual Report. None of the members of the Audit and Risk Management Committee is a former or existing partner of the external auditors of the Company. The Audit and Risk Management Committee is responsible for establishing and maintaining an adequate internal control structure, ensuring the quality and integrity of financial statements, nominating independent external auditors, reviewing the adequacy of external audits in respect of cost, scope and performance, and ensuring that an effective system of internal control and risk management is established within the Company. The Audit and Risk Management Committee's terms of reference are aligned with the recommendations set out in "A Guide for Effective Audit Committees" published by Hong Kong Institute of Certified Public Accountants ("HKICPA") and are regularly updated with reference to the recommendations of the CG Code of the Listing Rules. The terms of reference are available on the respective websites of the Company and the Stock Exchange.

In 2024, the Audit and Risk Management Committee and the Senior Management held three meetings focused on safety issues and risk management, and three meetings with the Company's external auditors, KPMG, to review and discuss the Company's financial reports, internal control systems and other relevant matters. At the end of these meetings, the external auditors were invited to discuss privately with members of the Audit and Risk Management Committee any issues noted during the course of the audit and any other matters they might wish to bring to the attention of the Audit and Risk Management Committee without the presence of the Senior Management. Following each of the three meetings, the Chairman of the Audit and Risk Management Committee submitted a report to the Board of Directors and gave a briefing on all significant issues identified.

The major work undertaken by the Audit and Risk Management Committee in the financial year ended 31 December 2024 included:

(a) Supervision of the Company's Financial Reporting Process, and its Internal Control and Risk Management Systems

- Reviewed with the Senior Management the accounting principles and practices adopted by the Group, the financial results of the Company and its major subsidiaries, the accuracy and fairness of the financial statements, and the scope of both internal and external audit work;
- Reviewed the revised accounting standards and any prospective changes thereto, and considered their impact on the financial reporting of the Company and the Group;
- Reviewed with the external auditors the effectiveness of the audit procedures, their findings concerning the interim and annual financial statements and results announcements, and the Management's response to such findings;
- Discussed and reviewed the internal audit reports prepared by the Head of the Internal Audit Department covering, among other things, the audit objectives, audit approach, audit work performed and the findings arising therefrom;

- Examined the qualifications and experience of the staff handling accounting and financial reporting, as well as the adequacy of resources and training programmes;
- Conducted reviews with the external auditors and the Senior Management to ensure that connected transactions were properly disclosed in accordance with the requirements of the Listing Rules; and
- Monitored the implementation of the whistleblowing policy.

Following these reviews and discussions, the Audit and Risk Management Committee recommended to the Board that the unaudited interim financial report of the Company for the six months ended 30 June 2024 and the audited annual financial statements for the year ended 31 December 2024 be approved.

(b) Maintenance of Relationship with External Auditors

- Reviewed the independence of the external auditors and considered their terms of engagement and audit fee proposal to ensure that there was no impediment to their independence; and
- Ensured that the external auditors conducted their audit and non-audit services effectively.

Based on the conclusions drawn from these reviews, the Audit and Risk Management Committee recommended to the Board that KPMG, the existing external auditors, be re-appointed as auditors of the financial statements of the Company for the year ending 31 December 2025.

(c) Supervision of the Company's Environmental, Social and Governance ("ESG") Strategies and Reporting Process

- Monitored and reviewed group-level strategies, policies and sustainability matters;
- Formed a Task Force to oversee and evaluate the Company's sustainability performance and risks; and
- Reviewed the Sustainability Report of the Company in accordance with the requirements of the Listing Rules.

Remuneration Committee

The Board has devolved upon the Remuneration Committee the authority to formulate remuneration policies, including the establishment of guidelines to determine the terms and conditions of employment and the remuneration and retirement benefits of Directors and employees of the Group. The Remuneration Committee also draws up criteria for performance-based bonuses and makes recommendations to the Board on human resources related policies based on the Group's goals and objectives. Details of the terms of reference, remuneration policies and work performed by the Remuneration Committee in 2024 are set out in the Remuneration Report on pages 152 to 155 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Board has appointed the Nomination Committee to identify suitable candidates of high calibre with sufficient experience for its consideration, taking into account the Board Diversity Policy. The Nomination Committee ensures that the appointment of Directors undergoes formal, stringent and transparent procedures. The majority of the members of the Nomination Committee, including its Chairman, are Independent Non-executive Directors of the Company. The principal terms of reference of the Nomination Committee include:

- Formulating a nomination policy for consideration by the Board and implementing the nomination policy established by the Board;
- Identifying and nominating appropriately qualified candidates for appointment as Directors, subject to approval of the Board;
- Making recommendations to the Board for the appointment or re-appointment of Directors and making recommendations regarding succession planning at the Board level, including, in particular, the Chairman and the Managing Director;
- Reviewing and monitoring the structure, size and composition (including evaluating the balance and blend of skills, knowledge, professional experience, gender, age, cultural and educational background, and length of service) of the Board, and making recommendations to the Board regarding any proposed changes; and
- Evaluating the degree of independence of candidates for appointment or re-election as Independent Non-executive Directors.

In 2024, the Nomination Committee also performed the following key tasks:

- Recommended the re-election of retiring Directors;
- Evaluated all Independent Non-executive Directors' confirmation of independence;
- Reviewed and confirmed the structure, size and composition of the Board;
- Reviewed the Board Diversity Policy; and
- Reviewed the Nomination Policy.

The Nomination Policy has been adopted by the Company since 2019, which sets out the latest nomination practice, such as the criteria and procedures for the selection, appointment and re-appointment of Directors. This policy is available on the Company's website.

Attendance Records and Training Records

The Directors' attendance at the Annual General Meeting, Board Meetings and Committee Meetings, along with their training records, for 2024 is provided below:

| Members of the Board of Directors | 2024 AGM | Board | Standing Committee | Audit and Risk Management Committee | Remuneration Committee | Nomination Committee | Types of Training |
|--|-------------|-------|-----------------------|---|---------------------------|-------------------------|----------------------|
| Independent Non-executive Directors | | | | | | | |
| Dr Norman LEUNG Nai Pang, GBS, JP (Chairman) | 1/1 | 6/6 | 6/6 | | | | A, B |
| Dr John CHAN Cho Chak, GBS, JP (Deputy Chairman) | 1/1 | 6/6 | 6/6 | | 3/3 | 2/2 | A, B |
| Dr Eric LI Ka Cheung, GBS, OBE, JP | 0/1 | 5/6 | | 3/3 | 2/3 | 2/2 | A, B |
| Professor LIU Pak Wai, SBS, JP | 1/1 | 6/6 | | 3/3 | 3/3 | | A, B |
| Mr TSANG Wai Hung, GBS, PDSM, JP | 1/1 | 6/6 | 6/6 | 3/3 | | | A, B |
| Ms WANG Xiao Bin (with effect from 1 November 2024) | – | 1/1 | | | | | A, B |
| Non-executive Directors | | | | | | | |
| Mr Raymond KWOK Ping Luen, JP (with Mr WONG Hong Kit as alternate) | 0/1 | 0/6 | 5/6 | | | | B |
| Mr Charles LUI Chung Yuen, M.H. | 1/1 | 6/6 | 6/6 | | | | A, B |
| Mr William LOUEY Lai Kuen (with Ms LAU Man-Kwan, Julia as alternate) | 1/1 | 5/6 | 5/6 | | | | A, B |
| Ms Winnie NG, JP | 1/1 | 6/6 | 6/6 | | 3/3 | | A, B |
| Mr Allen FUNG Yuk Lun | 0/1 | 5/6 | | 2/3 | | 2/2 | A |
| Dr CHEUNG Wing Yui, BBS | 1/1 | 6/6 | | | | | A, B |
| Mr LEE Luen Fai, BBS, JP | 1/1 | 6/6 | | | | | A |
| Mr LUNG Po Kwan | 1/1 | 6/6 | | | 3/3 | | A, B |
| Mr Christopher KWOK Kai-Wang, JP | 1/1 | 6/6 | | | | | B |
| Executive Director | | | | | | | |
| Mr Roger LEE Chak Cheong (Managing Director) | 1/1 | 6/6 | 6/6 | | | | A, B |
| Alternate Directors | | | | | | | |
| Mr WONG Hong Kit (Alternate Director to Mr Raymond KWOK Ping Luen) | 1/1 | 6/6 | | | | | A, B |
| Mr GAO Feng (Resigned as Alternate Director to Mr William LOUEY Lai Kuen on 20 June 2024) | 0/1 | 0/3 | | | | | B |
| Ms LAU Man-Kwan, Julia (Appointed as Alternate Director to Mr William LOUEY Lai Kuen on 20 June 2024) | – | 1/3 | | | | | A, B |

Notes:

- Particulars of the 2024 AGM are set out on page 149 of this Annual Report.
- A: Attending seminars, conferences, forums or briefings.
- B: Reading materials covering the Company's business, corporate governance matters, and the Directors' duties and responsibilities.

The Board held six meetings in 2024, exceeding the minimum requirement of four Board meetings per year under the CG Code. On average, regular Board meetings and Board Committee meetings lasted at least two hours.

CORPORATE GOVERNANCE REPORT

Delegation of Responsibilities to Senior Management

The Senior Management is responsible for implementing the Group's strategies and managing its day-to-day operations under the ongoing supervision of the Board and the relevant Board Committees. Drawing upon the extensive experience and expertise in different areas of each member, the Senior Management provides the Board with accurate, adequate and detailed financial and operational information in a timely manner, keeping Directors informed of the latest developments of the Group and enabling them to make informed decisions and discharge their responsibilities effectively.

The Role of Company Secretary

The post of Company Secretary was held by Mr Henry LEUNG Ho Yin from 1 January 2024 to 27 March 2024. Following his resignation, the post of Company Secretary was taken up by Mr YU Wai Cheung, a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants, with effect from 28 March 2024.

The Company Secretary is responsible for ensuring that the correct Board procedures are followed, advising the Board on all corporate governance matters and facilitating the induction and continuous professional development of Directors. The Company Secretary reports to the Managing Director of the Company, and all Directors may call upon him for advice and assistance at any time in respect of their duties and the effective operation of the Board and Board Committees. In 2024, the Company Secretary took more than 15 hours of professional training to update his skills and knowledge.

Accountability and Audit

Financial Reporting

The Board is responsible for the preparation of the Group's financial statements. It ensures that a true and fair view of the financial status of the Group is given in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA and the disclosure requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong). This responsibility extends to the accuracy and sufficiency of the content of interim and annual reports, "price-sensitive" announcements and other financial disclosures required by the Listing Rules, as well as reports to regulators and any information that needs to be disclosed under statutory requirements.

The financial statements of the Company and the Group for the year ended 31 December 2024 on pages 190 to 266 of this Annual Report present a true and fair view of the state of affairs of the Company and the Group, as well as their results and cash flow for the year. The Audit and Risk Management Committee of the Company, together with the Senior Management and the external auditors, has reviewed the accounting principles and policies adopted by the Group, discussed auditing, internal control and financial reporting matters, and reviewed the financial results for the year ended 31 December 2024.

Internal Control and Risk Management Systems

The Board has the overall responsibility for establishing, maintaining and reviewing the effectiveness of the Group's internal control and risk management systems. It is duty-bound to safeguard the Group's assets and stakeholders' interests, manage the Group's existing and anticipated risks, and provide reasonable assurance against material misstatement of information (whether financial or non-financial). Stringent internal control measures are implemented at all levels of the Group to ensure the effective monitoring of its day-to-day operations.

The Audit and Risk Management Committee is delegated by the Board with the responsibility of maintaining and reviewing the effectiveness of the internal control and risk management systems and determining the nature and extent of any significant risks. With the assistance of the external auditors and the Internal Audit Department, the Audit and Risk Management Committee provides sound assurance regarding the quality and effectiveness of the control practices.

Internal Control Framework

The Group's Internal Control Framework is monitored, managed and reviewed by the following bodies:

The Board

- Holds the ultimate responsibility for the Group's risk management and internal control systems;
- Reviews the effectiveness of the Group's risk management and internal control systems in achieving the Group's objectives; and
- Provides direction on the risk management and internal control culture of the Group.

The Audit and Risk Management Committee

- Assists the Board in monitoring the performance of the Group's risk management and internal control systems;
- Reviews the Group's internal control and risk management reports prior to endorsement by the Board;
- Reviews the effectiveness of the Company's external and internal audit functions; and
- Ensures that all staff members are appropriately trained for their relevant positions to carry out their duties in accordance with the requirements of good internal control practices.

Management

- Designs, implements and maintains an effective internal control system, including the Group's Quality Management System; and
- Ensures a proper reporting channel so that emerging risks are reported to the Audit and Risk Management Committee in a timely manner.

The Internal Audit Department

- Supports the Audit and Risk Management Committee in reviewing the effectiveness of the Group's risk management and internal control systems;
- Works with business units to ensure that sound internal controls and compliance functions are in place; and
- Conducts independent reviews and other special investigations requested by the Board, the Audit and Risk Management Committee and the Management.

The Group's internal control and risk management framework consists of the following components:

CORPORATE GOVERNANCE REPORT

Control Environment

The Group complies with the requirement of the Listing Rules that at least one-third of the Board members should be Independent Non-executive Directors to demonstrate the Board's independence from the Management in overseeing the development and performance of internal control. The Board of Directors and the Board Committees are chaired by Independent Non-executive Directors.

The four designated Board Committees of the Group meet regularly to oversee the day-to-day management of the Group's business.

The Group has a well-defined organisational structure with succinct lines of authority and control responsibilities, which are clearly set out in writing and documented in the form of organisation charts and job manuals for the corresponding operating and business units.

Integrity and honourable business ethics are foundational to the continued success of the Group. The Code of Conduct and the Staff Handbook, which are accessible to all Directors and employees, define the rules and policies that all Directors and staff are bound to follow. The Code of Conduct emphasises transparency, objectivity, integrity and reliability in the handling of financial information and the disclosure in financial reports. In addition, the Staff Handbook reminds all staff members that they must not make use of their position to solicit or receive any advantage from any third parties.

A whistleblowing policy has been established by the Audit and Risk Management Committee to address concerns related to fraudulent or unethical acts or instances of non-compliance with the law or the Group's policies that have or could have a significant adverse financial, legal or reputational impact on the Group. The Group will respond to all such concerns expressed fairly and properly. The Group's whistleblowing policy and procedures, which are published on the Company's website, apply to employees at all levels and in all divisions as well as to business partners, suppliers and any third parties who have dealings with the Group. The Audit and Risk Management Committee holds the overall responsibility for the whistleblowing policy, notwithstanding that it has delegated day-to-day responsibility for overseeing and implementing the policy to the Company Secretary.

Risk Assessment

TIH Enterprise Risk Management System

The Group has implemented an Enterprise Risk Management System ("ERM System") to achieve the following objectives:

- Provide a systematic approach to the early identification and management of risks;
- Provide consistent risk assessment criteria;
- Deliver accurate and concise risk information that informs decision making, including business direction;
- Adopt cost-effective and efficient risk treatments that reduce risk to an acceptable range; and
- Monitor and review risk levels to ensure that risk exposure remains within an acceptable range.

The Group's ERM System was designed with reference to the COSO ERM framework.

The Group's risk management structure is as follows:

Risk rating is determined by Impact and Vulnerability. A dynamic risk rating matrix, using both quantitative and qualitative factors, is used to assess risk.

A Key Risk Indicators Report ("KRI Report") is submitted to the Audit and Risk Management Committee three times a year. The Group's major risks as identified by the Management are listed in the KRI Report, along with a comprehensive profile of such risks and the monitoring mechanisms established by the Management.

TIH Risk Management Framework

Internal Audit

**Internal
Audit**

| Board of Directors |
|--|
| <ul style="list-style-type: none">• Evaluates and provides direction to the Group on the nature and extent of the risks involved in achieving its strategic objectives (i.e. setting the Risk Appetite).• Ensures that the effectiveness of the risk management and internal control systems is reviewed. |
| Audit and Risk Management Committee |
| <ul style="list-style-type: none">• Ensures that the Risk Management Taskforce (“RMTF”) and Business Lines have fulfilled their duties in establishing and maintaining an effective risk management programme.• Reviews the KRI Reports three times a year. |
| Risk Management Taskforce (“RMTF”) |
| <ul style="list-style-type: none">• Comprises the Operations Director, Administration Director, Finance Director, Safety Director and Head of Legal Department. The RMTF is chaired by the Operations Director.• Maintains an oversight of the Group’s risk management system, framework and programme.• Proposes necessary enhancements, including those required to fulfil the statutory requirements of regulators or governance bodies, at least once a year for approval by the Board.• Reviews and/or approves the Risk Inventory in the risk management programme, and monitors the KRI Reports.• Ensures that the Group’s Business Lines allocate sufficient resources to carry out risk management exercises. |
| Individual Department Head/Director (Collectively Referred to as “Business Lines”) |
| <ul style="list-style-type: none">• Develops policies and controls to effectively embed the Group’s risk management direction into daily operations.• Promotes a risk management culture among staff in the Business Lines, ensuring compliance with risk management policies and procedures in daily operations.• Identifies the risks associated with business activities (including new business) within his/her own Business Lines, and implements appropriate action plans to manage the identified risks and opportunities. |

CORPORATE GOVERNANCE REPORT

Control Activities

The Group's franchised and non-franchised bus services involve well-established business processes. Control activities are built on top-level reviews, segregation of duties and physical controls. Written policies and procedures with defined limits of delegated authority are in place. These policies and procedures include but are not limited to:

- Annual budgeting and planning processes;
- Financial and payment authorisation guidelines;
- Procurement and tendering policies; and
- IT security policy.

Quality Management System

As the Group's franchised operations, KMB and LWB have implemented a quality management system ("QMS") based on the benchmarks prescribed by the International Organisation for Standardisation ("ISO"). Under ISO requirements, major financial and operational procedures and instructions, including illustrative flow charts, are clearly documented and followed in operations.

Annual independent audits of the QMS are conducted by an external consultant to assess its effectiveness, efficiency and conformity. In 2024, no non-conformity in the QMS was noted during the ISO audit of the operations of both KMB and LWB.

As of December 2024, both KMB and LWB possessed ISO 9001 quality management system certification. In addition, all KMB depots are ISO 45001-certified for their occupational health and safety systems and two of KMB's major bus depots are ISO 14001-certified for their environmental management systems.

Business Continuity Plan

The Group's flagship subsidiary, KMB, has formulated and documented a Business Continuity Plan ("BCP") in respect of its key business and IT operations. The BCP is reviewed and updated from time to time according to changes in circumstances. The BCP, which is an integral part of the risk management process, creates a systematic approach for providing effective response that enables the Management to safeguard shareholder values in a crisis by responding promptly and by resuming KMB's critical business functions at acceptable pre-defined levels. KMB performs walkthrough tests and drills periodically to ensure that the BCP will be able to adequately ensure minimal disruption to key businesses if an unforeseeable event occurs.

Information and Communication/Monitoring Activities

The Group's IT systems generate timely data to allow the Management to monitor business operations and thus achieve business objectives. Regular and ad-hoc management and operational meetings are held to facilitate the proper monitoring of the internal control and risk management mechanisms.

Internal Audit Function

The Internal Audit Department plays an important role in the assessment of the effectiveness of the risk management and internal control systems. It is responsible for providing the Audit and Risk Management Committee and the Senior Management with independent and objective assurance that the internal control systems of the Group are effective in achieving their objectives, and that any risks and internal control weaknesses have been adequately addressed. The Internal Audit Department holds a group-wide function, covering both franchised and non-franchised operations across the Group. The Head of the Internal Audit Department reports directly to the Audit and Risk Management Committee and the Managing Director.

The Internal Audit Department conducts risk-based internal audit reviews with reference to the International Standards for the Professional Practice of Internal Auditing. All staff in the Internal Audit Department, including the Head of Internal Audit Department, are required to declare their independence every year.

In 2024, the functions performed by the Internal Audit Department included, among others:

- Conducting compliance reviews of relevant laws and regulations applicable to the Group's business;
- Carrying out operational reviews and surprise checks of major internal control processes in respect of both franchised and non-franchised businesses;
- Performing special reviews and investigations at the request of the Group's management; and
- Assisting operations in carrying out Internal Quality Audits in accordance with ISO requirements.

Based on the report of the Internal Audit Department and the report of the Company Secretary on the Group's whistleblowing policy, the Audit and Risk Management Committee has concluded that the Group continues to operate in an effective control environment with a control system that adequately monitors and corrects non-compliance in significant areas. Following the Audit and Risk Management Committee's annual review of the Group's internal control systems, the Board is satisfied that the Group complied with the Code Provisions on internal controls in 2024.

Control Practices for Handling and Disseminating Price-sensitive and/or Inside Information

The Company is fully aware of its obligations under the Listing Rules and the Securities and Futures Ordinance. A suite of procedures and internal control measures are in place to preserve the confidentiality of price-sensitive and/or inside information relating to the Group. All members of the Board, the Senior Management and nominated executives, who are likely to have access to price-sensitive and/or inside information because of their office or employment in the Company or a subsidiary, are bound by the Model Code for Securities Transactions by the Directors of Listed Issuers under the Listing Rules. In addition, every employee is required to follow the guidelines of the Code of Conduct and the Staff Handbook to keep unpublished price-sensitive and/or inside information strictly confidential.

CORPORATE GOVERNANCE REPORT

External Audit

The external auditors play a crucial role in ensuring the integrity of the disclosure of financial information. If the external auditors discover any major irregularities during the course of their review of the Company's interim financial report and their audit of the Company's annual financial statements, they will report their findings directly to the Audit and Risk Management Committee and the Board. The external auditors are invited to attend meetings of the Audit and Risk Management Committee, as well as the Annual General Meeting.

The Audit and Risk Management Committee is responsible for monitoring the audit and non-audit services rendered to the Group by its external auditors. There is a formal policy in place to ensure that the engagement of the external auditors in non-audit services will not impair their independence in providing audit services. The external auditors are also required to review annually their relationship with the Group and provide written confirmation to the Audit and Risk Management Committee of their independent status.

The Company engaged KPMG as its external auditors to audit the financial statements of the Company for the year ended 31 December 2024. KPMG has confirmed in writing to the Audit and Risk Management Committee that for the year ended 31 December 2024 and up to the date of this Annual Report, it has remained independent of the Group in accordance with the independence requirements of the HKICPA.

The fees for services rendered by KPMG to the Group for the year ended 31 December 2024 are set out below:

| | HK\$ million |
|-----------------------------------|--------------|
| Audit related services | 4.7 |
| Non-audit related services (Note) | 1.0 |
| Total | 5.7 |

Note:

Non-audit related services mainly consist of other review and reporting services.

Engagement with Stakeholders

Shareholders

The Company had 3,494 registered shareholders as of 31 December 2024. The shareholders comprise individual shareholders, institutional investors, and individuals and organisations holding shares via financial intermediaries such as nominees, investment funds and the Central Clearing and Settlement System ("CCASS") of Hong Kong.

The names of the shareholders holding 5% or more of the shares of the Company as of 31 December 2024, other than those who are also the Directors of the Company, are disclosed in the Directors' Report on page 178 of this Annual Report. The largest single shareholder of the Company is Sun Hung Kai Properties Limited, which retains an equity interest of about 43.8% in the Company.

As of 31 December 2024, the shareholding distribution of the Company was as follows:

| Size of registered shareholding | Number of shareholders | % of shareholders | Number of shares (Note) | % of issued share capital |
|---------------------------------|------------------------|-------------------|-------------------------|---------------------------|
| 0-1,000 | 1,375 | 39.36 | 425,718 | 0.08 |
| 1,001-5,000 | 1,259 | 36.03 | 2,987,539 | 0.59 |
| 5,001-10,000 | 324 | 9.27 | 2,450,315 | 0.48 |
| 10,001-100,000 | 438 | 12.54 | 12,843,727 | 2.52 |
| Above 100,000 | 98 | 2.80 | 490,194,126 | 96.33 |
| | 3,494 | 100.00 | 508,901,425 | 100.00 |

Note:

45.9% of all TIH's issued shares were held through CCASS.

Based on information that is publicly available to the Company and the Directors, the Company has maintained a sufficient public float of its share capital in the Hong Kong stock market throughout the financial year ended 31 December 2024.

Members' Communication Policy

Transparency is vital to good corporate governance. The Board has formulated the Members' Communication Policy to provide shareholders with information about the Company, allowing them to engage with the Company and obtain information about the Company to exercise their rights as shareholders. The Members' Communication Policy is posted on the Company's website and has been reviewed and updated in 2024 to ensure its effectiveness. The Company adopts various communication channels to convey messages to the shareholders, including press releases, announcements, circulars, and interim and annual reports. Interim and annual reports, notices of general meetings, announcements and circulars in English and Chinese are posted on the Company's website (www.tih.hk) and the website of the Stock Exchange. They are also delivered to shareholders within the respective deadlines stipulated by the Listing Rules. Other information of interest to shareholders and the public is also available on the Company's website.

CORPORATE GOVERNANCE REPORT

Annual Reports

The annual report is a unique source of information for shareholders and other stakeholders who wish to understand the business of the Group. The Senior Management endeavours to make the annual report informative, comprehensible and transparent, with a sufficient level of disclosure. There are both English and Chinese versions of the annual report, with both printed and electronic copies available to shareholders. In the interests of environmental preservation and economy, the Company encourages its shareholders to choose the electronic version of all the Company's corporate communications such as the annual and interim reports, notices of meetings, listing documents, circulars and forms of proxy. Shareholders are at liberty to change their choice of language or means of receiving the Company's corporate communications by giving written notice of not less than seven days to the Company's share registrar, Computershare Hong Kong Investor Services Limited, or by emailing tih.ecom@computershare.com.hk.

Awards

Over the years, the Company has won widespread recognition in local and international award programmes. In 2024, the Company won the IFAPC Outstanding Listed Companies Award 2024 organised by The Hong Kong Institute of Financial Analysts and Professional Commentators Limited (IFAPC) and Honours for Illustrations in the Transportation and Leasing category of the 2024 International ARC Awards.

The Company's General Meetings

The Directors consider the Company's general meetings an important way of communicating with shareholders. The annual general meetings and other general meetings are normally attended by all Directors and the Senior Management as well as the Company's external auditors so that any comments or questions raised by shareholders can be addressed.

Shareholders have control over the Company primarily through exercising their voting rights at general meetings. All voting is conducted by poll at general meetings with each shareholder being entitled to one vote. A separate resolution is proposed for each matter, including the election of individual Directors. A circular containing the notice of the annual general meeting, proposed resolutions, biographies of Directors standing for election and information on poll voting procedures is sent to shareholders with the annual report at least 21 clear business days before the annual general meeting.

Annual General Meeting

The 2024 AGM was held on 16 May 2024 and the matters resolved are summarised below:

As ordinary business:

- Approval of the audited financial statements and reports of the Directors and Auditors for the year ended 31 December 2023;
- Approval of an ordinary final dividend of HK\$0.50 per share for the year ended 31 December 2023;
- Re-election of Mr Raymond KWOK Ping Luen, JP, Mr Charles LUI Chung Yuen, M.H., Ms Winnie NG, JP, Dr Eric LI Ka Cheung, GBS, OBE, JP, Professor LIU Pak Wai, SBS, JP, Mr TSANG Wai Hung, GBS, PDSM, JP, Dr CHEUNG Wing Yui, BBS, Mr LEE Luen Fai, BBS, JP, and Mr Christopher Kwok Kai Wang, JP, as Directors of the Company;
- Re-appointment of KPMG as auditors of the Company and authorisation of the Directors to fix their remuneration;
- Fixing of the remuneration of Directors;
- Granting of a general mandate to the Directors to issue shares;
- Granting of a general mandate to the Directors to exercise the powers of the Company to purchase its own shares; and
- Extension of the share issue mandate granted to the Board of Directors.

The details and poll voting results of the 2024 AGM were published on the respective websites of the Company and the Stock Exchange on 16 May 2024.

The 2025 Financial Calendar of the Company is set out as follows:

| | |
|---|----------------------------|
| • Announcement of 2024 final results | 20 March 2025 |
| • Dispatch of 2024 Annual Report and the accompanying circular to shareholders | 15 April 2025 |
| • Last day to register transfer to qualify for attending and voting at 2025 AGM | 9 May 2025 |
| • Book closure for 2025 AGM (both dates inclusive) | 12 May 2025 to 15 May 2025 |
| • Date of 2025 AGM | 15 May 2025 |
| • Last day to register transfer to qualify for 2024 final dividend | 20 May 2025 |
| • Book closure for 2024 final dividend | 21 May 2025 |
| • Payment of 2024 final dividend | 26 June 2025 |
| • Announcement of 2025 interim results | 21 August 2025 |
| • Payment of 2025 interim dividend (if any) | mid-October 2025 |
| • Financial year end date | 31 December 2025 |

CORPORATE GOVERNANCE REPORT

Shareholders' Rights

Under the Company's Bye-laws, shareholders holding at least 10% of the paid-up capital of the Company and carrying the right of voting at general meetings of the Company may ask the Board to convene a special general meeting ("SGM") for the transaction of business specified in the request. The request must be in written form with the purpose of the meeting stated therein and deposited at the head office of the Company at 15/F, 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong. The request must be signed by the shareholders concerned and may consist of two or more documents in like form, each signed by one or more of those shareholders. The request will be verified with the Company's share registrar and upon its confirmation that the request is proper and in order, the Company Secretary will arrange to convene an SGM by serving sufficient notice to all registered shareholders in accordance with the Company's Bye-laws and the statutory requirements.

Procedures for Making Proposals at General Meetings

Shareholders holding not less than one-twentieth of the total voting rights of all shareholders having the rights to vote at a general meeting, or not less than 100 shareholders holding shares in the Company, can submit a written request to move a resolution at a general meeting. The procedures for making proposals at a general meeting are laid down in the Shareholders' Communication Policy of the Company, which is available on the Company's website.

Procedures for Sending Enquiries to the Board

Shareholders' enquiries can be sent to the attention of the Board. All enquiries should be addressed to the Board or the Company Secretary and sent to the Company's head office at 15/F, 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong. Shareholders may also email their enquiries to the Directors at director@tih.hk. The Company Secretary will respond to such enquiries within a reasonable time.

Constitutional Documents

An up-to-date and consolidated version of the Bye-laws of the Company is published on the respective websites of the Company and the Stock Exchange.

Dividends

The Company adopts a dividend policy of providing its shareholders with a stable dividend. As an alternative to receiving a cash dividend, the Company offers a scrip dividend scheme, which enables its shareholders to elect to receive new fully paid shares in lieu of cash dividend.

In determining the dividend amount, the Board will take into account a number of factors such as the Group's financial performance, future capital expenditures and financial position, as well as the general economic and business conditions. The policy will be reviewed from time to time so as to keep in line with the future prospects and capital requirements of the Group as well as changes in market conditions.

General Public

The Group uses the following communication channels to keep the general public informed of its developments:

Website – The Company's website (www.tih.hk) provides a wide range of company, financial and corporate social responsibility information about the Group and its various businesses for shareholders and other interested parties.

Media and Online Communication – To keep the public informed of the bus services of KMB and LWB, the two major subsidiaries of the Group, press sessions are held to introduce their latest developments in services, facilities, safety and efforts in environmental protection to the media. Social media such as Facebook and Instagram are also used to publicise KMB's initiatives and achievements, as well as to gather useful feedback from the public.

Publications – KMB and LWB publish a number of booklets to update the public on their services and operations. These publications can be accessed on the companies' website (www.kmb.hk).

Employees

Effective communication between the Management and staff is a key driver of efficiency and morale. The staff website is an effective way for employees to access relevant management announcements and information on issues that concern them, such as payroll, staff events and activities. Orientation training courses, e-learning programmes and a staff forum are also available online. The corporate magazine KMB Today keeps employees, especially frontline staff, informed of news and events relating to the Group and the industry.

The Staff Handbook, which is accessible on the staff website, provides members of staff with information about the Company's human resources policies and employment guidelines.

REMUNERATION REPORT

The Board delegates authority to the Remuneration Committee to ensure that the Company adopts fair and well-structured remuneration policies consistent with the interests of its Directors, staff members and other stakeholders. The Committee is composed of five members, with three being Independent Non-executive Directors and the other two Non-executive Directors. The Committee is chaired by Independent Non-executive Director, Dr John CHAN Cho Chak, *GBS, JP*, who is also the Deputy Chairman of the Company. The other members are Independent Non-executive Director, Dr Eric LI Ka Cheung, *GBS, OBE, JP*, Independent Non-executive Director, Professor LIU Pak Wai, *SBS, JP*, Non-executive Director, Ms Winnie NG, *JP*, and Non-executive Director, Mr LUNG Po Kwan.

The Remuneration Committee recommends to the Board remuneration packages for the Directors and employees of the Company and its subsidiaries. The level of remuneration is determined in accordance with the principles of performance, fairness, transparency and market competitiveness. The Group's remuneration packages are designed to attract, retain and motivate high-calibre individuals, encouraging them to make significant contributions to the Group. The Remuneration Committee is authorised to obtain independent professional advice on relevant issues if required.

The main remuneration policies adopted by the Group are as follows:

- ⬆ The remuneration policy and practices, including those relating to the Directors, should be fair, transparent and compliant with relevant legislation;
- ⬆ No Director or member of Senior Management should be involved in deciding his/her own remuneration; and
- ⬆ Directors and employees should be rewarded on a fair basis according to their merits, job responsibilities, qualifications and experience, with reference to market practices and packages for similar posts offered by comparable companies.

The Remuneration Committee's written terms of reference, which are published on the Company's website, comply with the Code Provisions set out in Appendix C1 to the Listing Rules. The main duties of the Committee are:

- ⬆ Determining the remuneration policies for the Directors and employees of the Group for approval by the Board;
- ⬆ Setting appropriate assessment criteria for performance-related bonuses for employees, considering their achievements based on the said criteria and referencing market norms as well as the Group's business objectives and targets;
- ⬆ Establishing guidelines for determining the remuneration of Directors, including the terms and conditions of employment, remuneration and retirement benefits for the Executive Director(s);
- ⬆ Reviewing and recommending to the Board remuneration packages for individual Executive Director(s), Senior Management and Non-executive Directors; and
- ⬆ Reviewing and considering proposals submitted by the Managing Director regarding human resources and related policies, and making appropriate recommendations to the Board.

In 2024, the work conducted by the Remuneration Committee included:

- ⬆ Reviewing the Remuneration Policy for 2024;
- ⬆ Reviewing the annual performance-related bonuses for the employees of the Group by considering its performance, individual achievements, assessment criteria and market norms;
- ⬆ Examining wage and salary increments for employees based on merit with reference to relevant factors including market pay trends and inflation forecasts; and
- ⬆ Reviewing the remuneration of Executive and Non-executive Directors, benchmarking it against the remuneration levels of comparable listed companies, considering the workload, scale and complexity of the business.

Criteria for Determining the Remuneration of Directors

In line with good corporate governance practices, the assessment of Directors' remuneration is based on formal principles that take into account both market practices and a proven methodology. As in previous years, Directors' fees for 2024 were determined based on the methodology developed in the United Kingdom under the "Higgs Report" on the "Review of the Role and Effectiveness of Non-executive Directors". The said methodology takes into consideration the likely workload, scale and complexity of the business, and the responsibility involved. Reference was also made to the results of a desk-top survey conducted by the Company on the Directors' remuneration of 20 major companies listed on the Stock Exchange. The fee structure for the Directors in 2024 is set out as follows:

| | Fee per annum HK\$ |
|---|-----------------------|
| Board Members | |
| — Chairman | 606,200 |
| — Other Directors | 433,000 |
| Audit and Risk Management Committee Members | |
| — Chairman | 319,200 |
| — Other members | 228,000 |
| Remuneration Committee Members | |
| — Chairman | 100,800 |
| — Other members | 72,000 |
| Nomination Committee Members | |
| — Chairman | 70,000 |
| — Other members | 60,000 |
| Standing Committee Members (except Executive Director) | |
| — Chairman | 1,743,400* |
| — Other members | 293,140 |

* Comprising (i) HK\$410,400 per annum, being the fees for the Chairman of the Standing Committee; and (ii) HK\$1,333,000 per annum, being the additional remuneration for the Standing Committee Chairman in respect of his additional responsibilities and commitments.

Except as disclosed above, no Independent Non-executive Director or Non-executive Director received any pension benefits or bonuses from the Group in 2024.

REMUNERATION REPORT

The remuneration package of each Director, on a named basis, for the year ended 31 December 2024, together with a comparison to 2023, is given in Note 7 to the consolidated financial statements on pages 220 to 221 of this Annual Report.

Criteria for Determining the Remuneration of Corporate Executives and Other Employees

The remuneration of the corporate executives and other employees of the Company is benchmarked against the remuneration for similar positions in comparable local companies. This is consistent with the Group's Remuneration Policy, which ensures that remuneration packages are aligned with market practices. Depending on the financial performance of the Group, discretionary bonuses may also be granted to individuals on a merit basis. The level of any such discretionary bonus is subject to review and approval by the Remuneration Committee and the Board, taking into account the financial results of the Group.

The main components of remuneration for corporate executives and other employees are as follows:

Base Compensation

The Remuneration Committee reviews employees' base compensation, including salaries, allowances and fringe benefits, with reference to the Group's financial performance, the scope and complexity of their individual responsibilities, performance and market pay levels.

Discretionary Bonus

A discretionary bonus may be granted to individuals in recognition of their outstanding performance. Individuals are subject to a comprehensive annual performance appraisal by their immediate supervisors. Only those who achieve at least a satisfactory performance rating are considered for an incentive bonus.

Share Option Scheme

Under the Share Option Scheme approved and adopted by shareholders at the 2016 Annual General Meeting held on 26 May 2016, the Board may grant options to eligible persons, including employees and Director(s) of the Company and its subsidiaries, to subscribe for the Company's shares. The Share Option Scheme is intended to provide the employees and Director(s) of the Company and its subsidiaries with the opportunity to participate in the growth and success of the Company. The Board may exercise its discretion to grant options to eligible persons as proposed by the Remuneration Committee.

Details of the Share Option Scheme and options granted to eligible persons under the Share Option Scheme are set out on pages 172 to 177 of this Annual Report.

Staff Retirement Schemes

The KMB Monthly Rated Employees Provident Fund Scheme (the “Monthly Scheme”) and the KMB Daily Rated Employees Retirement Fund Scheme (the “Daily Scheme”) are two non-contributory defined benefit retirement schemes operated by the Group. The Group also participates in a defined contribution retirement scheme, the SHKP MPF Employer Sponsored Scheme, which was established and registered under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) (the “MPF Ordinance”) in 2000.

i) The Monthly Scheme

Formally established under trust and registered under the Occupational Retirement Schemes Ordinance (Cap. 426 of the Laws of Hong Kong) (the “ORSO”), the Monthly Scheme is administered by an independent trustee, with assets held separately from those of the Group. Under the current scheme rules, an eligible member’s benefit is equivalent to the final monthly salary multiplied by the service period and the benefit factor corresponding to the member’s completed years of service. Contributions to the Monthly Scheme are made in accordance with the recommendations of an independent actuarial firm which values the retirement scheme at regular intervals. The scheme is closed to employees first employed or re-employed by KMB (including any subsidiary(ies) and associated company(ies) which participate in the Monthly Scheme) on or after 1 December 2000.

ii) The Daily Scheme

Formally established under trust and registered under the ORSO, the Daily Scheme is administered by an independent trustee, with assets held separately from those of the Group. Under the current scheme rules, an eligible member’s benefit is equivalent to the final daily basic emoluments multiplied by the number of completed years of service as a daily-rated employee, and then further multiplied by the benefit factor corresponding to the member’s completed years of service. Contributions to the Daily Scheme are made in accordance with the actuary’s recommendations. The scheme is closed to employees first employed or re-employed by KMB (including any subsidiary(ies) and associated company(ies) participating in the Daily Scheme) on or after 1 December 2000.

iii) SHKP MPF Employer Sponsored Scheme

The Group is a participating member of the SHKP MPF Employer Sponsored Scheme (“SHKP Scheme”), which is a defined contribution retirement scheme. Employees who do not participate in the aforesaid defined benefit retirement schemes are covered by the SHKP Scheme, which is administered by an independent trustee. The assets of the SHKP Scheme are held in independently administered funds, separate from those of the Group. The Group is required to make contributions to the SHKP Scheme at rates ranging from 5% to 12% of relevant employees’ salaries, depending on their employment terms and length of service with the Group. Employees are required to make contributions to the SHKP Scheme at 5% of their relevant income as defined by the MPF Ordinance, subject to a cap of monthly relevant income of HK\$30,000.

DIRECTORS' PROFILES



Dr Norman LEUNG Nai Pang

GBS, JP, LLD, DSSc, BA

Chairman and Independent Non-executive Director, aged 84. Dr Leung has been a Director of Transport International Holdings Limited (the "Company"), The Kowloon Motor Bus Company (1933) Limited ("KMB") and Long Win Bus Company Limited ("LWB") since 18 March 2000 and Deputy Chairman of the Company, KMB and LWB since 14 June 2001. Dr Leung became an Independent Non-executive Director of the Company with effect from 1 February 2006. He has been appointed as the Chairman of the Company with effect from the conclusion of the Annual General Meeting of the Company held on 17 May 2012. Dr Leung is the Chairman of the Standing Committee of the Company. He is an Independent Non-executive Director of Sun Hung Kai Properties Limited (a company listed on the Hong Kong Stock Exchange). Dr Leung has been active in public service for 40 years and he served as Commissioner of the Civil Aid Service from 1993 to 2007, Chairman of the Broadcasting Authority from 1997 to 2002, a member of the Advisory Committee on Post-office Employment for former Chief Executives and Politically Appointed Officials from 2007 to 2013, Council Chairman of the City University of Hong Kong from 1997 to 2003 and Pro-Chancellor of such University from 2005 to June 2016. Dr Leung was the Council Chairman of The Chinese University of Hong Kong from May 2016 to April 2022.



Dr John CHAN Cho Chak

*GBS, JP, DBA(Hon),
DSocSc(Hon), BA, DipMS,
CCMI, FCILT, FHKIoD*

Deputy Chairman and Independent Non-executive Director, aged 81. Dr Chan was the Managing Director of Transport International Holdings Limited (the "Company") from 4 September 1997 to 7 April 2008; the Managing Director of The Kowloon Motor Bus Company (1933) Limited ("KMB") and Long Win Bus Company Limited ("LWB") from 1 November 1993 to 31 December 2006 and from 8 May 1997 to 31 December 2006 respectively; and the Senior Executive Director of KMB and LWB from 1 January 2007 to 7 April 2008. He has been a Non-executive Director of the Company, KMB and LWB since 8 April 2008, and was re-designated as Independent Non-executive Director of the Company with effect from 4 January 2012. He was appointed as the Deputy Chairman of the Company with effect from the conclusion of the Annual General Meeting of the Company held on 17 May 2012. He is the Chairman of the Remuneration Committee and the Nomination Committee as well as a member of the Standing Committee of the Company. He is an Independent Non-executive Director of Guangdong Investment Limited. He was the Chairman and Non-executive Director of RoadShow Holdings Limited from 15 January 2001 to 12 December 2017. He was formerly an Independent Non-executive Director of Hong Kong Exchanges and Clearing Limited from 2000 to 2003, a Director of Swire Properties Limited from April 2010 to March 2017, during which he acted as an Independent Non-Executive Director from December 2011 to March 2017, and an Independent Non-Executive Director of Hang Seng Bank Limited from August 1995 to May 2022. He was a member of the Hong Kong Civil Service from 1964 to 1978 and from 1980 to 1993. Key posts held in Government included Private Secretary to the Governor, Deputy Secretary (General Duties), Director of Information Services, Deputy Chief Secretary, Secretary for Trade and Industry and Secretary for Education and Manpower. Dr Chan was formerly also the Executive Director and General Manager of Sun Hung Kai Finance Company Limited from 1978 to 1980. He is the Pro-Chancellor of The Hong Kong University of Science and Technology with effect from 6 March 2023. In December 2000, Dr Chan won the Executive Award in the DHL/SCMP HK Business Awards 2000 and received an Honorary University Fellowship from The University of Hong Kong. He was awarded the degrees of Doctor of Business Administration (honoris causa) by the International Management Centres in 1997 and Doctor of Social Sciences (honoris causa) by The Hong Kong University of Science and Technology in 2009, The University of Hong Kong in 2011 and Lingnan University in 2012. He is a Companion of the Chartered Management Institute, a Fellow of the Chartered Institute of Logistics and Transport and a Fellow of the Hong Kong Institute of Directors.



Raymond KWOK Ping Luen
*JP, MA(Cantab), MBA,
Hon DBA, Hon LLD*

Non-executive Director, aged 71. Mr Kwok has been a Director of Transport International Holdings Limited (the "Company") since 4 September 1997. He is also a member of the Standing Committee of the Company. He has been a Director of The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited since 1 September 1981 and 8 May 1997 respectively. Mr Kwok holds a Master of Arts degree in Law from Cambridge University, a Master's degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from Hong Kong Metropolitan University and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. He is the Chairman and Managing Director of Sun Hung Kai Properties Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is also the Chairman and an Executive Director of SUNeVision Holdings Ltd., the Chairman and a Non-executive Director of SmarTone Telecommunications Holdings Limited and a Non-executive Director of Wing Tai Properties Limited.

In civic activities, Mr Kwok is a Director of The Real Estate Developers Association of Hong Kong.

Mr Kwok is the father of Mr Christopher Kwok Kai-wang.



William LOUEY Lai Kuen
BSc(Econ)

Non-executive Director, aged 65. Mr Louey has been a Director of Transport International Holdings Limited (the "Company") since 4 September 1997 and of its subsidiaries, The Kowloon Motor Bus Company (1933) Limited since 14 January 1993 and Long Win Bus Company Limited since 8 May 1997. He was appointed as a member of the Standing Committee of the Company with effect from 1 January 2018. Formerly, Mr Louey had a successful career in the United Kingdom, with an international merchant bank for five years and an international accounting firm for three years afterwards.

In memory of his grandfather, Mr William S D Louey, William S D Louey Educational Foundation was set up in 1995 to offer scholarship and bursaries to students with academic excellence from Hong Kong and Greater China to pursue their studies abroad. The Foundation has extended its financial support to promising candidates from other countries in recent years. In 1999, Mr Louey was invited to join the committee of the China Oxford Scholarship Fund, and subsequently in 2011, appointed as Member of ViceChancellor's Circle, University of Oxford.

Between 2003 and 2012, he also served as Executive Committee Member of The Friends of Cambridge University in Hong Kong, the sponsor of Prince Philip Scholarship.

In recognition of his exceptional contribution to education, Mr Louey was presented with Elizabeth Wordsworth Fellowship by St Hugh's College in February 2013, the very first recipient of this top accolade bestowed by University of Oxford.



Charles LUI Chung Yuen
M.H., BEc, AASA, FCILT

Non-executive Director, aged 90. Mr Lui has been a Director of Transport International Holdings Limited (the "Company") since 4 September 1997. He has also been a Director of The Kowloon Motor Bus Company (1933) Limited ("KMB") and Long Win Bus Company Limited since 17 September 1993 and 24 August 1994 respectively, and has been redesignated as a Non-executive Director of the Company with effect from 20 October 2016. He is also a member of the Standing Committee of the Company. Mr Lui has joined KMB in 1960 as Accountant and promoted to Chief Accountant and Assistant General Manager before he was appointed as General Manager on 1 March 1989. After his retirement as General Manager on 21 July 1999 on reaching the retirement age of 65 years, Mr Lui was appointed the Deputy Managing Director of KMB (China) Holdings Limited ("KMB (China)") on 1 September 1999 and was the Chairman of KMB (China) between 13 August 2003 and 20 October 2016.

DIRECTORS' PROFILES



Winnie NG

*JP, BA, MBA(Chicago),
MPA(Harvard), FCIM, CMILT,
MHKIoD*

Non-executive Director, aged 61. Ms Ng has been a Director of The Kowloon Motor Bus Company (1933) Limited ("KMB") since 1995 and a Director of Transport International Holdings Limited (the "Company") and Long Win Bus Company Limited since 1997, and was Founder and Deputy Chairman of RoadShow Holdings Limited ("RoadShow") until 12 December 2017. Ms Ng is also an Independent Non-executive Director of Century City International Holdings Limited, Paliburg Holdings Limited and Regal Hotels International Holdings Limited which are all listed companies. Ms Ng has received numerous awards and recognition. In 2019, Ms Ng received the Outstanding Businesswomen Award and in 2017, she was appointed a Justice of the Peace. In 2016, she won Nobel Laureate Series: Asian Chinese Leadership Award, and China Top Ten Outstanding Women Entrepreneurs. In previous years, she was named a Woman of Excellence, and was selected as one of 60 Meritorious Chinese Entrepreneurs with Achievement and National Contribution. She won the Yazhou Zhoukan Young Chinese Entrepreneur Award, and was named one of China's 100 Outstanding Women Entrepreneurs. She was also a Mason Fellow of Harvard University, and was the Caring Heart Award recipient.

Ms Ng has been appointed a member of Standing Committee of the Company since 23 October 2008 to assist and advise the Board in formulating policy, and to monitor the implementation by management. She has also been a member of the Remuneration Committee of the Company since 19 May 2017. She was Executive Director of the Company from 1995 until 13 October 2008 and looked after business development, procurement, insurance, facilities management, marketing and sales, and corporate relations. She successfully positioned KMB as a powerful out-of-home media sales tool by raising the profiles and sales of bus body exterior and on street bus shelter advertising, and created the multi-media RoadShow, unlocking the huge potential of the travelling passengers. The operations model has been adopted by many companies in Hong Kong, China, and over the world. The spinoff and listing of RoadShow on the main board (HK stock code 888) was a business breakthrough in the public transportation industry, creating an independently listed and financially strong subsidiary for the Group. To further capitalise on this substantial value asset, it was sold and contributed significantly to the 2017 earnings of the Group.

Active in public service, she is a Director of Po Leung Kuk, Member of Women's Commission and Co-Convenor of Women Empowerment Fund, Director of CUHK Medical Centre, Director of HKBU Chinese Medicine Hospital, Council Member of The Education University of Hong Kong, Supervisor of Mr & Mrs Chan Pak Keung Tsing Yi School, Advisor of Our Hong Kong Foundation and Council Member of The Better Hong Kong Foundation. She was Chairman of Hospital Governing Committee of Prince of Wales Hospital from 2014 to 2020, Member of Hong Kong Tourism Board and its Marketing & Business Development Committee Chairman, and Member of the Hospital Authority and its Supporting Services Development Committee Chairman from 2010 to 2016. She was member of Employees Retraining Board and its Course Vetting Committee Convenor, and Member of Vocational Training Council from 2011 to 2017. She acted as the judge for Miss Hong Kong Pageant 2014, and also acted as the judge for Hong Kong Volunteer Award from 2005 to 2021.

Ms Ng holds an MBA degree from the University of Chicago and an MPA degree from Harvard University. She is a Fellow of the Chartered Institute of Marketing.

**Dr Eric LI Ka Cheung***GBS, OBE, JP, LLD,**DSocSc, Hon**DSocSc(EdUHK), BA, FCPA,**FCA, FCPA(Aust.)*

Independent Non-executive Director, aged 71. Dr Li has been a Director of Transport International Holdings Limited (the “Company”), The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited since 10 December 1998. Dr Li was an Independent Non-executive Director of RoadShow Holdings Limited from 16 September 2004 to 12 December 2017. He is the Honorary Chairman of Shinewing (HK) CPA Limited. Dr Li is an Independent Non-executive Director of SmarTone Telecommunications Holdings Limited, Wong’s International Holdings Limited, Hang Seng Bank Limited (until 27 May 2021), China Resources Beer (Holdings) Company Limited (formerly China Resources Enterprises, Limited) and Bank of Communications Co., Ltd. (until 25 June 2013), all of which are listed on the Stock Exchange. He was formerly an Independent Non-executive Director of China Vanke Co., Ltd., Sinoferf Holdings Limited, CATIC International Holdings Limited and Meadville Holdings Limited (a company listed on the Stock Exchange until its withdrawal of its listing status on 19 April 2010). He is also an Independent Non-executive Director of Sun Hung Kai Properties Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is a Former member of the 10th to 13th National Committee of the Chinese People’s Political Consultative Conference. He was also a former member of the Legislative Council of Hong Kong and a past president of the Hong Kong Institute of Certified Public Accountants. Dr Li is the Chairman of the Audit and Risk Management Committee of the Company, and a member of the Nomination Committee and Remuneration Committee of the Company.

**Professor LIU Pak Wai***SBS, JP*

Independent Non-executive Director, aged 77. Professor Liu was appointed Independent Non-executive Director of Transport International Holdings Limited (the “Company”), The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited with effect from 1 September 2011. He was appointed as a member of the Remuneration Committee and the Audit and Risk Management Committee of the Company with effect from the conclusion of the Annual General Meeting of the Company held on 17 May 2012 and on 19 May 2017 respectively. He received his AB degree from Princeton University and PhD degree from Stanford University in the United States of America. He is the Distinguished Research Fellow and formerly Pro-Vice-Chancellor of The Chinese University of Hong Kong and holds a number of positions related to his field of study, including Executive Committee Chairman of the Lau Chor Tak Institute of Global Economics and Finance. Professor Liu is an Independent Non-executive Director of Hang Lung Group Limited which is listed on the Main Board of the Stock Exchange. He was an Independent Non-executive Director of Hang Lung Properties Limited and China Zheshang Bank Co., Ltd.. He is also a Director of the Hong Kong Institute for Monetary and Financial Research of the Hong Kong Monetary Authority, a Board Member of the Shenzhen Finance Institute and was a Non-executive Director of the Securities and Futures Commission and the Chairman of its Remuneration Committee. In public service, he was a past Chairman of the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials and a past member of the Judicial Officers Recommendation Commission, the Commission on Strategic Development, the Working Group on Long Term Fiscal Planning, the Independent Review Committee for the Prevention and Handling of Potential Conflicts of Interests, and the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR.

DIRECTORS' PROFILES



Allen FUNG Yuk Lun

BA, Ph.D

Non-executive Director, aged 56. Mr Fung has been a Director of Transport International Holdings Limited (the "Company"), The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited since 1 January 2014. He was appointed as a member of the Audit and Risk Management Committee and Nomination Committee of the Company with effect from 19 May 2017. He is an Executive Director of Sun Hung Kai Properties Limited ("SHKP"), a Deputy Chairman and an Executive Director of SmarTone Telecommunications Holdings Limited and a Vice Chairman of SUNeVision Holdings Ltd. He is also a member of the Executive Committee of SHKP and the Chief Executive Officer of the SHKP Group's non-property related portfolio investments. He is also a director of certain SHKP subsidiaries. He was a Non-executive Director of RoadShow Holdings Limited from 8 July 2014 to 12 December 2017. Mr Fung obtained an undergraduate degree (Modern History) from Oxford University and holds a doctoral degree in History and East Asian Languages from Harvard University. He was a recipient of a Guggenheim Fellowship in 1996. Mr Fung was a Teaching Fellow at Harvard University from 1993 to 1994 and a visiting Assistant Professor of History at Brown University from 1996 to 1997. Mr Fung joined McKinsey & Company ("McKinsey"), a global management consulting company, in 1997. During his time in McKinsey, he primarily served clients in China and Hong Kong, and also served institutions in Europe and Southeast Asia. Mr Fung was the co-leader of the infrastructure practice for McKinsey. He was the Managing Partner of McKinsey Hong Kong from 2004 to 2010. In 2011, he became a Director of McKinsey globally, being the first Hong Kong Chinese to become a Director in McKinsey's history. He was also the head of recruiting for the Asia region in McKinsey.

Mr Fung is a member of the General Committee of the Hong Kong General Chamber of Commerce, the Vice President of The Hong Kong Federation of Youth Groups. He was elected a professor of Practice of The Hong Kong Management Association, and an executive committee member. He is also a member of the Hong Kong Tourism Board.



Roger LEE Chak Cheong
BSc, MSc, MICE, CEng

Managing Director, aged 62. Mr Lee has been a Director of Transport International Holdings Limited (the "Company"), The Kowloon Motor Bus Company (1933) Limited ("KMB") and Long Win Bus Company Limited ("LWB") since 3 March 2014. He has been appointed as Managing Director of the Company, KMB and LWB since 1 January 2015. He is a member of the Standing Committee of the Company. He is also a Director of certain subsidiaries of the Company. Mr Lee also served as an Alternate Director to Mr Raymond Kwok Ping Luen of the Company, KMB and LWB for the period from 1 April 2013 to 2 March 2014.

Prior to joining Sun Hung Kai Properties Limited in 2006, Mr Lee was a Director with MVA Hong Kong Limited, a leading traffic and transport consultancy in Hong Kong. Before returning to Hong Kong, Mr Lee worked for the West Sussex County Council, the London Borough of Bexley and the East Sussex County Council in England between 1986 and 1994.

Mr Lee obtained a Bachelor Degree in Civil Engineering from the University of Westminster, England in 1985 and a Master Degree in Transportation Planning & Engineering from the University of Southampton, England in 1986. Mr Lee is a Chartered Engineer and a member of the Institution of Civil Engineers.

Mr Lee is currently a Council Member of the Business Environment Council and a committee member of the Employers' Federation of Hong Kong.

DIRECTORS' PROFILES



Andy TSANG Wai Hung

GBS, PDSM, JP, MBA

Independent Non-executive Director, aged 66. Mr Tsang has been a Director of Transport International Holdings Limited, The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited since 1 January 2018. He is a member of the Audit and Risk Management Committee and Standing Committee of the Company.

Mr Tsang is a retired civil servant. He was the Commissioner of Police prior to his retirement in May 2015. Currently, he works as a management consultant 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 appointed as the Deputy Commissioner of the National Narcotics Control Commission with effect from 1 April 2019. He was also appointed External Director of the China Tourism Group Corporation Limited with effect from 23 April 2020, and Non-executive Director of the China Travel International Investment Hong Kong Limited with effect from 19 June 2020. On 23 September 2021, he was elected Vice-President of the Police Association of China.

Mr Tsang started his police career as an Inspector 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 an MBA 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.



Dr CHEUNG Wing Yui

*BBS, BCom, Hon DBA,
CPA(Aust.)*

Non-executive Director, aged 75. Dr Cheung has been a Director of Transport International Holdings Limited, The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited since 1 January 2018. He is a Deputy Chairman and a Non-executive Director of SmarTone Telecommunications Holdings Limited, a Vice Chairman and a Non-executive Director of SUNeVision Holdings Ltd. and a Non-executive Director of Tai Sang Land Development Limited. He is also a Non-executive Director of Sun Hung Kai Properties Insurance Limited, which is a wholly-owned subsidiary of Sun Hung Kai Properties Limited.

Dr Cheung received a Bachelor of Commerce degree in accountancy from The University of New South Wales, Australia and is a member of the CPA Australia. He has been a practising solicitor in Hong Kong since 1979 and is a consultant of the law firm Woo Kwan Lee & Lo. Dr Cheung was also admitted as a solicitor in the United Kingdom and as an advocate and solicitor in Singapore. Dr Cheung was awarded the Bronze Bauhinia Star (BBS) in 2013. He was awarded an honorary degree of Doctor of Business Administration from The Open University of Hong Kong (renamed as Hong Kong Metropolitan University) in 2016.

He is a member of the Sponsorship & Development Fund Committee and a court member of The Open University of Hong Kong (renamed as Hong Kong Metropolitan University) and an Honorary Council Member of The Hong Kong Institute of Directors Limited. He is also a director of The Community Chest of Hong Kong Limited.

Dr Cheung held the positions of the Chairman of Admissions, Budgets and Allocations Committee of The Community Chest of Hong Kong Limited (until 30 June 2020), the Deputy Chairman of the Council of The Open University of Hong Kong (renamed as Hong Kong Metropolitan University), the Deputy Chairman of The Hong Kong Institute of Directors Limited, a Director of Po Leung Kuk, the Vice Chairman of the Mainland Legal Affairs Committee of The Law Society of Hong Kong and a member of the Board of Review (Inland Revenue Ordinance). He was a Non-executive Director of SRE Group Limited and Tianjin Development Holdings Limited, an Independent Non-executive Director of Ping An Insurance (Group) Company of China, Ltd., Hop Hing Group Holdings Limited and Agile Group Holdings Limited.

DIRECTORS' PROFILES



LEE Luen Fai

BBS, JP, BA

Non-executive Director, aged 71. Mr Lee has been a Director of Transport International Holdings Limited, The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited since 1 January 2018. He is the Director of Public Affairs of Sun Hung Kai Properties Limited ("SHKP"). He joined SHKP in May 2005. He is a veteran of the broadcasting industry, with more than 20 years of experience in the field. He joined Radio Television Hong Kong ("RTHK") in the 70's and hosted a number of popular programmes including "Talkabout" and "City Forum". Mr Lee was also the Head of Public Affairs for RTHK radio division. In 1993, he was promoted as the Head of Public and Current Affairs of the television division overseeing all public and current affairs programmes. He became Controller of Educational Television in 1996 and was responsible for all educational TV and school programmes. Mr Lee graduated from Grantham College of Education (now known as The Education University of Hong Kong) and holds a bachelor of arts degree in Chinese History from University of East Asia (now known as University of Macau).

Mr Lee has an extensive record of public and community service and is currently a Member of Civil Service Training Advisory Board, Constitution and Basic Law Promotion Steering Committee, and Election Committee (Transport Sub-sector).



LUNG Po Kwan

*BSocSc,
MSocSc(Economics),
MBA, CFA*

Non-executive Director, aged 59. Mr Lung has been a Director of Transport International Holdings Limited (the "Company"), The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited since 1 July 2018. He was appointed as a member of the Remuneration Committee of the Company with effect from 1 January 2021. He is the Chief Financial Officer of the China region for Sun Hung Kai Properties Limited ("SHKP"). He has over 33 years of experience in financial markets, including investment research, fund management, private equity investments and risk management in both corporate and financial institutions.

Mr. Lung joined SHKP in 1992 and was responsible for investor relations and investment in infrastructure project until 1996. During 1996-2003, Mr. Lung was a portfolio manager with BNP Paribas Asset Management, specialising in Asian equity investments. In 2004, Mr. Lung was seconded to a fund management company jointly set up by BNP Paribas and Shenyin Wanguo Securities in Shanghai, China to head the risk management of the joint-venture. In 2007, Mr. Lung joined as one of the founding partners in a private equity firm funded by seed capital from BNP Paribas and Shinhan Financial Group. Mr. Lung rejoined SHKP in 2013 and took up the current position since then.

Mr. Lung holds a Bachelor of Social Sciences degree and a Master of Social Sciences degree in Economics from the University of Hong Kong, and a Master of Business Administration degree from China Europe International Business School in Shanghai. Mr. Lung is a CFA charterholder of the CFA Institute.



Christopher KWOK Kai-wang
JP, MBA, BSc

Non-executive Director, aged 38. Mr Kwok has been a Director of Transport International Holdings Limited, The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited since 15 June 2023.

Mr. Kwok holds a Bachelor of Science degree in Chemistry from Harvard University and a Master's degree in Business Administration from Stanford Graduate School of Business. He is an Executive Director of Sun Hung Kai Properties Limited ("SHKP"), a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He joined the Sun Hung Kai Properties Group (the "SHKP Group") in 2011 and is primarily responsible for the leasing of residential, retail and commercial properties of the SHKP Group in Hong Kong and on the Mainland. Besides, he assumes the overall responsibilities for the property business of the SHKP Group in Northern China. Mr. Kwok also assists the Chairman of SHKP in all other non-property businesses of the SHKP Group in which he is a non-executive director of SUNeVision Holdings Ltd.

In addition, Mr. Kwok is a member of the General Committee of the Employers' Federation of Hong Kong, a governor of Our Hong Kong Foundation Limited and a member of its Development Committee as well as a council member of Hong Kong Chronicles Institute Limited. He is also a member of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference, a Vice-Chairman of Greater Bay Area Homeland Youth Community Foundation, and a member of the Museum Advisory Committee and its History Sub-committee of the Leisure and Cultural Services Department of the Government of the Hong Kong Special Administrative Region.

Mr Kwok is a son of Mr Raymond Kwok Ping-luen.

DIRECTORS' PROFILES



WANG Xiao Bin
BCom, CPA (Aust.)

Independent Non-executive Director, aged 57. Ms. Wang was appointed Independent Non-executive Director and a member of the Audit and Risk Management Committee of Transport International Holdings Limited with effect from 1 November 2024. Ms. WANG is currently an independent non-executive director of Hang Seng Bank Limited (listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock Code: 11)) and Cathay Pacific Airways Limited (listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock Code: 293)) and a director of China Southern Power Grid International (HK) Co., Limited. Ms. WANG was an independent non-executive director of Worley Limited (a company listed on the Australian Securities Exchange) from December 2011 to June 2024. She was a senior executive of China Resources Power Holdings Company Limited ("China Resources") (listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock Code: 836)) from 2003 to 2023 and held positions including Chief Financial Officer and Senior Vice President. She also acted as an Executive Director of China Resources from 2006 to 2023. Prior to that, Ms. WANG was a Director of Corporate Finance at ING Investment Banking where she worked from 1995 to 2003. She had worked at the audit and business advisory division of Price Waterhouse (now known as PricewaterhouseCoopers) in Australia from 1990 to 1995. Ms. WANG holds a Graduate Diploma from the Securities Institute of Australia (now known as the Financial Services Institute of Australasia) and a Bachelor's Degree in Commerce from Murdoch University, Australia. She was qualified as a chartered accountant in Australia and is a member of the Australian Society of Certified Practising Accountants (now known as CPA Australia).

KEY CORPORATE EXECUTIVES

| Company/Position | Name |
|--|---|
| Transport International Holdings Limited | |
| Managing Director | Roger LEE Chak Cheong, BSc, MSc, MICE, CEng |
| Administration Director | Percy LEUNG Tsz Kin, BSocSc, MA, PGDip |
| Finance Director | Joseph LEUNG Cho Tak, BA, CPA, AICPA |
| Company Secretary | Jeff YU Wai Cheung, BSocSc, CPA, FCCA |
| Head of Internal Audit Department | Bobo TO On Ying, BBA, CPA |
| The Kowloon Motor Bus Company (1933) Limited Long Win Bus Company Limited | |
| Operations Director | Rachel KWAN Chui Lan, BA(Hons), MSc (Urban Planning), MPA, MSc (IT&M), MCIT |
| Commercial Director | Emily CHEUNG Yee Hang, BA, MA, MCILT |
| Director (Operations Administration) | Anita LAM Chiu Lin, BCom, MSc, MCIPS |
| Safety Director and Director of KMB Academy | Martin CADMAN, BSc |
| Deputy Director (Finance) | Kathy CHEUNG Mei Lam, BBA, FCPA, ACA |
| Deputy Operations Director (East Division) | Utan WONG Yu Ting, BA |
| Deputy Operations Director (West Division) | Kelvin YEUNG, BSc, CMILT |
| Head of Corporate Communications & Public Affairs Department | Kenny KAN Hok Hei, BSocSc(Hons) |
| Head of Customer Experience Department | Carmen NG Ka Man, BA(Hons), MA |
| Head of Human Resources Department | Simon YEUNG Yiu Wai, BBA(Hons), MSc |
| Head of Information Technology Department | Karen WONG Hau Ling, BSc(Hons), MPhil |
| Head of Legal Department | Jessica CHENG Wai Chung, LLB, LL.M |
| Head of Major Works Department | Jacky NG Chin To, BA |
| Head of Staff Relations & Welfare Services Department | Wing YIM Wing Han, BA, PgDHRM, MHRM, CEP® |
| Sun Bus Holdings Limited | |
| General Manager | Eddie CHOI Shun Kei, Chairman of Hong Kong Non Franchised Bus Association |

FINANCIAL REPORTS

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DIRECTORS' REPORT

The Directors submit herewith their Annual Report together with the audited financial statements for Transport International Holdings Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2024.

Principal place of business

The Company was incorporated in Bermuda and is domiciled in Hong Kong and has its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and principal place of business at 15/F, 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong.

Principal activities and business review

The principal activity of the Company is investment holding and the principal activities of the Group are the operation of both franchised and non-franchised public transportation and property holdings and development.

Particulars of the Company's principal subsidiaries are set out in note 17 to the consolidated financial statements.

The analysis of the principal activities of the Group during the financial year is set out in note 12 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, an indication of likely future developments in the Group's business, a discussion of the Group's environmental policies and performance, and its compliance with the relevant laws and regulations that have a significant impact on the Group and an account of the Group's key relationships with its employees, customers and suppliers that have a significant impact on the Group can be found in the Management Discussion and Analysis set out on pages 20 to 155 of this Annual Report. This discussion forms part of this Directors' Report.

Recommended dividend

No interim dividend was paid to the shareholders (2023: HK\$0.30 per share). The Directors now recommend that a final dividend of HK\$0.50 per share (2023: HK\$0.50 per share) in respect of the year ended 31 December 2024 be paid to shareholders on 26 June 2025.

Charitable donations

Charitable donations made by the Group during the year amounted to HK\$486,000 (2023: HK\$208,000).

Share capital

Details of the movements in share capital of the Company during the year are set out in note 31(b) to the consolidated financial statements. Shares were issued during the year relating to the scrip dividend scheme. Details about the issue of shares are also set out in note 31(b) to the consolidated financial statements.

Distributability of reserves

At 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK\$2,300,027,000 (2023: HK\$2,300,049,000). After the end of the reporting period, the Directors proposed a final dividend of HK\$0.50 per share (2023: HK\$0.50 per share), amounting to HK\$254,451,000 (2023: HK\$247,172,000) (note 11(a)). This dividend has not been recognised as a liability at the end of the reporting period.

DIRECTORS' REPORT

Directors

The Directors during the financial year and up to the date of this report were:

| | |
|--|---|
| Dr Norman LEUNG Nai Pang*, <i>GBS, JP</i> | (Chairman) |
| Dr John CHAN Cho Chak*, <i>GBS, JP</i> | (Deputy Chairman) |
| Raymond KWOK Ping Luen, <i>JP</i> | |
| William LOUEY Lai Kuen | |
| Charles LUI Chung Yuen, <i>M.H.</i> | |
| Winnie NG, <i>JP</i> | |
| Dr Eric LI Ka Cheung*, <i>GBS, OBE, JP</i> | |
| Professor LIU Pak Wai*, <i>SBS, JP</i> | |
| Allen FUNG Yuk Lun | |
| Roger LEE Chak Cheong | (Managing Director) |
| TSANG Wai Hung*, <i>GBS, PDSM, JP</i> | |
| Dr CHEUNG Wing Yui, <i>BBS</i> | |
| LEE Luen Fai, <i>BBS, JP</i> | |
| LUNG Po Kwan | |
| Christopher KWOK Kai-wang, <i>JP</i> | |
| WANG Xiao Bin* | (Appointed on 1 November 2024) |
| WONG Hong Kit | (Alternate Director to Mr Raymond KWOK Ping Luen, <i>JP</i>) |
| LAU Man-Kwan, Julia | (Appointed as Alternate Director to Mr William LOUEY Lai Kuen on 20 June 2024) |
| GAO Feng | (Resigned as Alternate Director to Mr William LOUEY Lai Kuen on 20 June 2024) |

* Independent Non-executive Director

In accordance with Company's Bye-Laws 84(1), Dr Norman Leung Nai Pang, Dr John Chan Cho Chak, Mr William Louey Lai Kuen, Mr Allen Fung Yuk Lun, Mr Roger Lee Chak Cheong and Mr Lung Po Kwan will retire from the Board at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

In accordance with Company's Bye-Laws 83(2), Ms Wang Xiao Bin, who was appointed as an Independent Non-executive Director by the Board after the 2024 annual general meeting of the Company, will hold office until the Annual General Meeting and, subject to authorization by the Shareholders, being eligible, will offer herself for re-election.

Brief biographical details of the Directors of the Company are set out on pages 156 to 166 of this Annual Report.

Indemnity provision

The Bye-laws of the Company provides that every Director shall be indemnified out of the assets and profits of the Company from and against actions and liability which he/she may incur or sustain in or about the execution of the duties of his/her office.

The Company has taken out insurance against the liabilities and costs associated with defending any proceedings which may be brought against the Directors of the Group.

DIRECTORS' REPORT

Directors' interests and short positions in shares, underlying shares and debentures

The Directors of the Company who held office as at 31 December 2024 had the following interests in the shares of the Company, subsidiaries and other associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) at that date as recorded in the register of Directors' and chief executives' interests and short positions required to be kept under Section 352 of the SFO:

(i) Interests in issued shares of the Company

| | Ordinary shares of HK\$1 each | | | | | Total number of shares held | Percentage of total issued shares |
|---|-------------------------------|---------------------|------------------------|------------------------|------------------------|-----------------------------------|---|
| | Personal interests | Family interests | Corporate interests | Trustee interests | Other interests | | |
| Dr Norman LEUNG Nai Pang* | 644,774 | – | – | – | – | 644,774 | 0.127% |
| Dr John CHAN Cho Chak* | 2,000 | – | – | – | – | 2,000 | – |
| Raymond KWOK Ping Luen | 625,107 (note 1) | – | – | – | – | 625,107 | 0.123% |
| William LOUEY Lai Kuen | 9,816,161 | 11,383 | – | – | 14,780,137 (note 2) | 24,607,681 | 4.835% |
| Charles LUI Chung Yuen | 14,271 | – | – | 3,484,915 (note 3) | – | 3,499,186 | 0.688% |
| Winnie NG | 305,416 | – | – | 28,079,613 (note 4) | – | 28,385,029 | 5.578% |
| Dr Eric LI Ka Cheung* | 17,600 | – | – | – | – | 17,600 | 0.003% |
| Professor LIU Pak Wai* | – | – | – | – | – | – | – |
| Allen FUNG Yuk Lun | – | – | – | – | – | – | – |
| Roger LEE Chak Cheong (Managing Director) | 157,072 | – | – | – | – | 157,072 | 0.031% |
| TSANG Wai Hung* | – | – | – | – | – | – | – |
| Dr CHEUNG Wing Yui | – | – | – | – | – | – | – |
| LEE Luen Fai | – | 30,000 | – | – | – | 30,000 | 0.006% |
| LUNG Po Kwan | – | – | – | – | – | – | – |
| Christopher KWOK Kai-wang | – | – | – | – | – | – | – |
| WANG Xiao Bin* | – | – | – | – | – | – | – |
| WONG Hong Kit (Alternate Director to Mr Raymond KWOK Ping Luen) | – | – | – | – | – | – | – |
| LAU Man-Kwan, Julia (Alternate Director to Mr William LOUEY Lai Kuen) | 1,576,971 | – | – | – | 23,019,327 (note 5) | 24,596,298 | 4.833% |

* Independent Non-executive Director

Notes:

- (1) Of these shares in the Company, Mr Raymond Kwok Ping Luen held 620,148 shares jointly with his spouse.
- (2) Mr William Louey Lai Kuen, Ms Kwok Won Carol Wilma Yu Louey and Ms Lau Man Kwan Julia entered into a shareholders voting agreement to which section 317(1)(a) of the SFO applies. As such, Mr William Louey Lai Kuen is deemed to be interested in 14,780,137 shares in the Company as a result of being a concert party to the agreement.
- (3) Mr Charles Lui Chung Yuen and members of his family together had interests in certain private trusts which beneficially held 3,484,915 shares in the Company.
- (4) Ms Winnie Ng had an interest in 28,079,613 shares in the Company as a beneficiary in certain private trusts which beneficially held the aforesaid block of shares.
- (5) Mr William Louey Lai Kuen, Ms Kwok Won Carol Wilma Yu Louey and Ms Lau Man Kwan Julia entered into a shareholders voting agreement to which section 317(1)(a) of the SFO applies. As such, Ms Lau Man Kwan Julia is deemed to be interested in 23,019,327 issued shares of the Company as a result of being a concert party to the agreement. For the avoidance of doubt, this amount excludes the 830,000 share options granted to Mr William Louey Lai Kuen.

DIRECTORS' REPORT

Directors' interests and short positions in shares, underlying shares and debentures (continued)

(ii) Interests in underlying shares

Directors of the Company have been granted options under the Company's share option scheme, details of which are set out in the section "Equity-linked agreement – Share option scheme" below.

As at 31 December 2024, none of the Directors had any non-beneficial interest in the share capital of the Company.

Apart from the foregoing, none of the Directors of the Company or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Company or any of its subsidiaries or other associated corporations, as recorded in the register of directors' interests and short positions required to be kept under Section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Equity-linked agreement

Share option scheme

The Company has a share option scheme which was adopted on 26 May 2016 whereby the Directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at a consideration of HK\$1 to subscribe for ordinary shares of the Company. The purpose of the scheme is to provide an opportunity for employees of the Group to acquire an equity participation in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The share option scheme shall be valid and effective for a period of ten years ending on 25 May 2026, after which no further options will be granted.

The exercise price of options is the highest of (i) the nominal value of the shares on the date of grant, (ii) the closing price of the shares on The Stock Exchange of Hong Kong Limited on the date of grant and (iii) the average closing price of the shares on The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant.

On 30 October 2016, a total of 5,560,000 share options were granted by the Company, of which, 860,000 share options were granted to 1 Director and 4,700,000 share options were granted to certain employees of the Group. Such share options were exercisable during the period from 31 October 2017 to 30 October 2021.

On 19 November 2020, a total of 13,925,000 share options were granted by the Company, of which, 6,525,000 share options were granted to 15 Directors and 7,400,000 share options were granted to certain employees of the Group.

On 31 March 2023, a total of 16,350,000 share options were granted by the Company, of which, 6,980,000 share options were granted to 15 Directors and 9,370,000 share options were granted to certain employees of the Group and subsequently 15,970,000 share options were accepted by the grantees.

The total number of securities which may be issued under the share option scheme was 40,363,941 shares (including options for 21,115,000 shares that have been granted but not yet lapsed or exercised) which represented 7.9% of the ordinary shares of the Company in issue at 31 December 2024. The number of securities issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the Company's ordinary shares in issue.

At 31 December 2024, certain Directors of the Company and certain employees of the Group had the following interests in options to subscribe for shares of the Company (market value per share at 31 December 2024 was HK\$8.25) granted for a consideration of HK\$1 under the share option scheme of the Company. As at 31 December 2024, the total grant date fair value of unexercised vested and unvested options, measured in accordance with the accounting policy set out in note 1(x)(iii) to the consolidated financial statements, amounted to HK\$9,137,471 and HK\$6,224,912, respectively. The options are unlisted. Once vested, each option gives the holder the right to subscribe for one ordinary share of the Company. Assuming that all the options outstanding as at 31 December 2024 are exercised, the Company will receive proceeds of HK\$265,001,000.

DIRECTORS' REPORT

Equity-linked agreement (continued)

Share option scheme (continued)

| | Number of share options | | | | | Outstanding as at 31 December 2024 | Date granted | Period during which options are exercisable | Exercise price per share | Market value per share at date of grant of options* |
|------------------------|--|-------------------------------|---------------------------------|---------------------------------|------------------------------|--|------------------|--|-----------------------------|--|
| | Outstanding as at 1 January 2024 | Granted during the year | Exercised during the year | Cancelled during the year | Lapsed during the year | | | | | |
| Directors | | | | | | | | | | |
| Roger LEE Chak Cheong | 400,000 | – | – | – | – | 400,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 450,000 | – | – | – | – | 450,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 2) | HK\$15.32 | HK\$15.32 |
| | 430,000 | – | – | – | – | 430,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |
| | 470,000 | – | – | – | – | 470,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 4) | HK\$10.60 | HK\$10.60 |
| Norman LEUNG Nai Pang | 450,000 | – | – | – | – | 450,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 470,000 | – | – | – | – | 470,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |
| John CHAN Cho Chak | 425,000 | – | – | – | – | 425,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 450,000 | – | – | – | – | 450,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |
| Raymond KWOK Ping Luen | 400,000 | – | – | – | – | 400,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 430,000 | – | – | – | – | 430,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |

DIRECTORS' REPORT

Equity-linked agreement (continued)

Share option scheme (continued)

| | Number of share options | | | | | Outstanding as at 31 December 2024 | Date granted | Period during which options are exercisable | Exercise price per share | Market value per share at date of grant of options* |
|------------------------|--|-------------------------------|---------------------------------|---------------------------------|------------------------------|--|------------------|--|-----------------------------|--|
| | Outstanding as at 1 January 2024 | Granted during the year | Exercised during the year | Cancelled during the year | Lapsed during the year | | | | | |
| Directors (continued) | | | | | | | | | | |
| NG Siu Chan | 400,000 | – | – | – | (400,000) | – | 19 November 2020 | 19 November 2021 to 18 November 2025 (notes 1 & 5) | HK\$15.32 | HK\$15.32 |
| | 430,000 | – | – | – | (430,000) | – | 31 March 2023 | 31 March 2024 to 30 March 2028 (notes 3 & 5) | HK\$10.60 | HK\$10.60 |
| William LOUEY Lai Kuen | 400,000 | – | – | – | – | 400,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 430,000 | – | – | – | – | 430,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |
| Charles LUI Chung Yuen | 400,000 | – | – | – | – | 400,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 430,000 | – | – | – | – | 430,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |
| Winnie NG | 400,000 | – | – | – | – | 400,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 430,000 | – | – | – | – | 430,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |
| Allen FUNG Yuk Lun | 400,000 | – | – | – | – | 400,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 430,000 | – | – | – | – | 430,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |

DIRECTORS' REPORT

Equity-linked agreement (continued)

Share option scheme (continued)

| | Number of share options | | | | | | Date granted | Period during which options are exercisable | Exercise price per share | Market value per share at date of grant of options* |
|------------------------------|----------------------------------|-------------------------|---------------------------|---------------------------|------------------------|------------------------------------|------------------|--|--------------------------|---|
| | Outstanding as at 1 January 2024 | Granted during the year | Exercised during the year | Cancelled during the year | Lapsed during the year | Outstanding as at 31 December 2024 | | | | |
| Directors (continued) | | | | | | | | | | |
| CHEUNG Wing Yui | 400,000 | - | - | - | - | 400,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 430,000 | - | - | - | - | 430,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |
| LEE Luen Fai | 400,000 | - | - | - | - | 400,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 430,000 | - | - | - | - | 430,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |
| LUNG Po Kwan | 400,000 | - | - | - | - | 400,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 430,000 | - | - | - | - | 430,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |
| Eric LI Ka Cheung | 400,000 | - | - | - | - | 400,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 430,000 | - | - | - | - | 430,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |
| LIU Pak Wai | 400,000 | - | - | - | - | 400,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 430,000 | - | - | - | - | 430,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |

DIRECTORS' REPORT

Equity-linked agreement (continued)

Share option scheme (continued)

| | Number of share options | | | | | Outstanding as at 31 December 2024 | Date granted | Period during which options are exercisable | Exercise price per share | Market value per share at date of grant of options* |
|------------------------------|--|-------------------------------|---------------------------------|---------------------------------|------------------------------|--|------------------|--|-----------------------------|--|
| | Outstanding as at 1 January 2024 | Granted during the year | Exercised during the year | Cancelled during the year | Lapsed during the year | | | | | |
| Directors (continued) | | | | | | | | | | |
| TSANG Wai Hung | 400,000 | - | - | - | - | 400,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 1) | HK\$15.32 | HK\$15.32 |
| | 430,000 | - | - | - | - | 430,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 3) | HK\$10.60 | HK\$10.60 |
| Employees | 3,300,000 | - | - | (700,000) | - | 2,600,000 | 19 November 2020 | 19 November 2021 to 18 November 2025 (note 2) | HK\$15.32 | HK\$15.32 |
| | 7,630,000 | - | - | (1,790,000) | - | 5,840,000 | 31 March 2023 | 31 March 2024 to 30 March 2028 (note 4) | HK\$10.60 | HK\$10.60 |
| Total | 24,435,000 | - | - | (2,490,000) | (830,000) | 21,115,000 | | | | |

* being the closing price of the Company's ordinary shares on the date of grant.

Note 1: All the options are vested and exercisable progressively and the maximum percentage of the options which may be exercised is determined in stages as follows:

Percentage of options granted

| | |
|------------------------------|------|
| On or after 19 November 2021 | 50% |
| On or after 19 November 2022 | 100% |

Note 2: All the options are vested and exercisable progressively and the maximum percentage of the options which may be exercised is determined in stages as follows:

Percentage of options granted

| | |
|------------------------------|------|
| On or after 19 November 2021 | 30% |
| On or after 19 November 2022 | 60% |
| On or after 19 November 2023 | 100% |

Note 3: All the options are vested and exercisable progressively and the maximum percentage of the options which may be exercised is determined in stages as follows:

Percentage of options granted

| | |
|---------------------------|------|
| On or after 31 March 2024 | 50% |
| On or after 31 March 2025 | 100% |

DIRECTORS' REPORT

Equity-linked agreement (continued)

Share option scheme (continued)

Note 4: All the options are vested and exercisable progressively and the maximum percentage of the options which may be exercised is determined in stages as follows:

| | <i>Percentage of options granted</i> |
|---------------------------|--------------------------------------|
| On or after 31 March 2024 | 30% |
| On or after 31 March 2025 | 60% |
| On or after 31 March 2026 | 100% |

Note 5: Mr NG Siu Chan passed away in May 2023, his personal representative(s) may exercise the share options (to the extent which has become exercisable and not already exercised) in whole or in part within a period of 12 months, following the date of death or such longer period as the Board may determine. Mr. NG Siu Chan's personal representative(s) did not exercise the share options in whole or in part within such period of 12 months and the share options were therefore lapsed.

Information on the accounting policy for share options granted and the fair value per option is provided in note 1(x)(iii) and note 22 to the consolidated financial statements respectively.

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The number of share options available for grant under the Scheme was 4,528,941 on both 1 January 2024 and 31 December 2024.

The number of shares that may be issued in respect of share options granted under the Scheme during the year ended 31 December 2024 was 21,115,000 shares, representing 4.2% of the weighted average number of shares in issue of 501,781,379 shares for the year.

The total number of shares available for issue under the Scheme was 25,643,941 shares, representing 5.0% of the issued shares of the Company of 508,901,425 shares as at 20 March 2025.

Save as disclosed above, there were no other share options granted, exercised, cancelled or lapsed under the Scheme during the year ended 31 December 2024.

Directors' service contracts

No Director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' REPORT

Directors' interests in transactions, arrangements or contracts

As disclosed in note 35(a) to the consolidated financial statements, certain subsidiaries of the Group entered into transactions with certain subsidiaries of a substantial shareholder, Sun Hung Kai Properties Limited ("SHKP"). Certain Directors, namely Dr Norman Leung Nai Pang, Dr Eric Li Ka Cheung, Mr Raymond Kwok Ping Luen, Mr Allen Fung Yuk Lun, Dr Cheung Wing Yui and Mr Christopher Kwok Kai-wang are also directors of SHKP and/or Sun Hung Kai Properties Insurance Limited, and Mr Lee Luen Fai and Mr Lung Po Kwan are employees of subsidiary of SHKP. Among them, Mr Raymond Kwok Ping Luen and Mr Christopher Kwok Kai-wang are directors of SHKP and are materially interested in these transactions by virtue of their interest and deemed interest under Part XV of the SFO in more than 5% of the issued shares of SHKP.

Save as disclosed above, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party, and in which a Director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Discloseable interests of shareholders in shares and short positions in shares, underlying shares and debentures

As at 31 December 2024, the interests or short positions of the persons, other than Directors and the chief executive of the Company, being 5% or more in the interest in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO, were as follows:

| | Ordinary shares of HK\$1 each | | | | Percentage of total issued shares |
|---|-------------------------------|---------------------|-------------------|-----------------------------|-----------------------------------|
| | Registered shareholders | Corporate interests | Trustee interests | Total number of shares held | |
| HSBC Trustee (C. I.) Limited | – | – | 223,076,240 | 223,076,240 | 43.8% |
| Sun Hung Kai Properties Limited (Note 1) | – | 223,076,240 | – | 223,076,240 | 43.8% |
| Arklake Limited (Note 1) | 122,875,644 | – | – | 122,875,644 | 24.1% |
| Hung Fat (Hop Kee) General Contractors Limited (Note 1) | 36,783,598 | – | – | 36,783,598 | 7.2% |
| Wister Investment Limited (Note 1) | 32,630,832 | – | – | 32,630,832 | 6.4% |
| Kwong Tai Holdings (PTC) Limited (Note 2) | 28,079,613 | – | – | 28,079,613 | 5.5% |

Notes:

- The interest disclosed by Sun Hung Kai Properties Limited ("SHKP") includes 192,290,074 shares disclosed by Arklake Limited, Hung Fat (Hop Kee) General Contractors Limited and Wister Investment Limited.
- The interest disclosed by Kwong Tai Holdings (PTC) Limited includes 28,079,613 shares disclosed by Ms Winnie Ng, who is a Director of the Company.

DIRECTORS' REPORT

Purchase, sale or redemption of the Company's shares

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's own shares.

Pre-emptive rights

There is no provision for pre-emptive rights under either the Company's Bye-laws or the laws in Bermuda.

Senior management

The Executive Director of the Company, Mr Roger Lee Chak Cheong, is a member of the senior management of the Group whose brief particulars are set out on page 161 of this Annual Report.

Staff retirement schemes

The Group operates two separate non-contributory defined benefit retirement schemes, The Kowloon Motor Bus Company (1933) Limited Monthly Rated Employees Provident Fund Scheme ("The KMB Monthly Rated Employees Scheme") and The Kowloon Motor Bus Company (1933) Limited Daily Rated Employees Retirement Fund Scheme ("The KMB Daily Rated Employees Scheme"), and participates in a defined contribution retirement scheme, SHKP MPF Employer Sponsored Scheme. The employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment if the eligibility criteria are met. Particulars of these post-employment benefits are set out in notes 21 and 30 to the consolidated financial statements.

(a) Defined benefit retirement schemes

The Group makes contributions to two defined benefit retirement schemes that provide pension benefits for employees upon retirement. The schemes are administered by an independent trustee and the assets are held separately from those of the Group. Both schemes are formally established under trust and are registered under the Occupational Retirement Schemes Ordinance. The members' benefits are determined based on the employees' final remuneration and length of service. Contributions to the defined benefit retirement schemes are made in accordance with the recommendations of independent actuaries who value the retirement schemes at regular intervals.

The most recent actuarial valuations of the two schemes were at 31 December 2024 which showed that there were sufficient assets in the schemes to cover both the solvency and ongoing liabilities of the schemes. Other relevant information extracted from the valuation pertaining to the two schemes is set out below:

The KMB Monthly Rated Employees Scheme

- (i) The scheme was established with effect from 15 February 1978.
- (ii) The actuary of the scheme is Ms Wing Lui, Fellow of the Society of Actuaries of the United States of America. In the actuarial valuation, the attained age valuation method was used (see note below) for calculation of contributions paid to the scheme. Other major assumptions used in the valuation were: salary escalation at 3.0% per annum; mortality rates 2023 Hong Kong Life Tables; and normal retirement age of 65.
- (iii) The market value of the scheme assets at 31 December 2024 was HK\$846,148,000 (2023: HK\$876,184,000).
- (iv) On the basis of the assumptions made as to the future economic and demographic experience of the scheme, and assuming the past service surplus is to be utilised faster to offset the Group's contribution requirement, the Group took a contribution holiday for the years ended 31 December 2024 and 2023.
- (v) The ongoing funding surplus in the scheme was HK\$523,906,000 (2023: HK\$501,802,000) and the solvency surplus was HK\$523,906,000 (2023: HK\$506,705,000) at 31 December 2024.

DIRECTORS' REPORT

Staff retirement schemes (continued)

(a) Defined benefit retirement schemes (continued)

The KMB Daily Rated Employees Scheme

- (i) The scheme was established with effect from 1 July 1983.
- (ii) The actuary of the scheme is Ms Wing Lui, Fellow of the Society of Actuaries of the United States of America. In the actuarial valuation, the attained age valuation method was used (see note below) for calculation of contributions paid to the scheme. Other major assumptions used in the valuation were: salary escalation at 3.0% per annum; mortality rates 2023 Hong Kong Life Tables; and normal retirement age of 60.
- (iii) The market value of the scheme assets at 31 December 2024 was HK\$1,725,555,000 (2023: HK\$1,728,880,000).
- (iv) On the basis of the assumptions made as to the future economic and demographic experience of the scheme, and assuming the past service surplus is to be utilised faster to offset the Group's contribution requirement, the Group took a contribution holiday for the years ended 31 December 2024 and 2023.
- (v) The ongoing funding surplus in the scheme was HK\$1,210,303,000 (2023: HK\$1,166,179,000) and the solvency surplus was HK\$1,210,500,000 (2023: HK\$1,168,388,000) at 31 December 2024.

Note: The obligations in respect of defined benefit retirement schemes included in the consolidated financial statements are calculated using the projected unit credit method under different actuarial assumptions (see notes 1(x)(ii) and 21 to the consolidated financial statements).

(b) Defined contribution retirement scheme

SHKP MPF Employer Sponsored Scheme ("the SHKP Scheme")

The Group is also a participating member of the SHKP Scheme, which is a defined contribution retirement scheme. A majority of those employees who do not participate in the defined benefit retirement schemes are covered by the SHKP Scheme which is administered by an independent trustee. The assets of the SHKP Scheme are held separately from those of the Group in independently administered funds. The Group is required to make contributions to the SHKP Scheme at rates ranging from 5% to 12% of the relevant employees' salaries, depending on their length of service with the Group. The employees are required to make contributions to the SHKP Scheme at 5% of the employees' relevant income as defined by the Hong Kong Mandatory Provident Fund Schemes Ordinance, subject to a cap of monthly relevant income of HK\$30,000 (HK\$25,000 prior to 1 June 2014). Contributions to the SHKP Scheme during the year are charged to profit or loss as incurred. Forfeited amounts due to resignation prior to the vesting of the benefits will be used to reduce the Group's contributions made in that corresponding financial year. The amount of forfeited contributions utilised during the year and the amount available for use as at 31 December 2024 were insignificant to the Group.

Bank loans

Particulars of bank loans of the Group as at 31 December 2024 are set out in note 25 to the consolidated financial statements.

Major customers and suppliers

Total income attributable to the five largest customers of the Group accounted for less than 30% of the Group's total income for the year. Total purchases from the five largest suppliers of the Group accounted for 59% of the Group's total purchases, with purchases from the largest supplier accounting for 39% of the total purchases for the year.

Other than the continuing connected transactions with Sun Hung Kai Properties Insurance Limited, as disclosed in the section headed "Continuing Connected Transactions" of this annual report, none of the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the issued share capital of the Company) had any interest in the major suppliers mentioned above.

DIRECTORS' REPORT

Financial summary

A summary of the results and of the assets and liabilities of the Group for the last ten financial years is set out on pages 267 to 268 of this Annual Report.

Model code for securities transactions by Directors

The Company has adopted the code of conduct regarding securities transactions by Directors as set out in Appendix C3 to the Listing Rules and all Directors have complied with the required standard of dealings set out therein throughout the year.

Corporate governance

The Company has complied with the applicable code provisions in the Corporate Governance Code set out in Appendix C1 to the Listing Rules throughout the year ended 31 December 2024, except that three Directors of the Company were unable to attend the Annual General Meeting of the Company held on 16 May 2024 as provided for in code provision C.1.6 due to other engagements. A report on the principal corporate governance practices adopted by the Company is set out on pages 128 to 151 of this Annual Report.

Properties

Particulars of the investment properties of the Group are shown on page 122 of this Annual Report.

Audit and Risk Management Committee

The Audit and Risk Management Committee of the Company, together with management, has reviewed the accounting principles and policies adopted by the Group, discussed auditing, internal control, risk management and financial reporting matters, and also reviewed the consolidated financial statements for the year ended 31 December 2024.

Confirmation of independence

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-executive Directors to be independent.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this Annual Report, the Company has maintained the prescribed public float under the Listing Rules.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Norman LEUNG Nai Pang

Chairman

Hong Kong, 20 March 2025

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of Transport International Holdings Limited

(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Transport International Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 190 to 266, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory 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 disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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.

INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

Assessing the carrying value of buses and other motor vehicles

Refer to note 13 to the consolidated financial statements and the accounting policies on pages 202 to 203 and 208 to 209.

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| <p>The carrying value of the Group's buses and other motor vehicles as at 31 December 2024 totalled HK\$5,466 million which accounted for 23% of the Group's total assets as at that date. Buses and other motor vehicles mainly represent the bus fleet employed in the Group's franchised bus operations.</p> <p>The estimated useful lives and residual values of buses and other motor vehicles are reviewed annually by management taking into consideration factors which include bus deployment and scrapping plans and technological changes which may affect the useful life expectancy of the assets and, therefore, could have a material impact on any impairment charge or the depreciation charge for the year.</p> <p>Internal and external information is reviewed by management annually to determine whether there are any indicators that the buses and other motor vehicles may be impaired.</p> <p>We identified assessing the carrying value of buses and other motor vehicles as a key audit matter because of its significance to the consolidated financial statements and because applying the Group's accounting policies in this area involves the exercise of judgement by management, in particular in considering the nature, timing and likelihood of changes to factors such as bus deployment and scrapping plans and technological developments which may affect the carrying value of buses and other motor vehicles.</p> | <p>Our audit procedures to assess the carrying value of buses and other motor vehicles included the following:</p> <ul style="list-style-type: none"> – assessing the design, implementation and operating effectiveness of key internal controls over the preparation and monitoring of bus deployment and scrapping plans; – assessing the estimated useful lives and residual values of buses and other motor vehicles with reference to the Group's historical experience, laws and regulations relating to the deployment of buses and bus deployment and scrapping plans; – discussing with management their assessment of whether any indicators of potential impairment of buses and other motor vehicles existed at the reporting date; and – challenging management's assertion that no indicators of potential impairment of buses and other motor vehicles existed at the reporting date by comparing management's assessment of the indicators of potential impairment in the prior year with actual results for the current year and by comparing the bases of management's current year's assertions with our understanding of the latest developments in the franchised bus industry and market conditions. |

INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

Assessing the contingency provision for insurance

Refer to note 27 to the consolidated financial statements and the accounting policies on page 210.

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| <p>The Group is involved from time to time in litigation and claims in connection with its bus operations. The contingency provision for insurance in connection with the Group's franchised bus operations, which represented the majority of the total balance of HK\$238 million as at 31 December 2024, has been set aside by management to meet the liabilities which are expected to arise from third party claims for incidents which have occurred. Management assessed the provision based on independent valuation performed by qualified external actuaries.</p> <p>The assessment of the provision involves estimates based on past claims experience and recent claims developments. The ultimate claim amount is dependent on future external events which are inherently uncertain and actual claims may therefore deviate from management estimations.</p> <p>We identified the assessment of the contingency provision for insurance as a key audit matter because of the level of management judgement required in assessing the variable factors and assumptions in order to estimate the potential costs of settlement of claims.</p> | <p>Our audit procedures to assess the contingency provision for insurance included the following:</p> <ul style="list-style-type: none"> – assessing the design, implementation and operating effectiveness of key internal controls over management's maintenance of claims records and the assessment of related provision; – assessing the independence, qualifications and expertise of the external actuaries engaged by management and evaluating whether a consistent methodology had been applied in determining the amount of provision; – with the assistance of our internal actuarial specialists, assessing the valuation methodology adopted by the external actuaries and comparing the key estimates and assumptions adopted in the actuarial valuation with past claims experience; and – on a sample basis, comparing the claims details provided by management to the external actuaries with the claims records maintained by management. |

INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

Assessing the valuation of investment properties and investment property under development

Refer to note 14 to the consolidated financial statements and the accounting policies on page 202.

| The Key Audit Matter | How the matter was addressed in our audit |
|--|--|
| <p>The Group holds a portfolio of investment properties and investment property under development located in Hong Kong. These properties mainly comprise shopping malls, office premises and industrial buildings.</p> <p>At 31 December 2024, the Group's investment properties and investment property under development amounted to a total of HK\$8,273 million which represented 35% of the Group's total assets. The fair values of investment properties and investment property under development at 31 December 2024 were assessed by management based on valuations prepared by a firm of qualified external property valuers. Decrease in fair value of investment properties and investment property under development of HK\$78 million were recorded in the consolidated statement of profit or loss.</p> <p>We identified assessing the valuation of investment properties and investment property under development as a key audit matter because of the significance of investment properties and investment property under development to the consolidated financial statements and because the determination of the fair values involves significant judgement and estimation, including selecting the appropriate valuation methodology, capitalisation rates and market rents and, for investment property under development, an estimation of costs to complete each property development project.</p> | <p>Our audit procedures to assess the valuation of the investment properties and investment property under development included the following:</p> <ul style="list-style-type: none"> – obtaining and inspecting the valuation reports prepared by the external property valuers on which the management's assessment of the fair values of investment properties and investment property under development was based; – assessing the independence, qualifications and expertise of the external property valuers' engaged by management; – with the assistance of our internal property valuation specialists and utilising their industry knowledge and experience, discussing with the external property valuers, without the presence of management, their valuation methodologies with reference to the prevailing accounting standard; and assessing the key estimates and assumptions adopted in the valuation by comparing capitalisation rates, prevailing market rents and comparable market transactions with the available market data; – on a sample basis, comparing tenancy information, including committed rents and occupancy rates, provided by management to the external property valuers, with underlying contracts and related documentation; and – evaluating management's development budgets reflected in the latest forecasts with reference to market statistics on estimated construction costs, signed construction contracts and/or unit construction costs of recently completed projects. |

INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

Assessing the expected credit loss allowance for debt securities measured at fair value through other comprehensive income

Refer to notes 20 and 33(a) to the consolidated financial statements and the accounting policies on pages 204 to 209.

| The Key Audit Matter | How the matter was addressed in our audit |
|--|--|
| <p>At 31 December 2024, the Group's debt securities measured at fair value through other comprehensive income amounted to HK\$407 million. Expected credit losses ("ECLs") for the debt securities of HK\$171 million were recognised in the consolidated statement of profit or loss for the year ended 31 December 2024.</p> <p>The ECL allowance for the debt securities is measured on a 12-month or lifetime basis, depending on whether the credit risks of the debt securities have increased significantly since initial recognition. The ECL allowance for the debt securities is estimated using a model that incorporates probability of default, loss given default and exposure at default; and takes into account forward-looking information about macroeconomic factors.</p> <p>We identified assessing the ECL allowance for the debt securities as a key audit matter because of its significance to the consolidated financial statements and the assessment of ECL allowance involves significant management's judgements and is subject to a high degree of inherent uncertainty.</p> | <p>Our audit procedures to assess the ECL allowance for debt securities measured at fair value through other comprehensive income included the following:</p> <ul style="list-style-type: none"> – assessing the appropriateness of management's assessment of whether the credit risks of the debt securities have, or have not, increased significantly since initial recognition and whether any of the debt securities are credit-impaired by inspecting their overdue status, credit rating information and researching market information about issuers' businesses; – with the assistance of our internal specialist, <ul style="list-style-type: none"> – assessing the appropriateness of the methodology adopted by management for estimating the ECL allowance with reference to the requirements of the applicable accounting standards; – assessing, on a sample basis, the appropriateness of the input data used by management for estimating the ECL allowance, including evaluating the exposure at default with reference to the underlying offering documents; and assessing the reasonableness of probability of default, loss given default and adjustments for forward-looking information with reference to market information; and – assessing the reasonableness of the disclosures in the consolidated financial statements with reference to the requirements of the applicable accounting standards. |

INDEPENDENT AUDITOR'S REPORT

Information other than the consolidated financial statements and auditor's report thereon

The Directors are responsible for the other information. The other information comprises all 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 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 disclosure requirements of 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are assisted by the Audit and Risk Management 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. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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.
- 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 group 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.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the Audit and Risk Management 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 and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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 and Risk Management 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 Cheng Pui Ngar.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

20 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

| | Note | 2024 \$'000 | 2023 \$'000 |
|---|--------|--------------------|----------------|
| Revenue | 3 & 12 | 8,215,353 | 7,884,753 |
| Other net income | 4 | 112,399 | 68,106 |
| Staff costs | 5(a) | (4,430,971) | (4,144,457) |
| Depreciation | | (1,196,260) | (1,132,687) |
| Fuel and oil | | (966,132) | (1,054,009) |
| Spare parts | | (227,168) | (228,108) |
| Toll charges | | (210,999) | (255,674) |
| Other operating expenses | | (884,566) | (923,372) |
| Profit from operations | | 411,656 | 214,552 |
| Change in fair value of investment properties and investment property under development | 14(a) | (78,200) | 287,380 |
| Finance costs | 5(b) | (98,343) | (110,064) |
| Share of profits of associates | | 637 | 31,138 |
| Share of profit of joint venture | | 8,552 | 8,110 |
| Profit before taxation | 5 | 244,302 | 431,116 |
| Income tax expense | 6(a) | (57,020) | (29,453) |
| Profit for the year | | 187,282 | 401,663 |
| Earnings per share based on profit attributable to equity shareholders (reported earnings per share) | | | |
| Basic and diluted | 10(a) | \$0.37 | \$0.83 |
| Earnings per share excluding the effect of change in fair value of investment properties and investment property under development (underlying earnings per share) | | | |
| Basic and diluted | 10(b) | \$0.53 | \$0.24 |

The notes on pages 198 to 266 form part of these consolidated financial statements. Details of dividends paid and payable to equity shareholders of the Company attributable to the profit for the year are set out in note 11.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

| | Note | 2024 \$'000 | 2023 \$'000 |
|--|------|-----------------|----------------|
| Profit for the year | | 187,282 | 401,663 |
| Other comprehensive income for the year (after tax and reclassification adjustments): | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Remeasurements of employee benefit assets, net of tax expense of \$22,037,000 (2023: tax expense of \$8,282,000) | | 111,521 | 41,911 |
| Remeasurement of provision for long service payments, net of tax credit of \$2,093,000 (2023: tax credit of \$2,525,000) | | (10,591) | (12,776) |
| Equity investment at fair value through other comprehensive income ("FVOCI"): net movement in fair value reserve (non-recycling), net of nil tax | | (35,594) | 16,482 |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translation of financial statements of entities outside Hong Kong, net of nil tax | | (19,936) | (16,669) |
| Investments in financial assets measured at FVOCI (recycling): net movement in fair value reserve (recycling), net of nil tax | 9 | 200,546 | 71,652 |
| Share of other comprehensive income of an associate, net of nil tax | | (16,644) | 546 |
| Other comprehensive income for the year | | 229,302 | 101,146 |
| Total comprehensive income for the year | | 416,584 | 502,809 |

The notes on pages 198 to 266 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024 (Expressed in Hong Kong dollars)

| | Note | 2024 \$'000 | 2023 \$'000 |
|--|-------|-------------------|----------------|
| Non-current assets | | | |
| Investment properties | 14 | 5,361,800 | 5,406,500 |
| Investment property under development | 14 | 2,911,500 | 2,805,000 |
| Interest in leasehold land | 13(a) | 44,551 | 46,531 |
| Other property, plant and equipment | 13(a) | 7,361,575 | 7,780,661 |
| | | 15,679,426 | 16,038,692 |
| Intangible assets | 15 | 529,090 | 529,090 |
| Goodwill | 16 | 84,051 | 84,051 |
| Interest in associates | 18 | 569,660 | 609,147 |
| Interest in joint venture | 19 | 747,792 | 748,560 |
| Other financial assets | 20 | 1,354,446 | 1,267,029 |
| Employee benefit assets | 21(a) | 1,755,757 | 1,609,273 |
| Deferred tax assets | 29(b) | 763 | 2,028 |
| | | 20,720,985 | 20,887,870 |
| Current assets | | | |
| Spare parts | | 106,135 | 109,694 |
| Accounts receivable | 23 | 998,479 | 1,025,064 |
| Other financial assets | 20 | 108,190 | 463,722 |
| Deposits and prepayments | | 44,895 | 43,530 |
| Current tax recoverable | 29(a) | 836 | 1,915 |
| Restricted bank deposits | 24(a) | 375,520 | 447,551 |
| Bank deposits and cash | 24(a) | 1,554,434 | 1,207,743 |
| | | 3,188,489 | 3,299,219 |
| Current liabilities | | | |
| Accounts payable and accruals | 26 | 1,576,416 | 1,804,116 |
| Contingency provision – insurance | 27 | 91,919 | 91,823 |
| Bank loans | 25 | 842,500 | 1,262,075 |
| Lease liabilities | 28 | 3,542 | 3,589 |
| Current tax payable | 29(a) | 4,163 | 7,366 |
| | | 2,518,540 | 3,168,969 |
| Net current assets | | 669,949 | 130,250 |
| Total assets less current liabilities | | 21,390,934 | 21,018,120 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024 (Expressed in Hong Kong dollars)

| | Note | 2024 \$'000 | 2023 \$'000 |
|-------------------------------------|-------|-------------------|----------------|
| Non-current liabilities | | | |
| Bank loans | 25 | 3,368,433 | 3,377,539 |
| Lease liabilities | 28 | 3,760 | 1,954 |
| Deferred tax liabilities | 29(b) | 1,065,950 | 1,010,093 |
| Contingency provision – insurance | 27 | 146,151 | 142,455 |
| Provision for long service payments | 30 | 97,308 | 80,492 |
| | | 4,681,602 | 4,612,533 |
| NET ASSETS | | 16,709,332 | 16,405,587 |
| CAPITAL AND RESERVES | | | |
| Share capital | 31(b) | 508,901 | 494,343 |
| Reserves | | 16,200,431 | 15,911,244 |
| TOTAL EQUITY | | 16,709,332 | 16,405,587 |

Approved and authorised for issue by the Board of Directors on 20 March 2025

Norman LEUNG Nai Pang
Chairman

Roger LEE Chak Cheong
Managing Director

The notes on pages 198 to 266 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

| | | Share capital \$'000 | Share premium \$'000 (note 31 (c)(i)) | Capital reserve \$'000 (note 31 (c)(ii)) | Other reserves \$'000 | Exchange reserve \$'000 (note 31 (c)(iii)) | Fair value reserve (recycling) \$'000 (note 31 (c)(iv)) | Fair value reserve (non-recycling) \$'000 (note 31 (c)(v)) | Retained profits \$'000 | Total \$'000 |
|--|--------------|-------------------------|--|---|--------------------------|---|--|---|----------------------------|-----------------|
| | Note | | | | | | | | | |
| Balance at 1 January 2023 | | 474,940 | 1,318,669 | 5,676 | 1,102,614 | 92,413 | (279,407) | 966,734 | 12,405,408 | 16,087,047 |
| Changes in equity for 2023: | | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | - | - | 401,663 | 401,663 |
| Other comprehensive income for the year | | - | - | - | - | (16,669) | 71,652 | 17,028 | 29,135 | 101,146 |
| Total comprehensive income for the year | | - | - | - | - | (16,669) | 71,652 | 17,028 | 430,798 | 502,809 |
| Shares issued in respect of scrip dividend – 2022 final dividend | 11(b)& 31(b) | 11,975 | 106,692 | - | - | - | - | - | - | 118,667 |
| Shares issued in respect of scrip dividend – 2023 interim dividend | 11(a)& 31(b) | 7,428 | 66,932 | - | - | - | - | - | - | 74,360 |
| Forfeiture of share options | | - | - | (255) | - | - | - | - | 255 | - |
| Equity-settled share-based transactions | 5(a) | - | - | 6,248 | - | - | - | - | - | 6,248 |
| Dividends approved in respect of the previous year | 11(b) | - | - | - | - | - | - | - | (237,470) | (237,470) |
| Dividends declared in respect of the current year | 11(a) | - | - | - | - | - | - | - | (146,074) | (146,074) |
| | | 19,403 | 173,624 | 5,993 | - | - | - | - | (383,289) | (184,269) |
| Balance at 31 December 2023 | | 494,343 | 1,492,293 | 11,669 | 1,102,614 | 75,744 | (207,755) | 983,762 | 12,452,917 | 16,405,587 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

| | | Share capital \$'000 | Share premium \$'000 (note 31 (c)(ii)) | Capital reserve \$'000 (note 31 (c)(ii)) | Other reserves \$'000 | Exchange reserve \$'000 (note 31 (c)(iii)) | Fair value reserve (recycling) \$'000 (note 31 (c)(iv)) | Fair value reserve (non- recycling) \$'000 (note 31 (c)(v)) | Retained profits \$'000 | Total \$'000 |
|--|--------------|----------------------------|--|--|-----------------------------|--|--|---|-------------------------------|-------------------|
| | Note | | | | | | | | | |
| Balance at 1 January 2024 | | 494,343 | 1,492,293 | 11,669 | 1,102,614 | 75,744 | (207,755) | 983,762 | 12,452,917 | 16,405,587 |
| Changes in equity for 2024: | | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | - | - | 187,282 | 187,282 |
| Other comprehensive income for the year | | - | - | - | - | (19,936) | 200,546 | (52,238) | 100,930 | 229,302 |
| Total comprehensive income for the year | | - | - | - | - | (19,936) | 200,546 | (52,238) | 288,212 | 416,584 |
| Shares issued in respect of scrip dividend – 2023 final dividend | 11(b)& 31(b) | 14,558 | 116,321 | - | - | - | - | - | - | 130,879 |
| Forfeiture of share options | | - | - | (1,150) | - | - | - | - | 1,150 | - |
| Equity-settled share-based transactions | 5(a) | - | - | 3,454 | - | - | - | - | - | 3,454 |
| Dividends approved in respect of the previous year | 11(b) | - | - | - | - | - | - | - | (247,172) | (247,172) |
| | | 14,558 | 116,321 | 2,304 | - | - | - | - | (246,022) | (112,839) |
| Balance at 31 December 2024 | | 508,901 | 1,608,614 | 13,973 | 1,102,614 | 55,808 | (7,209) | 931,524 | 12,495,107 | 16,709,332 |

The notes on pages 198 to 266 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

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

| | Note | 2024 \$'000 | 2023 \$'000 |
|---|-------|------------------|--------------------|
| Operating activities | | | |
| Cash generated from operations | 24(c) | 1,540,831 | 1,420,607 |
| Interest received | | 89,298 | 89,643 |
| Interest paid | | (92,845) | (112,427) |
| Tax paid | | | |
| – Hong Kong Profits Tax | | (21,789) | (30,704) |
| – Withholding tax outside Hong Kong | | (177) | (283) |
| Net cash generated from operating activities | | 1,515,318 | 1,366,836 |
| Investing activities | | | |
| Decrease/(increase) in restricted bank deposits | | 72,031 | (4,660) |
| Increase in bank deposits with original maturities of over three months | | (204,983) | (267,924) |
| Decrease in loan receivables | | 13,194 | – |
| Payment for the purchase of other property, plant and equipment | | (889,878) | (1,118,021) |
| Payment for additions of investment property under development | | (146,682) | (357,023) |
| Payment for the purchase of other financial assets | | (170,581) | (93,814) |
| Receipt of government grant for the purchase of other property, plant and equipment | | 81,224 | 27,763 |
| Receipt of government grant for the disposal of other property, plant and equipment | | 14,064 | 7,748 |
| Proceeds from the disposal of other property, plant and equipment | | 8,110 | 7,102 |
| Proceeds on the maturity of debt securities | | 415,028 | 125,276 |
| Dividends received from associates | | 3,544 | 5,663 |
| Dividends received from equity investments | | 86,520 | 45,816 |
| Finance costs paid and capitalised into investment property under development | | (106,252) | (92,612) |
| Net cash used in investing activities | | (824,661) | (1,714,686) |
| Financing activities | | | |
| Proceeds from new bank loans | 24(d) | 2,950,000 | 6,185,000 |
| Repayment of bank loans | 24(d) | (3,382,500) | (6,515,000) |
| Loan repaid by a joint venture | | 9,320 | 10,737 |
| Capital element of lease rentals paid | 24(d) | (4,312) | (2,584) |
| Interest element of lease rentals paid | 24(d) | (317) | (290) |
| Dividends paid to equity shareholders of the Company | | (116,293) | (190,517) |
| Net cash used in financing activities | | (544,102) | (512,654) |
| Net increase/(decrease) in cash and cash equivalents | | 146,555 | (860,504) |
| Cash and cash equivalents at 1 January | | 497,023 | 1,356,796 |
| Effect of foreign exchange rate changes | | (4,847) | 731 |
| Cash and cash equivalents at 31 December | 24(a) | 638,731 | 497,023 |

CONSOLIDATED CASH FLOW STATEMENT

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

| | Note | 2024 \$'000 | 2023 \$'000 |
|--|-------|------------------|----------------|
| Analysis of cash and cash equivalents: | | | |
| Bank deposits and cash in the consolidated statement of financial position | 24(a) | 1,554,434 | 1,207,743 |
| Less: bank deposits with original maturities of over three months | 24(a) | (915,703) | (710,720) |
| Cash and cash equivalents in the consolidated cash flow statement | | 638,731 | 497,023 |

The notes on pages 198 to 266 form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual 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 disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties and investment property under development (see note 1(j)), investments in debt and equity securities (see note 1(g)), derivative financial instruments (see note 1(h)) and employee benefit assets (see note 1(x)(ii)) are stated at their fair value, as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows, and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 1(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less accumulated impairment losses (see note 1(n)(iii)).

(e) Associates, joint ventures and joint operations

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

A joint operation is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the assets, and obligations for the liabilities, relating to the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(f) and 1(n)(iii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(e) Associates, joint ventures and joint operations (continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture after applying the expected credit loss ("ECL") model to such other long-term interests, where applicable (see note 1(n)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not measured. Instead, the investment continues to be accounted for under equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)).

The Group recognises in the consolidated financial statements its share of a joint operation's assets and any liabilities incurred jointly with other operators according to their nature. Liabilities and expenses incurred directly in respect of its interest in the joint operation are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of the joint operation, together with its share of any expenses incurred by the joint operation, are recognised in profit or loss when it is probable that the economic benefits associated with the transactions will flow to or from the Group.

(f) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(n)(iii)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(g) Other investments in debt and equity securities

The Group's and the Company's accounting policies for investments in debt and equity securities, other than investments in subsidiaries and associates and joint venture, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 33(f). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(u)(iv)).
- fair value through other comprehensive income ("FVOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other net income in accordance with the policy set out in note 1(u)(v).

(h) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 1(i)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(i) Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates (cash flow hedges).

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

(j) Investment properties and investment property under development

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(l)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties and investment property under development are stated at fair value unless their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

Rental income from investment properties is accounted for as described in the accounting policies set out in note 1(u)(vi).

(k) Other property, plant and equipment

Properties held for own use and other items of plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment (see note 1(l)), are stated at cost less accumulated depreciation and impairment losses (see note 1(n)(iii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(v)).

Government grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense. Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(k) Other property, plant and equipment (continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

| | |
|--|---|
| – Buildings situated on leasehold land | The shorter of 40 years and the unexpired terms of the leases |
| – Leasehold land | The unexpired terms of the leases |
| – Buses | 14 years |
| – Other motor vehicles | 5 to 14 years |
| – Others | 2 to 7 years |

No depreciation is provided for buses under construction.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(l) Leased assets

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to its present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(k) and 1(n)(iii)), except for right-of-use assets that meet the definition of investment properties, which are presented in investment properties and investment property under development, and are carried at fair value (see notes 1(j)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(l) Leased assets (continued)

(i) As a lessee (continued)

The lease liability is remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The Group presents right-of-use assets that do not meet the definition of investment property in 'other property, plant and equipment' and presents lease liabilities separately in the consolidated statement of financial position.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

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. The rental income from operating leases is recognised in accordance with note 1(u)(vi).

(m) Intangible assets (other than goodwill)

Intangible assets (other than goodwill) are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(n)(iii)).

Passenger service licences and transport operating rights are assessed and regarded by the Group to have indefinite useful lives and are not amortised. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and amortisation is charged to profit or loss on a straight-line basis over the asset's estimated remaining useful life.

(n) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for ECLs on the following items:

- financial assets measured at amortised cost (including bank deposits and cash, trade and other receivables, including loan to joint venture, which is held for the collection of contractual cash flows which represent solely payments of principal); and
- investments in debt securities measured at FVOCI (recycling).

Other financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk (continued)

In particular, the following information is taken into account when assessing whether the credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 1(u)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(n)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill and intangible assets that have indefinite useful lives, an impairment loss previously recognised no longer exists or may have decreased:

- other property, plant and equipment, including right-of-use assets;
- interest in leasehold land;
- intangible assets;
- goodwill;
- interest in associates;
- interest in joint venture and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, their recoverable amounts are estimated annually whether or not there is indication of impairment.

– *Calculation of the recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(iv) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(n)(i) and 1(n)(ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(o) Spare parts

Spare parts are included within current assets and stated at cost, using the first-in-first-out method. Provision is made for obsolescence where appropriate.

(p) Accounts receivable

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Accounts receivable are initially recognised at its transaction price and subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 1(n)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for credit losses.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(v)).

(r) Accounts payable and accruals

Accounts payable and accruals are initially recognised at fair value and are subsequently stated at amortised cost, except where the payables are interest-free loans advanced from related parties without any fixed repayment terms or the effect of discounting would be immaterial, in which case they are stated at invoiced amounts.

(s) Bank deposits and cash

Bank deposits and cash comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank deposits and cash are assessed for ECL in accordance with the policy set out in note 1(n)(i).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(t) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Revenue and other net income

Income is classified by the Group as revenue when it arises from the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promise consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other net income recognition policies are as follows:

- (i) Fare revenue from franchised public bus services and revenue from non-franchised transport services are recognised when the related services are provided.
- (ii) Licence fee income is recognised when media sales management and administrative services are rendered.
- (iii) Media sales income is recognised when the related advertisements are telecast or commercials appear before the public.
- (iv) Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(n)(i)).
- (v) Dividend income from equity investments is recognised when the shareholder's right to receive payment is established.
- (vi) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.
- (vii) Government grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or complete.

(w) Translation of foreign currencies

The functional currency of the Company and subsidiaries which operate in Hong Kong is Hong Kong dollars while that for subsidiaries which operate in Mainland China is Renminbi. The presentation currency of the Group is Hong Kong dollars.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of operations outside Hong Kong are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of operations outside Hong Kong are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation outside Hong Kong, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(x) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit retirement plan obligations

The Group has the following two categories of defined benefit plans:

- defined benefit retirement plans registered under the Hong Kong Occupational Retirement Schemes Ordinance (the “ORSO plans”)
- long service payments (“LSP”) under the Hong Kong Employment Ordinance.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(x) Employee benefits (continued)

(ii) Defined benefit retirement plan obligations (continued)

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For ORSO plans, the net obligation is after deducting the fair value of plan assets. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's Mandatory Provident Fund ("MPF") contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligations are performed by qualified actuaries using the projected unit credit method. For ORSO plans, when the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Service cost and net interest expense (income) on the net defined benefit liability (asset) are recognised in profit or loss. Current service cost is measured as the increase in the present value of the defined benefit obligations resulting from employee service in the current period. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognized as an expense in profit or loss at the earlier of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised. Net interest expense (income) for the period is determined by applying the discount rate used to measure the defined benefit obligations at the beginning of the reporting period to the net defined benefit liability (asset). The discount rate is the yield at the end of the reporting period on high quality corporate bonds (where there is no deep market in such corporate bonds, government bonds) that have maturity dates approximating the terms of the Group's obligations.

Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, the return on plan assets in ORSO plans (excluding interest) and the effect of any asset ceiling (excluding interest), are recognised immediately in other comprehensive income. Net interest expense (income) for the period is determined by applying the discount rate used to measure the defined benefit obligations at the beginning of the reporting period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(iii) Equity-settled share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(x) Employee benefits (continued)

(iv) Termination benefits

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

(y) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination).

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(y) Income tax (continued)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(z) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (1) has control or joint control over the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (6) The entity is controlled or jointly controlled by a person identified in (i).
 - (7) A person identified in (i)(1) 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).
 - (8) 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 Group's parent.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Material accounting policies (continued)

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Accounting judgements and estimates

Notes 16, 21(f), 22(c), 30 and 33(f) contain information about the assumptions and their risk factors relating to impairment of goodwill and intangible assets with indefinite useful lives, employee benefit assets, provision for long service payments, fair value of share options and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Depreciation

Interest in leasehold land and other property, plant and equipment, including right-of-use assets, are depreciated on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets, taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are material changes from previous estimates.

(b) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for ECLs on the asset. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed by the Group at the end of each reporting period to assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash-generating unit to which it belongs is estimated to determine impairment losses on the asset. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future years.

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually even when there is no indication of impairment.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Accounting judgements and estimates (continued)

(c) Contingency provision – insurance

Estimation of the contingency provision – insurance, as disclosed in note 27, is based on past claim experience and recent claim developments. The provision is assessed based on independent valuations performed by qualified external actuaries. As the ultimate claim amount will be affected by future external events, for example the amount of court awards, changes in standards of liability and the attitude of claimants towards settlement of their claims, actual claims may deviate from these estimations. Any increase or decrease in the provision would affect the Group's results in future years.

(d) Fair value of investment properties and investment property under development

Investment properties and investment property under development are stated at fair value. Such fair value is based on the valuations performed by independent firm of professional qualified valuers. Income capitalisation method is used in the valuation of investment properties which is dependent on certain estimates, including fair market rents, appropriate capitalisation rates, and reversionary income potential, where appropriate.

The valuations of investment property under development are also dependent upon the estimated costs to complete. Details of the fair value measurement of investment properties and investment property under development are set out in note 14.

3 Revenue

The principal activities of the Group are the operation of both franchised and non-franchised public transportation and property holdings and development.

The amount of each significant category of revenue is as follows:

| | 2024 \$'000 | 2023 \$'000 |
|--|------------------|------------------|
| Fare revenue from franchised public bus services | 7,574,160 | 7,266,043 |
| Revenue from non-franchised transport services | 269,976 | 238,717 |
| Licence fee income | 214,637 | 234,395 |
| Media sales revenue | 52,261 | 57,335 |
| Gross rentals from investment properties | 104,319 | 88,263 |
| | 8,215,353 | 7,884,753 |

All revenue, except gross rentals from investment properties which are subject to HKFRS 16, *Leases*, falls within the scope of HKFRS 15, *Revenue from contracts with customers*. The Group's customer base is diversified and there was no customer with whom transactions have exceeded 10% of the Group's revenue. Further details regarding the Group's principal activities are disclosed in note 12 to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 Other net income

| | 2024 \$'000 | 2023 \$'000 |
|--|----------------|----------------|
| Dividend income from equity investments | 81,541 | 91,454 |
| Interest income on financial assets measured at FVOCI (recycling) | 25,603 | 54,202 |
| Interest income on financial assets measured at amortised cost | 61,121 | 59,187 |
| Net loss on derecognition of financial assets measured at FVOCI (recycling) (note 9) | (3,098) | (7) |
| Net foreign exchange (loss)/gain | (6,482) | 1,748 |
| Expected credit losses on other financial assets (note 20(ii)) | (171,000) | (260,000) |
| | (12,315) | (53,416) |
| Claims received | 24,116 | 15,493 |
| Net miscellaneous business receipts | 12,885 | 11,868 |
| Net gain on disposal of other property, plant and equipment | 4,162 | 3,606 |
| Government subsidies | 15,744 | 7,748 |
| Sundry income | 67,807 | 82,807 |
| | 112,399 | 68,106 |

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| (a) Staff costs | | |
| Contributions to defined contribution retirement plans | 185,469 | 178,599 |
| (Income)/expenses recognised in respect of defined benefit plans: | | |
| – Employee benefit assets (note 21(e)) | (12,926) | (18,089) |
| – Long service payments (note 30) | 11,543 | 9,808 |
| Total retirement cost | 184,086 | 170,318 |
| Equity-settled share-based payment expenses | 3,454 | 6,248 |
| Salaries, wages and other benefits | 4,244,209 | 3,968,844 |
| | 4,431,749 | 4,145,410 |
| Less: staff costs included in cost of mask production | (778) | (953) |
| | 4,430,971 | 4,144,457 |
| | | |
| | 2024 \$'000 | 2023 \$'000 |
| (b) Finance costs | | |
| Interest on bank loans | 222,772 | 234,566 |
| Interest on lease liabilities (note 24(d)) | 317 | 290 |
| Total interest expenses on financial liabilities not measured at FVPL | 223,089 | 234,856 |
| Less: interest expense capitalised* | (124,746) | (124,792) |
| | 98,343 | 110,064 |

* The borrowing costs have been capitalised at the average interest rate of 4.92% per annum (2023: 4.60% per annum).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

5 Profit before taxation (continued)

| | 2024 \$'000 | 2023 \$'000 |
|---|-----------------|-----------------|
| (c) Rentals received and receivable from investment properties | | |
| Gross rentals (note) | (104,319) | (88,263) |
| Less: direct outgoings | 31,657 | 29,740 |
| | (72,662) | (58,523) |

Note: Included contingent rental income of \$40,000 (2023: \$47,000).

| | 2024 \$'000 | 2023 \$'000 |
|--|----------------|----------------|
| (d) Other items | | |
| Depreciation [#] | | |
| – owned property, plant and equipment | 1,191,090 | 1,127,539 |
| – right-of-use assets | 5,586 | 5,564 |
| Write-down of spare parts | 1,534 | 545 |
| Provision for passenger reward (note a) | – | – |
| Provision for toll exemption fund (note b) | 129,749 | 149,723 |
| Insurance expenses (including the contingency provision for insurance) | 198,117 | 181,506 |
| Auditors' remuneration | | |
| – audit services | 4,694 | 4,773 |
| – other services | 1,013 | 1,215 |

Note a: Under the revised Modified Basket of Factors ("MBOF") approach, which is the existing basis for the assessment of bus fare adjustment applications, 50% of any return on a franchised bus operator in a given year in excess of a prescribed triggering point of return on its average net interest in leasehold land and other property, plant and equipment is required to be set aside and accumulated in a balance of passenger reward, which would be available to relieve the pressure for future fare increases and to facilitate the offer of bus fare concessions. The prescribed triggering point of return for 2024 and 2023 was 8.7% per annum. The balance of passenger reward of the Group as at 31 December 2024, included in accounts payable and accruals (note 26), was \$Nil (2023: \$Nil).

Note b: The HKSAR Government announced that with effect from 17 February 2019, all franchised buses are exempted from paying toll when using Government tunnels and roads. However, each franchised bus operator is required to spend an equivalent amount of the toll saved to set up its own dedicated account known as the "Toll Exemption Fund" which will normally be used to lower the magnitude of future fare increases. In addition, any additional fare revenue resulting from the increase of the bus fare on the jointly operated routes with other franchised bus operators arising from a fare adjustment is required to be paid into the Toll Exemption Fund. The balance of the Toll Exemption Fund of the Group as at 31 December 2024, included in accounts payable and accruals (note 26), was \$353,784,000 (2023: \$420,764,000).

[#]: Cost of mask production includes depreciation of \$416,000 (2023: \$416,000), which amount is not included in the total amount disclosed in note 5(d) for depreciation.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

6 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Current tax | | |
| Hong Kong Profits Tax | 19,721 | 20,521 |
| (Over)/under-provision in respect of prior years | (56) | 4,703 |
| | 19,665 | 25,224 |
| Withholding tax outside Hong Kong | 177 | 283 |
| | 19,842 | 25,507 |
| Deferred tax | | |
| Origination and reversal of temporary differences | 37,178 | 3,946 |
| Actual tax expense | 57,020 | 29,453 |

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year, except for a subsidiary of the Group which is a qualifying corporation under the two-tier Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

(b) Reconciliation between tax expense and accounting profit at the applicable tax rates:

| | 2024 \$'000 | 2023 \$'000 |
|--|----------------|----------------|
| Profit before taxation | 244,302 | 431,116 |
| Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned | 40,637 | 71,168 |
| Tax effect of non-deductible expenses | 46,548 | 48,641 |
| Tax effect of non-taxable income | (31,814) | (91,987) |
| Tax effect of unused tax losses not recognised | 1,187 | 1,186 |
| Tax effect of temporary differences previously not recognised | – | (4,249) |
| (Over)/under-provision in respect of prior years | (56) | 4,703 |
| Others | 518 | (9) |
| Actual tax expense | 57,020 | 29,453 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

7 Directors' emoluments

Directors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

| | | 2024 | | | | | | |
|-------------------------------------|-----|-----------------|---|-----------------------|---------------------------------|----------------------|--------------------------------|--------|
| | | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Sub-total (note (b)) | Share-based payment (note (c)) | Total |
| | | | | | | | | |
| Note | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Executive Director | | | | | | | | |
| Roger Lee Chak Cheong | (a) | 433 | 9,202 | 1,275 | 518 | 11,428 | 279 | 11,707 |
| Non-executive Directors | | | | | | | | |
| Raymond Kwok Ping Luen | | 726 | – | – | – | 726 | 136 | 862 |
| Charles Lui Chung Yuen | | 726 | – | – | – | 726 | 136 | 862 |
| William Louey Lai Kuen | | 726 | – | – | – | 726 | 136 | 862 |
| Winnie Ng | | 798 | – | – | – | 798 | 136 | 934 |
| Allen Fung Yuk Lun | | 721 | – | – | – | 721 | 136 | 857 |
| Dr Cheung Wing Yui | | 433 | – | – | – | 433 | 136 | 569 |
| Lee Luen Fai | | 433 | – | – | – | 433 | 136 | 569 |
| Lung Po Kwan | | 505 | – | – | – | 505 | 136 | 641 |
| Christopher Kwok Kai-wang | (e) | 433 | – | – | – | 433 | – | 433 |
| Wong Hong Kit | (f) | – | – | – | – | – | – | – |
| Gao Feng | (g) | – | – | – | – | – | – | – |
| Lau Man-Kwan, Julia | (g) | – | – | – | – | – | – | – |
| Independent non-executive Directors | | | | | | | | |
| Dr Norman Leung Nai Pang | | 2,349 | – | – | – | 2,349 | 149 | 2,498 |
| Dr John Chan Cho Chak | | 897 | – | – | – | 897 | 142 | 1,039 |
| Dr Eric Li Ka Cheung | | 884 | – | – | – | 884 | 136 | 1,020 |
| Professor Liu Pak Wai | | 733 | – | – | – | 733 | 136 | 869 |
| Tsang Wai Hung | | 954 | – | – | – | 954 | 136 | 1,090 |
| Wang Xiao Bin | (h) | 110 | – | – | – | 110 | – | 110 |
| | | 11,861 | 9,202 | 1,275 | 518 | 22,856 | 2,066 | 24,922 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

7 Directors' emoluments (continued)

| | | 2023 | | | | | | |
|--|-----|-----------------|---|-----------------------|---------------------------------|----------------------|--------------------------------|--------|
| | | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Sub-total (note (b)) | Share-based payment (note (c)) | Total |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Executive Director | | | | | | | | |
| Roger Lee Chak Cheong | (a) | 390 | 7,390 | 1,155 | 427 | 9,362 | 414 | 9,776 |
| Non-executive Directors | | | | | | | | |
| Raymond Kwok Ping Luen | | 654 | – | – | – | 654 | 207 | 861 |
| Ng Siu Chan | (d) | 156 | – | – | – | 156 | 207 | 363 |
| Charles Lui Chung Yuen | | 654 | – | – | – | 654 | 207 | 861 |
| William Louey Lai Kuen | | 654 | – | – | – | 654 | 207 | 861 |
| Winnie Ng | | 714 | – | – | – | 714 | 207 | 921 |
| Allen Fung Yuk Lun | | 636 | – | – | – | 636 | 207 | 843 |
| Dr Cheung Wing Yui | | 390 | – | – | – | 390 | 207 | 597 |
| Lee Luen Fai | | 390 | – | – | – | 390 | 207 | 597 |
| Lung Po Kwan | | 450 | – | – | – | 450 | 207 | 657 |
| Christopher Kwok Kai-wang | (e) | 214 | – | – | – | 214 | – | 214 |
| Wong Hong Kit | (f) | – | – | – | – | – | – | – |
| Susanna Wong Sze Lai | (f) | – | – | – | – | – | – | – |
| Gao Feng | (g) | – | – | – | – | – | – | – |
| Independent non-executive Directors | | | | | | | | |
| Dr Norman Leung Nai Pang | | 2,116 | – | – | – | 2,116 | 227 | 2,343 |
| Dr John Chan Cho Chak | | 794 | – | – | – | 794 | 217 | 1,011 |
| Dr Eric Li Ka Cheung | | 770 | – | – | – | 770 | 207 | 977 |
| Professor Liu Pak Wai | | 636 | – | – | – | 636 | 207 | 843 |
| Tsang Wai Hung | | 840 | – | – | – | 840 | 207 | 1,047 |
| | | 10,458 | 7,390 | 1,155 | 427 | 19,430 | 3,342 | 22,772 |

Notes:

(a) The amounts included emoluments from the Company and certain of its subsidiaries.

(b) The amounts represented emoluments received or receivable by the Directors of the Company in cash.

(c) These represent the estimated value of share options granted to Directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for equity-settled share-based payment transactions as set out in note 1(x)(iii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the Directors' report and note 22.

(d) Ng Siu Chan was deceased in May 2023.

(e) Christopher Kwok Kai-wang was appointed as Director on 15 June 2023.

(f) Susanna Wong Sze Lai was resigned as Alternate Director to Raymond Kwok Ping Luen on 15 June 2023 and Wong Hong Kit was appointed as Alternate Director to Raymond Kwok Ping Luen on 15 June 2023.

(g) Gao Feng was resigned as Alternate Director to William Louey Lai Kuen on 20 June 2024 and Lau Man-Kwan, Julia was appointed as Alternate Director to William Louey Lai Kuen on 20 June 2024.

(h) Wang Xiao Bin was appointed as Director on 1 November 2024.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

8 Individuals with highest emoluments

Of the five individuals with the highest emoluments, two (2023: one) are Directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the five individuals with the highest emoluments (including the Directors) are as follows:

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Fees | 2,782 | 390 |
| Salaries, allowances and benefits in kind | 15,569 | 17,536 |
| Discretionary bonuses | 2,046 | 2,557 |
| Equity-settled share-based payment expenses | 882 | 882 |
| Retirement scheme contributions | 754 | 1,113 |
| | 22,033 | 22,478 |

The emoluments of the five individuals with the highest emoluments are within the following bands:

| | Number of individuals | |
|-----------------------------|-----------------------|------|
| | 2024 | 2023 |
| \$2,000,001 - \$2,500,000 | 3 | – |
| \$2,500,001 - \$3,000,000 | – | 2 |
| \$3,000,001 - \$3,500,000 | 1 | 1 |
| \$4,000,001 - \$4,500,000 | – | 1 |
| \$9,500,001 - \$10,000,000 | – | 1 |
| \$11,500,001 - \$12,000,000 | 1 | – |

9 Other comprehensive income

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Financial assets measured at FVOCI (recycling): | | |
| Change in fair value recognised during the year | 26,448 | (188,355) |
| Reclassification adjustments for amounts transferred to profit or loss: | | |
| – net loss on derecognition of financial assets measured at FVOCI (recycling) (note 4) | 3,098 | 7 |
| – expected credit losses on financial assets measured at FVOCI (recycling) (note 33(a)) | 171,000 | 260,000 |
| Net movement in the fair value reserve (recycling) during the year recognised in other comprehensive income | 200,546 | 71,652 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

10 Earnings per share

(a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the profit attributable to equity shareholders of the Company of \$187,282,000 (2023: \$401,663,000) and the weighted average number of ordinary shares in issue during the year, calculated as follows:

| | 2024 | 2023 |
|---|-------------|-------------|
| Issued ordinary shares at 1 January | 494,343,118 | 474,940,075 |
| Effect of shares issued in respect of scrip dividend | 7,438,261 | 7,595,665 |
| Weighted average number of ordinary shares at 31 December | 501,781,379 | 482,535,740 |

Diluted earnings per share were the same as the basic earnings per share as there were no dilutive potential ordinary shares during the year. Share options were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted underlying earnings per share are additionally calculated based on the underlying profit attributable to equity shareholders of the Company of HK\$265,482,000 (2023: HK\$114,283,000), which excluded the effect of the change in fair value of investment properties and investment property under development. A reconciliation of profit is as follows:

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Profit attributable to equity shareholders as shown in the consolidated statement of profit or loss | 187,282 | 401,663 |
| Change in fair value of investment properties and investment property under development | 78,200 | (287,380) |
| Underlying profit attributable to equity shareholders | 265,482 | 114,283 |

11 Dividends

(a) Dividends paid/payable to equity shareholders of the Company attributable to the year

| | 2024 | | 2023 | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Per share \$ | Total \$'000 | Per share \$ | Total \$'000 |
| Interim dividend declared and paid | – | – | 0.30 | 146,074 |
| Final dividend proposed after the end of the reporting period | 0.50 | 254,451 | 0.50 | 247,172 |
| | 0.50 | 254,451 | 0.80 | 393,246 |

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

The interim dividend with a scrip dividend alternative in respect of the six months ended 30 June 2023 was paid on 18 October 2023, of which \$74,360,000 was settled by the issuance of 7,428,592 shares at an issue price of \$10.01 per share under the scrip dividend scheme.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

11 Dividends (continued)

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

| | 2024 | | 2023 | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Per share \$ | Total \$'000 | Per share \$ | Total \$'000 |
| Final dividend in respect of the previous financial year, approved and paid during the year | 0.50 | 247,172 | 0.50 | 237,470 |

The final dividend with a scrip dividend alternative in respect of the year ended 31 December 2023 was paid on 28 June 2024, of which \$130,879,000 was settled by the issuance of 14,558,307 shares at an issue price of \$8.99 per share under the scrip dividend scheme.

The final dividend with a scrip dividend alternative in respect of the year ended 31 December 2022 was paid on 30 June 2023, of which \$118,667,000 was settled by the issuance of 11,974,451 shares at an issue price of \$9.91 per share under the scrip dividend scheme.

12 Segment reporting

The Group manages its business by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments:

| | |
|------------------------------------|---|
| Franchised bus operations: | The provision of franchised public transport services in Hong Kong. |
| Property holdings and development: | The holding and development of non-residential properties for the use as investment properties. |
| All other segments: | The provision of non-franchised transport services, provision of cross-boundary shuttle bus services between Lok Ma Chau (Hong Kong) and Huanggang (Shenzhen) and investment holding. |

Other operating segments which do not meet the quantitative thresholds prescribed by HKFRS 8, *Operating segments*, for determining reportable segments are combined as "all other segments". Such operating segments mainly represented non-franchised transport operations and interest in associates.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated and expenses incurred by those segments. The measure used for reporting segment profit is net profit after taxation, adjusted for head office or corporate administration costs which are not specifically attributable to individual segments. Inter-segment revenue is priced with reference to the price charged to external parties for similar transactions.

Segment assets and segment liabilities include all current and non-current assets and liabilities, respectively, which are directly managed by the segments.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Segment reporting (Continued)

(a) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments for the years ended 31 December 2024 and 2023 is set out below.

| | Franchised bus operations | | Property holdings and development | | All other segments | | Total | |
|---|---------------------------|-------------------|--------------------------------------|------------------|--------------------|------------------|-------------------|-------------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Revenue from external customers | 7,849,268 | 7,563,831 | 98,618 | 82,906 | 267,467 | 238,016 | 8,215,353 | 7,884,753 |
| Inter-segment revenue | 1,882 | 1,355 | 4,370 | 4,453 | 4,455 | 903 | 10,707 | 6,711 |
| Reportable segment revenue | 7,851,150 | 7,565,186 | 102,988 | 87,359 | 271,922 | 238,919 | 8,226,060 | 7,891,464 |
| Reportable segment profit/(loss) | 168,462 | 34,597 | (18,108) | 333,969 | 16,924 | 42,097 | 167,278 | 410,663 |
| Interest income | 4,952 | 4,745 | - | - | 250 | 318 | 5,202 | 5,063 |
| Interest expense | (78,654) | (86,887) | (19,689) | (23,177) | - | - | (98,343) | (110,064) |
| Depreciation | (1,162,231) | (1,103,472) | (1,180) | (540) | (32,849) | (28,675) | (1,196,260) | (1,132,687) |
| Staff costs | (4,284,920) | (4,012,799) | - | - | (134,189) | (121,100) | (4,419,109) | (4,133,899) |
| Change in fair value of investment properties and investment property under development | - | - | (78,200) | 287,380 | - | - | (78,200) | 287,380 |
| Share of profits of associates | - | - | - | - | 637 | 31,138 | 637 | 31,138 |
| Share of profit of joint venture | - | - | 8,552 | 8,110 | - | - | 8,552 | 8,110 |
| Income tax expense | (33,876) | (8,193) | (10,155) | (7,408) | (12,989) | (13,852) | (57,020) | (29,453) |
| Reportable segment assets | 10,715,561 | 10,665,139 | 9,086,175 | 9,020,713 | 1,520,886 | 1,550,081 | 21,322,622 | 21,235,933 |
| - including interest in associates | - | - | - | - | 569,660 | 609,147 | 569,660 | 609,147 |
| - including interest in joint venture | - | - | 747,792 | 748,560 | - | - | 747,792 | 748,560 |
| Additions to non-current segment assets during the year | 744,992 | 1,078,898 | 142,626 | 617,248 | 31,939 | 55,406 | 919,557 | 1,751,552 |
| Reportable segment liabilities | 4,411,358 | 4,617,357 | 2,683,917 | 3,051,451 | 82,988 | 87,247 | 7,178,263 | 7,756,055 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Segment reporting (continued)

(b) Reconciliation of reportable segment revenue, profit, assets and liabilities

| | 2024 \$'000 | 2023 \$'000 |
|--------------------------------------|----------------|----------------|
| Revenue | | |
| Reportable segment revenue | 7,954,138 | 7,652,545 |
| Revenue from all other segments | 271,922 | 238,919 |
| | 8,226,060 | 7,891,464 |
| Elimination of inter-segment revenue | (10,707) | (6,711) |
| Consolidated revenue | 8,215,353 | 7,884,753 |
| Profit | | |
| Reportable segment profit | 150,354 | 368,566 |
| Profit from all other segments | 16,924 | 42,097 |
| | 167,278 | 410,663 |
| Unallocated profits/(losses) | 20,004 | (9,000) |
| Consolidated profit after taxation | 187,282 | 401,663 |
| Assets | | |
| Reportable segment assets | 19,801,736 | 19,685,852 |
| Assets from all other segments | 1,520,886 | 1,550,081 |
| | 21,322,622 | 21,235,933 |
| Unallocated assets | 2,586,852 | 2,951,156 |
| Consolidated total assets | 23,909,474 | 24,187,089 |
| Liabilities | | |
| Reportable segment liabilities | 7,095,275 | 7,668,808 |
| Liabilities from all other segments | 82,988 | 87,247 |
| | 7,178,263 | 7,756,055 |
| Unallocated liabilities | 21,879 | 25,447 |
| Consolidated total liabilities | 7,200,142 | 7,781,502 |

(c) Geographic information

Substantially all of the Group's revenue from external customers, based on the location at which the services were provided, is generated in Hong Kong. The following table sets out information about the geographical location of the Group's investment properties, investment property under development, interest in leasehold land, other property, plant and equipment, intangible assets, goodwill, interest in associates and interest in joint venture ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the asset in the case of investment properties, investment property under development, interest in leasehold land and other property, plant and equipment, the location of the operation to which they are allocated in the case of intangible assets and goodwill, and the location of operations in the case of interest in associates and interest in joint venture.

| | Specified non-current assets | |
|----------------|------------------------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Hong Kong | 16,879,848 | 17,239,295 |
| Mainland China | 730,171 | 770,245 |
| | 17,610,019 | 18,009,540 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

13 Interest in leasehold land and other property, plant and equipment

(a) Reconciliation of carrying amount

| | Buildings \$'000 | Other properties leased for own use carried at cost \$'000 | Buses and other motor vehicles \$'000 | Buses under construction \$'000 | Tools and others \$'000 | Sub-total \$'000 | Interest in leasehold land \$'000 | Total \$'000 |
|--|---------------------|--|--|---------------------------------------|-------------------------------|---------------------|---|-----------------|
| Cost: | | | | | | | | |
| At 1 January 2024 | 1,643,786 | 26,085 | 12,823,556 | 254,151 | 4,215,766 | 18,963,344 | 112,372 | 19,075,716 |
| Additions | 38,473 | 6,378 | 133,821 | 239,195 | 379,752 | 797,619 | - | 797,619 |
| Lease modification | - | (94) | - | - | - | (94) | - | (94) |
| Disposals | (69,654) | (766) | (323,764) | - | (107,377) | (501,561) | - | (501,561) |
| Transfers | - | - | 79,644 | (79,644) | - | - | - | - |
| At 31 December 2024 | 1,612,605 | 31,603 | 12,713,257 | 413,702 | 4,488,141 | 19,259,308 | 112,372 | 19,371,680 |
| Accumulated depreciation: | | | | | | | | |
| At 1 January 2024 | 1,308,849 | 21,582 | 6,741,905 | - | 3,130,314 | 11,202,650 | 65,841 | 11,268,491 |
| Charge for the year | 72,357 | 3,606 | 825,332 | - | 293,401 | 1,194,696 | 1,980 | 1,196,676 |
| Written back on disposals | (69,654) | (559) | (320,254) | - | (107,146) | (497,613) | - | (497,613) |
| At 31 December 2024 | 1,311,552 | 24,629 | 7,246,983 | - | 3,316,569 | 11,899,733 | 67,821 | 11,967,554 |
| Net book value: | | | | | | | | |
| At 31 December 2024 | 301,053 | 6,974 | 5,466,274 | 413,702 | 1,171,572 | 7,359,575 | 44,551 | 7,404,126 |
| Add: Deposits paid in respect of buses on order | | | | | | 2,000 | - | 2,000 |
| | | | | | | 7,361,575 | 44,551 | 7,406,126 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

13 Interest in leasehold land and other property, plant and equipment (continued)

(a) Reconciliation of carrying amount (continued)

| | Buildings \$'000 | Other properties leased for own use carried at cost \$'000 | Buses and other motor vehicles \$'000 | Buses under construction \$'000 | Tools and others \$'000 | Sub-total \$'000 | Interest in leasehold land \$'000 | Total \$'000 |
|--|---------------------|--|--|---------------------------------------|-------------------------------|---------------------|---|-----------------|
| Cost: | | | | | | | | |
| At 1 January 2023 | 1,602,670 | 25,271 | 12,530,312 | 256,014 | 4,184,046 | 18,598,313 | 112,372 | 18,710,685 |
| Additions | 41,116 | 2,857 | 286,254 | 378,491 | 443,654 | 1,152,372 | - | 1,152,372 |
| Lease modification | - | (2,043) | - | - | - | (2,043) | - | (2,043) |
| Disposals | - | - | (373,364) | - | (411,934) | (785,298) | - | (785,298) |
| Transfers | - | - | 380,354 | (380,354) | - | - | - | - |
| At 31 December 2023 | 1,643,786 | 26,085 | 12,823,556 | 254,151 | 4,215,766 | 18,963,344 | 112,372 | 19,075,716 |
| Accumulated depreciation: | | | | | | | | |
| At 1 January 2023 | 1,271,222 | 17,998 | 6,263,434 | - | 3,300,675 | 10,853,329 | 63,861 | 10,917,190 |
| Charge for the year | 37,627 | 3,584 | 848,453 | - | 241,459 | 1,131,123 | 1,980 | 1,133,103 |
| Written back on disposals | - | - | (369,982) | - | (411,820) | (781,802) | - | (781,802) |
| At 31 December 2023 | 1,308,849 | 21,582 | 6,741,905 | - | 3,130,314 | 11,202,650 | 65,841 | 11,268,491 |
| Net book value: | | | | | | | | |
| At 31 December 2023 | 334,937 | 4,503 | 6,081,651 | 254,151 | 1,085,452 | 7,760,694 | 46,531 | 7,807,225 |
| Add: Deposits paid in respect of buses on order | | | | | | 19,967 | - | 19,967 |
| | | | | | | 7,780,661 | 46,531 | 7,827,192 |

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

| | Note | 2024 \$'000 | 2023 \$'000 |
|--|------|----------------|----------------|
| Interest in leasehold land, carried at amortised cost, with remaining lease term between 10 and 50 years | (i) | 44,551 | 46,531 |
| Other properties leased for own use, carried at depreciated cost | (ii) | 6,974 | 4,503 |
| | | 51,525 | 51,034 |
| Interests in leasehold investment properties and investment property under development, carried at fair value, with remaining lease term between 10 and 50 years | | 8,273,300 | 8,211,500 |
| | | 8,324,825 | 8,262,534 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

13 Interest in leasehold land and other property, plant and equipment (continued)

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

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

| | 2024 \$'000 | 2023 \$'000 |
|--|----------------|----------------|
| Depreciation charge of right-of-use assets by class of underlying asset: | | |
| Interest in leasehold land | 1,980 | 1,980 |
| Other properties leased for own use | 3,606 | 3,584 |
| | 5,586 | 5,564 |
| Interest on lease liabilities (note 5(b)) | 317 | 290 |
| Expense relating to short-term leases | 2,242 | 2,015 |

During the year, additions to right-of-use assets were \$6,378,000 (2023: \$2,857,000). This amount related to the capitalised lease payments payable under new or renewed tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 24(e) and 28, respectively.

(i) Interest in leasehold land

The Group holds several pieces of land for industrial buildings for its public transportation business. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners or the Government, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its staff rest kiosks and bus regulators' offices through tenancy agreements. The leases typically run for an initial period of two to three years.

- (c) In 2024, subsidies totalling \$81,224,000 (2023: \$27,763,000) were received or receivable from the HKSAR Government for retrofitting buses with appropriate safety devices and for installation of facilities at bus stops and terminus. The purposes of the subsidies are to enhance the operational safety of franchised buses and to expedite the installation of facilities for the convenience of passengers respectively. The subsidies received or receivable have been deducted from the carrying amount of the assets directly in accordance with the accounting policy set out in note 1(k).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Investment properties and investment property under development**(a) Movements during the year**

| | Investment properties \$'000 | Investment property under development \$'000 | Total \$'000 |
|-----------------------------|---|---|-------------------------|
| Valuation: | | | |
| At 1 January 2024 | 5,406,500 | 2,805,000 | 8,211,500 |
| Additions | – | 140,000 | 140,000 |
| Decrease in fair value, net | (44,700) | (33,500) | (78,200) |
| At 31 December 2024 | 5,361,800 | 2,911,500 | 8,273,300 |

| | Investment properties \$'000 | Investment property under development \$'000 | Total \$'000 |
|---|---|---|-------------------------|
| Valuation: | | | |
| At 1 January 2023 | 1,468,800 | 5,840,000 | 7,308,800 |
| Additions | – | 615,320 | 615,320 |
| Transfer to investment properties upon completion | 3,880,715 | (3,880,715) | – |
| Increase in fair value, net | 56,985 | 230,395 | 287,380 |
| At 31 December 2023 | 5,406,500 | 2,805,000 | 8,211,500 |

(b) Fair value measurement

The following table presents the fair value of the Group's investment properties and investment property under development at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Investment properties and investment property under development (continued)

(b) Fair value measurement (continued)

| | 2024 | | | |
|--|--|-------------------|-------------------|-------------------|
| | Fair value measurements categorised into | | | |
| | Fair value \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Recurring fair value disclosures | | | | |
| Investment properties in Hong Kong | | | | |
| – commercial properties | 5,260,800 | – | – | 5,260,800 |
| – industrial properties | 101,000 | – | – | 101,000 |
| Investment property under development in Hong Kong | 2,911,500 | – | – | 2,911,500 |
| | | | | |
| | 2023 | | | |
| | Fair value measurements categorised into | | | |
| | Fair value \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Recurring fair value disclosures | | | | |
| Investment properties in Hong Kong | | | | |
| – commercial properties | 5,303,500 | – | – | 5,303,500 |
| – industrial properties | 103,000 | – | – | 103,000 |
| Investment property under development in Hong Kong | 2,805,000 | – | – | 2,805,000 |

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. 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.

The Group's investment properties and investment property under development were revalued at 31 December 2024 and 2023 by Knight Frank Petty Limited, an independent firm of professional qualified valuers, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued, on a market value basis, in accordance with Valuation Standards on Properties issued by Hong Kong Institute of Surveyors.

As at 31 December 2024 and 2023, the Group's investment properties are valued using the income capitalisation approach by capitalising net income from the existing tenancies and reversionary income potential at appropriate capitalisation rates for individual properties. The capitalisation rate adopted is derived by making reference to the yields achieved from analysis of comparable property investment transactions and valuer's view of prevailing investor expectations regarding rental growth and perceived risks.

As at 31 December 2024, the Group's investment property under development is valued using the income capitalisation approach by capitalising net income from the existing tenancies and reversionary income potential at appropriate capitalisation rates for individual properties less the costs that will be incurred to complete the development. The capitalisation rate adopted is derived by making reference to the yields achieved from analysis of comparable property investment transactions and valuer's view of prevailing investor expectations regarding rental growth and perceived risks.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Investment properties and investment property under development (continued)

(b) Fair value measurement (continued)

As at 31 December 2023, the Group's investment property under development was valued using the residual method by estimating the value of the property when completed using income capitalisation method with reference to comparable sales transactions assuming that the property had been completed in accordance with the current development plan on the valuation date less the costs that will be incurred to complete the development with appropriate allowance for profit and risk.

Set out below are the significant unobservable inputs used for fair value measurements:

| | Unobservable inputs | Range |
|--|---------------------|--|
| Investment properties in Hong Kong – commercial properties and industrial properties | Capitalisation rate | 3.50% to 4.75% (2023: 3.50% to 4.75%) |
| Investment property under development in Hong Kong | Capitalisation rate | 3.50% (2023: 3.50%) |

The fair values of the Group's investment properties and investment property under development are inversely to related capitalisation rates, which are determined by reference to investors' expectations on investment yields, rental growth and the risk profile of the properties being valued. A lower (higher) capitalisation rate would imply a higher (lower) property value.

Fair value adjustment of investment properties and investment property under development is recognised in the line item "Change in fair value of investment properties and investment property under development" on the face of the consolidated statement of profit or loss.

- (c) The Group leased out investment properties under operating leases. The leases typically run for an initial period from one to eight years, with an option to renew the leases after that date, at which time all terms are renegotiated. Certain leases include contingent rentals, being the excess of a percentage of the monthly revenue generated by the lessees over the monthly minimum lease rentals.

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 \$'000 | 2023 \$'000 |
|----------------------------------|----------------|----------------|
| Within 1 year | 95,849 | 76,421 |
| After 1 year but within 2 years | 80,356 | 69,546 |
| After 2 years but within 3 years | 67,869 | 51,926 |
| After 3 years but within 4 years | 40,453 | 46,870 |
| After 4 years but within 5 years | 34,382 | 36,588 |
| After 5 years | 8,455 | 39,490 |
| | 327,364 | 320,841 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

15 Intangible assets

| | Passenger service licences and transport operating rights \$'000 |
|--|---|
| Cost: | |
| At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024 | 529,090 |
| Accumulated amortisation: | |
| At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024 | – |
| Net book value: | |
| At 31 December 2024 | 529,090 |
| At 31 December 2023 | 529,090 |

In respect of those passenger service licences and transport operating rights of the Group that are regarded as having indefinite useful lives, there is no foreseeable limit to the period over which these assets are expected to generate cash flows for the Group.

Intangible assets that are regarded as having indefinite useful lives have been allocated to the cash-generating unit of non-franchised transport operations for the purpose of impairment testing. Details of impairment testing are set out in note 16 to the consolidated financial statements.

16 Goodwill

| | 2024 \$'000 | 2023 \$'000 |
|------------------------------|----------------|----------------|
| Cost and carrying amount: | | |
| At 1 January and 31 December | 84,051 | 84,051 |

Impairment tests for cash-generating units containing goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives belong to the Group's non-franchised transport operations as a cash-generating unit.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of one year. Cash flows beyond the one-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations are as follows:

| | 2024 % | 2023 % |
|---------------|-----------|-----------|
| Growth rate | 1.5 | 1.5 |
| Discount rate | 7.1 – 8.5 | 7.1 – 8.3 |

The growth rate used does not exceed the long-term average growth rate for the business in which the cash-generating unit operates. The discount rate used is pre-tax and reflects specific risks relating to this cash-generating unit.

The recoverable amount of the cash-generating unit based on the value-in-use calculations is higher than its carrying amount. Accordingly, no impairment loss on goodwill and intangible assets with indefinite useful lives has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

17 Interest in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

| Name of company | Place of incorporation and business | Particulars of issued and paid-up capital | Percentage of ownership interest | | | Principal activity |
|--|--|---|----------------------------------|---------------------|----------------------|---|
| | | | Group's effective interest | Held by the Company | Held by subsidiaries | |
| KMB Resources Limited | Incorporated in the British Virgin Islands and operates in Hong Kong | 1 share of US\$1 | 100 | 100 | – | Investment holding |
| The Kowloon Motor Bus Company (1933) Limited | Hong Kong | 403,639,413 shares | 100 | – | 100 | Provision of franchised public bus services in Hong Kong |
| Long Win Bus Company Limited | Hong Kong | 100,000,000 shares | 100 | – | 100 | Provision of franchised public bus services in Hong Kong |
| Sun Bus Limited | Hong Kong | 2 shares | 100 | – | 100 | Provision of non-franchised bus services in Hong Kong |
| Bun Tang Bus Service Company Limited | Hong Kong | 120,000 shares | 100 | – | 100 | Provision of non-franchised bus services in Hong Kong |
| Sau Luen P. L.B. Co., Limited | Hong Kong | 10,000 shares | 100 | – | 100 | Provision of non-franchised bus services in Hong Kong |
| New Hong Kong Bus Company Limited | Incorporated in Hong Kong and operates in Hong Kong and Mainland China | 1,000 shares | 100 | – | 100 | Provision of cross-boundary shuttle bus services between Lok Ma Chau (Hong Kong) and Huanggang (Shenzhen) |
| Hoi Tai Tours Limited | Incorporated in Hong Kong and operates in Hong Kong and Mainland China | 20,000 shares | 100 | – | 100 | Provision of non-franchised bus services |
| GD Bonwell Champion Tours Co. Limited | Incorporated in Hong Kong and operates in Hong Kong and Mainland China | 10,000 shares | 100 | – | 100 | Provision of non-franchised bus services |
| GD Bonwell Yip Wai Tours Co. Limited | Incorporated in Hong Kong and operates in Hong Kong and Mainland China | 10,000 shares | 100 | – | 100 | Provision of non-franchised bus services |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

17 Interest in subsidiaries (continued)

| Name of company | Place of incorporation and business | Particulars of issued and paid-up capital | Percentage of ownership interest | | | Principal activity |
|--|--|---|----------------------------------|---------------------|----------------------|--|
| | | | Group's effective interest | Held by the Company | Held by subsidiaries | |
| Zhan Gang Tourist Transportation Company Limited | Incorporated in Hong Kong and operates in Hong Kong and Mainland China | 500,000 shares | 100 | – | 100 | Provision of non-franchised bus services |
| Right Concept Transportation Limited | Incorporated in Hong Kong and operates in Hong Kong and the Mainland China | 5 shares | 100 | – | 100 | Provision of non-franchised bus services |
| Lai Chi Kok Properties Investment Limited | Incorporated in the British Virgin Islands and operates in Hong Kong | 1 share of US\$1 | 100 | – | 100 | Property investment |
| LCK Real Estate Limited | Incorporated in the British Virgin Islands and operates in Hong Kong | 1 share of US\$1 | 100 | – | 100 | Property investment |
| LCK Commercial Properties Limited | Hong Kong | 1 share | 100 | – | 100 | Property investment |
| KT Real Estate Limited | Incorporated in the British Virgin Islands and operates in Hong Kong | 1 share of US\$1 | 100 | – | 100 | Property investment |
| KMB Financial Services Limited | Incorporated in the British Virgin Islands and operates in Hong Kong | 1 share of US\$1 | 100 | – | 100 | Group treasury management |
| KMB (Beijing) Taxi Investment Limited | Incorporated in the British Virgin Islands and operates in Hong Kong | 1 share of US\$1 | 100 | – | 100 | Investment holding |
| KMB (Shenzhen) Transport Investment Limited | Incorporated in the British Virgin Islands and operates in Hong Kong | 1 share of US\$1 | 100 | – | 100 | Investment holding |

18 Interest in associates

| | 2024 \$'000 | 2023 \$'000 |
|------------------------------|----------------|----------------|
| Share of net assets | 512,249 | 549,702 |
| Goodwill | 57,309 | 59,339 |
| Amount due from an associate | 102 | 106 |
| | 569,660 | 609,147 |

Amount due from an associate is unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

18 Interest in associates (continued)

The following list contains the particulars of the material associate, which is an unlisted corporate entity whose quoted market price is not available:

| Name of associate | Form of business structure | Place of establishment and business | Particulars of registered and paid-up capital | Percentage of ownership interest | | Principal activity |
|------------------------------------|----------------------------------|-------------------------------------|---|----------------------------------|----------------------|--|
| | | | | Group's effective interest | Held by subsidiaries | |
| Shenzhen Bus Group Company Limited | Sino-foreign joint stock company | Mainland China | RMB951,430,306 | 35 | 35 | Provision of bus and taxi hire services (note) |

Note: Shenzhen Bus Group Company Limited, a transportation operator in the Mainland China, enables the Group to penetrate into this market through local expertise.

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

| | Shenzhen Bus Group Company Limited | |
|--|------------------------------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Gross amounts of the associate | | |
| Current assets | 4,671,546 | 4,556,169 |
| Non-current assets | 5,035,946 | 5,780,034 |
| Current liabilities | 4,799,975 | 4,078,671 |
| Non-current liabilities | 3,591,586 | 4,862,066 |
| Total equity | 1,315,931 | 1,395,466 |
| Non-controlling interest | (26,477) | (4,340) |
| Revenue | 1,895,380 | 1,730,770 |
| (Loss)/profit for the year | (1,346) | 88,648 |
| Other comprehensive income | (47,554) | 1,560 |
| Total comprehensive income | (48,900) | 90,208 |
| Dividend received from the associate | 2,199 | 3,390 |
| Reconciled to the Group's interest in the associate | | |
| Gross amounts of net assets of the associate attributable to equity shareholders | 1,289,454 | 1,391,126 |
| Group's effective interest | 35% | 35% |
| Group's share of net assets of the associate | 451,309 | 486,894 |
| Goodwill | 57,309 | 59,339 |
| Carrying amount in the consolidated financial statements | 508,618 | 546,233 |

Aggregate information of associates that are not individually material:

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Aggregate carrying amount of individually immaterial associates in the consolidated financial statements | 61,042 | 62,914 |
| Aggregate amounts of the Group's share of those associates | | |
| Profit for the year, net | 1,108 | 111 |
| Total comprehensive income | 1,108 | 111 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

19 Interest in joint venture

The following list contains the particulars of the joint venture, which is an unlisted corporate entity whose quoted market price is not available:

| Name of joint venture | Form of business structure | Place of incorporation and business | Particulars of registered and paid-up capital | Percentage of ownership interest | | Principal activity |
|----------------------------------|----------------------------|--|---|----------------------------------|----------------------|------------------------------|
| | | | | Group's effective interest | Held by subsidiaries | |
| TM Properties Investment Limited | Incorporated | Incorporated in the British Virgin Islands and operates in Hong Kong | 2 share of US\$2 | 50 | 50 | Property investment (note 1) |

Note 1: TM Properties Investment Limited operates in Hong Kong and generates rental income from the leasing of an industrial building in Hong Kong.

Summarised financial information of the joint venture, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

| | TM Properties Investment Limited | |
|--|----------------------------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Gross amounts of the joint venture | | |
| Current assets | 2,639 | 2,307 |
| Non-current assets | 1,500,013 | 1,500,015 |
| Current liabilities | 15,182 | 31,956 |
| Total equity | 1,487,470 | 1,470,366 |
| Revenue | 21,646 | 20,536 |
| Profit for the year | 17,104 | 16,220 |
| Total comprehensive income | 17,104 | 16,220 |
| Reconciled to the Group's interest in the joint venture | | |
| Gross amounts of net assets of the joint venture attributable to equity shareholders | 1,487,470 | 1,470,366 |
| Group's effective interest | 50% | 50% |
| Group's share of net assets of the joint venture | 743,735 | 735,183 |
| Loan to a joint venture (note 2) | 4,057 | 13,377 |
| Carrying amount in the consolidated financial statements | 747,792 | 748,560 |

Note 2: Loan to a joint venture is unsecured, interest-free and has no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

20 Other financial assets

| | Note | 2024 \$000 | 2023 \$000 |
|---|------|------------------|------------------|
| Equity securities designated at FVOCI (non-recycling) | | | |
| – Unlisted equity securities | (i) | 998,075 | 1,033,669 |
| Financial assets measured at FVOCI (recycling) | | | |
| – Debt securities listed outside Hong Kong | (ii) | 407,468 | 627,464 |
| Financial assets measured at amortised cost | | | |
| – Loan receivables | | 51,225 | 64,419 |
| Other financial assets measured at FVPL | | 5,868 | 5,199 |
| | | 1,462,636 | 1,730,751 |
| Less: debt securities listed outside Hong Kong classified as current assets | | (85,858) | (444,983) |
| loan receivables classified as current assets | | (16,464) | (13,540) |
| other financial assets measured at FVPL as current assets | | (5,868) | (5,199) |
| Other financial assets classified as current assets | | (108,190) | (463,722) |
| Other financial assets classified as non-current assets | | 1,354,446 | 1,267,029 |

Notes:

- (i) The unlisted equity securities mainly represented a company incorporated in Hong Kong and engaged primarily in the business of managing a common ticketing and payment system. The Group designated its investment in unlisted equity securities at FVOCI (non-recycling), as the investment is held for strategic purposes. Dividends of \$81,541,000 (2023: \$91,454,000) were declared by the investment during the year.
- (ii) During the year, expected credit losses of HK\$171,000,000 (2023: HK\$260,000,000) was recognised to reflect the increase in credit risk for the investments in financial assets measured at FVOCI (recycling) in accordance with note 1(n)(i).

21 Employee retirement benefits

The Group makes contributions to two defined benefit retirement schemes which provide pension benefits for employees upon retirement. Both schemes are formally established under trust and are registered under the Occupational Retirement Schemes Ordinance. The schemes are administered by an independent trustee and the assets are held separately from those of the Group. The trustees are required by the Trust Deed to act in the best interest of the plan participants and are responsible for setting investment policies of the plans. The members' benefits are determined based on the employees' final remuneration and length of service.

The plans are funded by contributions from the Group in accordance with an independent actuary's recommendation based on annual actuarial valuations. The independent actuarial valuations of the plans at 31 December 2024 and 2023 were prepared by Towers Watson Hong Kong Limited which has among its staff fellow members of the Society of Actuaries of the United States of America using the projected unit credit method, and were carried out by the appointed actuary, represented by Ms Wing Lui. The actuarial valuations indicate that the Group's obligations under these defined benefit retirement schemes are 315% (2023: 262%) covered by the plan assets held by the trustee.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

21 Employee retirement benefits (continued)

The plans expose the Group to actuarial risks, such as interest rate risk, investment risk and longevity risk. Since the two retirement schemes have similar risks and features, information about the two plans is aggregated and disclosed below:

(a) The amount recognised in the consolidated statement of financial position is as follows:

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Present value of funded obligations (note 21(c)) | (815,946) | (995,791) |
| Fair value of plan assets (notes 21(b) and 21(d)) | 2,571,703 | 2,605,064 |
| | 1,755,757 | 1,609,273 |
| Represented by: | | |
| Employee benefit assets | 1,755,757 | 1,609,273 |

A portion of the above asset is expected to be recovered after more than one year. However, it is not practicable to segregate this amount from the amounts recoverable in the next twelve months, as future refund will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The expected annual contribution to defined benefit retirement schemes for the year ending 31 December 2025 is \$Nil (2024: \$Nil).

(b) Plan assets consist of the following:

| | 2024 \$'000 | 2023 \$'000 |
|--------------------------------|----------------|----------------|
| Equity securities: | | |
| – Hong Kong and Mainland China | 411,805 | 338,423 |
| – Rest of Asia Pacific | 377,293 | 390,525 |
| – Europe | 180,020 | 199,879 |
| – North America | 436,856 | 408,753 |
| | 1,405,974 | 1,337,580 |
| Bonds | 1,123,089 | 1,223,910 |
| Cash and others | 42,640 | 43,574 |
| | 2,571,703 | 2,605,064 |

All of the equity securities and bonds have quoted prices in active markets.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

21 Employee retirement benefits (continued)

(c) Movements in the present value of the defined benefit obligations:

| | 2024 \$'000 | 2023 \$'000 |
|--|----------------|----------------|
| At 1 January | 995,791 | 1,053,336 |
| Remeasurements: | | |
| – Actuarial losses/(gains) arising from changes in demographic assumptions | 80 | (882) |
| – Actuarial (gains)/losses arising from changes in financial assumptions | (64,034) | 34,843 |
| – Actuarial gains arising from liability experience | (21,347) | (2,426) |
| | (85,301) | 31,535 |
| Benefits paid by the plans | (154,029) | (159,749) |
| Current service cost | 31,325 | 34,213 |
| Interest cost | 28,160 | 36,456 |
| | (94,544) | (89,080) |
| At 31 December | 815,946 | 995,791 |

The weighted average duration of the Monthly Rated and Daily Rated defined benefit obligations are 6.0 and 4.5 years respectively (2023: 6.6 and 4.8 years respectively).

(d) Movements in plan assets:

| | 2024 \$'000 | 2023 \$'000 |
|--|----------------|----------------|
| At 1 January | 2,605,064 | 2,594,327 |
| Administrative expenses paid | (2,904) | (3,174) |
| Benefits paid by the plans | (154,029) | (159,749) |
| Interest income | 75,315 | 91,932 |
| Return on plan assets, excluding interest income | 48,257 | 81,728 |
| At 31 December | 2,571,703 | 2,605,064 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

21 Employee retirement benefits (continued)

(e) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

| | 2024 \$'000 | 2023 \$'000 |
|--|----------------|----------------|
| Current service cost | 31,325 | 34,213 |
| Net interest income on net defined benefit assets | (47,155) | (55,476) |
| Administrative expenses paid | 2,904 | 3,174 |
| Total amounts recognised in profit or loss (note 5(a)) | (12,926) | (18,089) |
| Actuarial (gains)/losses | (85,301) | 31,535 |
| Return on plan assets, excluding interest income | (48,257) | (81,728) |
| Total amounts recognised in other comprehensive income | (133,558) | (50,193) |
| Total defined benefit income | (146,484) | (68,282) |

(f) Significant actuarial assumptions and sensitivity analysis are as follows:

| | 2024 | 2023 |
|----------------------------------|------|------|
| Discount rate | | |
| – Monthly Rated Employees Scheme | 3.6% | 3.0% |
| – Daily Rated Employees Scheme | 3.5% | 2.9% |
| Future salary increases | 3.0% | 4.0% |

The below analysis shows how the defined benefit obligations would have (decreased)/increased as a result of a 0.25 percentage point change in the significant actuarial assumptions:

| | 2024 | | 2023 | |
|-------------------------|--|--|--|--|
| | Increase in 0.25 percentage point \$'000 | Decrease in 0.25 percentage point \$'000 | Increase in 0.25 percentage point \$'000 | Decrease in 0.25 percentage point \$'000 |
| Discount rate | (10,025) | 10,251 | (13,577) | 13,908 |
| Future salary increases | 9,071 | (8,916) | 12,252 | (12,027) |

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

22 Equity-settled share-based transactions

The Company has a share option scheme which was adopted on 26 May 2016 whereby the Directors of the Company are authorised, at their discretion, to invite employees of the Group, including Directors of any company in the Group, to take up options at a consideration of \$1 to subscribe for shares of the Company. The period within which the options must be exercised will be specified by the Company at the date of grant. This period must expire no later than 10 years from the relevant date of grant. The Directors of the Company may also provide restrictions on the exercise of an option during the period an option may be exercised. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(a) The terms and conditions of the grants are as follows:

| | Number of instruments '000 | Vesting conditions | Contractual life of options |
|-------------------------------|----------------------------------|-----------------------|-----------------------------------|
| Options granted to Directors: | | | |
| – on 19 November 2020 | 6,075 | i | Five years from the date of grant |
| – on 31 March 2023 | 6,510 | iii | Five years from the date of grant |
| Options granted to employees: | | | |
| – on 19 November 2020 | 7,850 | ii | Five years from the date of grant |
| – on 31 March 2023 | 9,840 | iv | Five years from the date of grant |
| Total share options granted | 30,275 | | |

All the options are vested and exercisable progressively and the maximum percentage of the options which may be exercised is determined in stages as follows:

Vesting condition (i):

| | Percentage of options granted |
|------------------------------|-------------------------------|
| On or after 19 November 2021 | 50% |
| On or after 19 November 2022 | 100% |

Vesting condition (ii):

| | Percentage of options granted |
|------------------------------|-------------------------------|
| On or after 19 November 2021 | 30% |
| On or after 19 November 2022 | 60% |
| On or after 19 November 2023 | 100% |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

22 Equity-settled share-based transactions (continued)

(a) The terms and conditions of the grants are as follows: (continued)

Vesting condition (iii):

| | Percentage of options granted |
|---------------------------|-------------------------------|
| On or after 31 March 2024 | 50% |
| On or after 31 March 2025 | 100% |

Vesting condition (iv):

| | Percentage of options granted |
|---------------------------|-------------------------------|
| On or after 31 March 2024 | 30% |
| On or after 31 March 2025 | 60% |
| On or after 31 March 2026 | 100% |

(b) The number and weighted average exercise prices of share options are as follows:

| | 2024 | | 2023 | |
|--|---------------------------------|------------------------------|---------------------------------|------------------------------|
| | Weighted average exercise price | Number of share options '000 | Weighted average exercise price | Number of share options '000 |
| Outstanding at the beginning of the year | \$12.50 | 24,435 | \$15.32 | 10,425 |
| Granted during the year | – | – | \$10.60 | 15,970 |
| Cancelled during the year | \$11.93 | (2,490) | \$12.04 | (1,960) |
| Lapsed during the year | \$12.87 | (830) | – | – |
| Outstanding at the end of the year | \$12.55 | 21,115 | \$12.50 | 24,435 |
| Exercisable at the end of the year | \$13.62 | 13,658 | \$15.32 | 9,825 |

The options outstanding at 31 December 2024 had a weighted average exercise price of \$12.55 (2023: \$12.50) and weighted average remaining contractual lives of 2.3 years (2023: 3.3 years).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

22 Equity-settled share-based transactions (continued)

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the binomial model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial model.

Fair value of share options and assumptions for share options granted on

| | 31 March 2023 | 19 November 2020 |
|---|----------------------------|---------------------|
| Fair value at measurement date | \$0.7897 - \$0.8511 | \$0.5681 - \$0.5819 |
| Share price at the date of grant | \$10.60 | \$15.32 |
| Exercise price | \$10.60 | \$15.32 |
| Expected volatility | 15% | 14% |
| Option life (expressed as weighted average life used in the modelling under binomial model) | 5 years | 5 years |
| Expected dividends | 4.70% | 4.98% |
| Risk-free interest rate (based on Hong Kong Exchange Fund Notes) | 3.01% | 0.35% |

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

23 Accounts receivable

| | 2024 \$'000 | 2023 \$'000 |
|-----------------------------------|----------------|----------------|
| Trade and other receivables | 941,445 | 966,990 |
| Interest receivable | 57,394 | 58,434 |
| Less: loss allowance (note 23(b)) | (360) | (360) |
| | 998,479 | 1,025,064 |

All of the accounts receivable are expected to be recovered within one year.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

23 Accounts receivable (continued)

(a) Ageing analysis

Included in accounts receivable are trade receivables (net of loss allowance) with the following ageing analysis, based on the due date, as of the end of the reporting period:

| | 2024 \$'000 | 2023 \$'000 |
|-----------------------------|----------------|----------------|
| Current | 167,732 | 160,997 |
| Less than 1 month past due | 15,473 | 69,151 |
| 1 to 3 months past due | 10,275 | 54,469 |
| More than 3 months past due | 251,193 | 177,269 |
| | 444,673 | 461,886 |

According to the Group's credit policy set out in note 33(a) to the consolidated financial statements, the credit period granted to customers is generally between 30 days and 90 days. Therefore, all the balances which are not past due as disclosed above are within three months from the invoice date.

(b) Loss allowance for trade receivables

Loss allowance in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the loss allowance is written off against trade receivables directly (see note 1(n)(i)).

No movement in the loss allowance account in respect of trade receivables during the year:

| | 2024 \$'000 | 2023 \$'000 |
|--------------------------------------|----------------|----------------|
| Balance at 1 January and 31 December | 360 | 360 |

Loss allowance for trade receivables are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive) (see note 1(n)(i)).

24 Bank deposits and cash

(a) Bank deposits and cash comprise:

| | 2024 \$'000 | 2023 \$'000 |
|--|------------------|----------------|
| Cash at banks and on hand | 42,560 | 197,365 |
| Bank deposits | 1,887,394 | 1,457,929 |
| | 1,929,954 | 1,655,294 |
| Less: restricted bank deposits (note 24(b)) | (375,520) | (447,551) |
| Bank deposits and cash in the consolidated statement of financial position | 1,554,434 | 1,207,743 |
| Less: bank deposits with original maturities of over three months | (915,703) | (710,720) |
| Cash and cash equivalents in the consolidated cash flow statement | 638,731 | 497,023 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

24 Bank deposits and cash (continued)

(b) The Group is required to maintain the balance of passenger reward (note 5(d)) under the revised MBOF approach and the balance of toll exemption fund (note 5(d)) in designated bank accounts. As at 31 December 2024, the related restricted bank deposits amounted to \$Nil and \$375,520,000 (2023: \$Nil and \$447,551,000) respectively.

(c) Reconciliation of profit before taxation to cash generated from operations:

| | Note | 2024 \$'000 | 2023 \$'000 |
|--|-------|------------------|----------------|
| Profit before taxation | | 244,302 | 431,116 |
| Adjustments for: | | | |
| Change in fair value of investment properties and investment property under development | 14 | 78,200 | (287,380) |
| Depreciation | 5(d) | 1,196,676 | 1,133,103 |
| Finance costs | 5(b) | 98,343 | 110,064 |
| Dividend income from equity investments | 4 | (81,541) | (91,454) |
| Interest income | | (86,724) | (113,389) |
| Net loss on derecognition of investments in other financial assets measured at FVOCI (recycling) | 4 | 3,098 | 7 |
| Share of profits of associates | | (637) | (31,138) |
| Share of profits of joint venture | | (8,552) | (8,110) |
| Net gain on disposal of other property, plant and equipment | 4 | (4,162) | (3,606) |
| Equity-settled share-based payment expenses | 5(a) | 3,454 | 6,248 |
| Receipt of government grant for the disposal of other property, plant and equipment | | (14,064) | (7,748) |
| Expected credit losses on other financial assets | 33(a) | 171,000 | 260,000 |
| Effect of foreign exchange rate | | 4,641 | (4,110) |
| Operating profit before changes in working capital | | 1,604,034 | 1,393,603 |
| Changes in working capital: | | | |
| Increase in employee benefit assets | | (12,926) | (18,088) |
| Decrease/(increase) in spare parts | | 3,559 | (14,191) |
| Decrease in accounts receivable | | 20,566 | 3,045 |
| Increase in deposits and prepayments | | (1,365) | (11,473) |
| (Decrease)/increase in accounts payable and accruals | | (80,961) | 67,108 |
| Increase/(decrease) in contingency provision – insurance | | 3,792 | (2,767) |
| Increase in provision for long service payments | | 4,132 | 3,370 |
| Cash generated from operations | | 1,540,831 | 1,420,607 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

24 Bank deposits and cash (continued)

(d) 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 cash flow statement as cash flows from financing activities.

| | Bank loans \$'000 (Note 25) | Lease liabilities \$'000 (Note 28) | Total \$'000 |
|--|-----------------------------------|---|------------------|
| At 1 January 2024 | 4,639,614 | 5,543 | 4,645,157 |
| Changes from financing cash flows: | | | |
| Proceeds from new bank loans | 2,950,000 | – | 2,950,000 |
| Repayment of bank loans | (3,382,500) | – | (3,382,500) |
| Capital element of lease rentals paid | – | (4,312) | (4,312) |
| Interest element of lease rentals paid | – | (317) | (317) |
| Total changes from financing cash flows | (432,500) | (4,629) | (437,129) |
| Other changes: | | | |
| Amortisation of bank loans arrangement fee | 3,819 | – | 3,819 |
| Increase in lease liabilities from entering into new or renewed leases during the year | – | 6,378 | 6,378 |
| Decrease in lease liabilities arising from early termination during the year | – | (213) | (213) |
| Interest expenses (note 5(b)) | – | 317 | 317 |
| Lease modification | – | (94) | (94) |
| Total other changes | 3,819 | 6,388 | 10,207 |
| At 31 December 2024 | 4,210,933 | 7,302 | 4,218,235 |

| | Bank loans \$'000 (Note 25) | Lease liabilities \$'000 (Note 28) | Total \$'000 |
|--|-----------------------------------|---|------------------|
| At 1 January 2023 | 4,967,528 | 7,313 | 4,974,841 |
| Changes from financing cash flows: | | | |
| Proceeds from new bank loans | 6,185,000 | – | 6,185,000 |
| Repayment of bank loans | (6,515,000) | – | (6,515,000) |
| Capital element of lease rentals paid | – | (2,584) | (2,584) |
| Interest element of lease rentals paid | – | (290) | (290) |
| Total changes from financing cash flows | (330,000) | (2,874) | (332,874) |
| Other changes: | | | |
| Amortisation of bank loans arrangement fee | 2,086 | – | 2,086 |
| Increase in lease liabilities from entering into new or renewed leases during the year | – | 2,857 | 2,857 |
| Interest expenses (note 5(b)) | – | 290 | 290 |
| Lease modification | – | (2,043) | (2,043) |
| Total other changes | 2,086 | 1,104 | 3,190 |
| At 31 December 2023 | 4,639,614 | 5,543 | 4,645,157 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

24 Bank deposits and cash (continued)

(e) Total cash outflow for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

| | 2024 \$'000 | 2023 \$'000 |
|-----------------------------|----------------|----------------|
| Within operating cash flows | 2,242 | 2,015 |
| Within financing cash flows | 4,629 | 2,874 |
| | 6,871 | 4,889 |

25 Bank loans

At 31 December 2024, the bank loans were repayable as follows:

| | 2024 \$'000 | 2023 \$'000 |
|----------------------------------|------------------|------------------|
| Within 1 year or on demand | 842,500 | 1,262,075 |
| After 1 year but within 2 years | 2,071,487 | 12,500 |
| After 2 years but within 5 years | 1,296,946 | 3,365,039 |
| | 3,368,433 | 3,377,539 |
| | 4,210,933 | 4,639,614 |

All of the bank loans were unsecured.

26 Accounts payable and accruals

| | 2024 \$'000 | 2023 \$'000 |
|---|------------------|------------------|
| Trade payables | 127,589 | 144,811 |
| Balance of passenger reward (note 5(d)) | – | – |
| Balance of toll exemption fund (note 5(d)) | 353,784 | 420,764 |
| Retention payables | 51,814 | 72,946 |
| Deposits received in advance, other payables and accruals | 1,038,307 | 1,160,673 |
| Amount due to an associate | 4,922 | 4,922 |
| | 1,576,416 | 1,804,116 |

All of the accounts payable and accruals are expected to be settled within one year.

Amount due to an associate is unsecured, interest-free and has no fixed terms of settlement.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

26 Accounts payable and accruals (continued)

Included in accounts payable and accruals are trade payables with the following ageing analysis, based on the due date, as of the end of the reporting period:

| | 2024 \$'000 | 2023 \$'000 |
|---------------------------------------|----------------|----------------|
| Due within 1 month or on demand | 125,622 | 142,379 |
| Due after 1 month but within 3 months | 1,206 | 1,537 |
| Due after more than 3 months | 761 | 895 |
| | 127,589 | 144,811 |

The credit period granted to the Group is generally between 30 days and 90 days.

27 Contingency provision – insurance

| | 2024 \$'000 | 2023 \$'000 |
|-------------------------------------|----------------|----------------|
| At 1 January | 234,278 | 237,045 |
| Provision charged to profit or loss | 78,304 | 66,148 |
| Payments made during the year | (74,512) | (68,915) |
| At 31 December | 238,070 | 234,278 |
| Representing: | | |
| Current portion | 91,919 | 91,823 |
| Non-current portion | 146,151 | 142,455 |
| | 238,070 | 234,278 |

The Group is involved from time to time in litigation and claims in connection with its transport operations. Contingency provision – insurance represents amounts set aside annually by the Group to meet liabilities which are expected to arise from third party claims for incidents which have occurred prior to the end of the reporting period in connection with the Group's transport operations.

28 Lease liabilities

At 31 December 2024, the lease liabilities were repayable as follows:

| | 2024 \$'000 | 2023 \$'000 |
|----------------------------------|----------------|----------------|
| Within 1 year | 3,542 | 3,589 |
| After 1 year but within 2 years | 2,448 | 1,560 |
| After 2 years but within 5 years | 1,312 | 394 |
| | 3,760 | 1,954 |
| | 7,302 | 5,543 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

29 Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

| | 2024 \$'000 | 2023 \$'000 |
|--|----------------|----------------|
| Provision for Hong Kong Profits Tax for the year | 19,721 | 20,521 |
| Provisional Profits Tax paid | (16,394) | (15,070) |
| Net current tax payable | 3,327 | 5,451 |
| Representing: | | |
| Current tax recoverable | (836) | (1,915) |
| Current tax payable | 4,163 | 7,366 |
| Net current tax payable | 3,327 | 5,451 |

(b) Deferred tax assets and liabilities recognised:

- (i) The components of deferred tax liabilities/(assets) of the Group recognised in the consolidated statement of financial position and the movements during the year are as follows:

| Deferred tax liabilities/ (assets) arising from: | Depreciation allowances in excess of the related depreciation \$'000 | Intangible assets \$'000 | Provisions \$'000 | Tax losses \$'000 | Employee benefit assets \$'000 | Others \$'000 | Total \$'000 |
|---|---|--------------------------------|----------------------|----------------------|---|------------------|-----------------|
| At 1 January 2023 | 1,103,958 | 14,511 | (40,575) | (328,235) | 254,263 | (5,560) | 998,362 |
| Charged/(credited) to profit or loss | 4,064 | – | (2,846) | (173) | 2,985 | (84) | 3,946 |
| (Credited)/charged to reserves | – | – | (2,525) | – | 8,282 | – | 5,757 |
| At 31 December 2023 and 1 January 2024 | 1,108,022 | 14,511 | (45,946) | (328,408) | 265,530 | (5,644) | 1,008,065 |
| (Credited)/charged to profit or loss | (48,405) | – | 9,940 | 73,195 | 2,132 | 316 | 37,178 |
| (Credited)/charged to reserves | – | – | (2,093) | – | 22,037 | – | 19,944 |
| At 31 December 2024 | 1,059,617 | 14,511 | (38,099) | (255,213) | 289,699 | (5,328) | 1,065,187 |

- (ii) Amounts recognised in the consolidated statement of financial position:

| | 2024 \$'000 | 2023 \$'000 |
|------------------------------|----------------|----------------|
| Net deferred tax assets | (763) | (2,028) |
| Net deferred tax liabilities | 1,065,950 | 1,010,093 |
| | 1,065,187 | 1,008,065 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

29 Income tax in the consolidated statement of financial position (continued)

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 1(y), the Group has not recognised deferred tax assets of \$23,640,000 (2023: \$22,453,000) in respect of cumulative tax losses of \$143,273,000 (2023: \$136,079,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. At 31 December 2024 and 2023, these tax losses do not expire under the current tax legislation.

30 Provision for long service payments

Hong Kong employees that have been employed continuously for at least five years are entitled to LSP in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at \$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme or ORSO plans, with an overall cap of \$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the HKSAR Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will eventually abolish the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme. The Government has subsequently announced that the Amendment Ordinance will come into effect from the Transition Date i.e. 1 May 2025. In November 2024, the Government approved the commitment for the implementation of a 25-year scheme to provide a subsidy for employers' costs in relation to the post-transition portion of the LSP.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in note 1(x)(ii).

The Group has assessed that the Amendment Ordinance has no material impact on the Group's LSP liability with respect to employees that participate in the Group's ORSO plans.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

30 Provision for long service payments (continued)

The present value of LSP liability and its movements are as follows:

| | 2024 \$'000 | 2023 \$'000 |
|--|----------------|----------------|
| At 1 January | 80,492 | 61,821 |
| Payments made during the year | (7,411) | (6,438) |
| | 73,081 | 55,383 |
| Actuarial losses arising from changes in demographic assumptions | 52 | – |
| Actuarial losses arising from changes in financial assumptions | 8,040 | 2,738 |
| Actuarial losses arising from experience adjustments | 4,592 | 12,563 |
| Total amounts recognised in other comprehensive income | 12,684 | 15,301 |
| Current service cost | 9,205 | 7,698 |
| Interest cost | 2,338 | 2,110 |
| Total amounts recognised in profit or loss (note 5(a)) | 11,543 | 9,808 |
| At 31 December | 97,308 | 80,492 |

The weighted average duration of the defined benefit obligations is 7.3 years (2023: 7.0 years).

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income as follows:

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Staff costs | 11,543 | 9,808 |
| Actuarial losses recognised in other comprehensive income | 12,684 | 15,301 |

Significant actuarial assumptions and sensitivity analysis are as follows:

| | 2024 | 2023 |
|-------------------------|------|------|
| Discount rate | 3.6% | 3.2% |
| Future salary increases | 3.0% | 4.0% |

The below analysis shows how the LSP liability would have (decreased)/increased as a result of 0.5 percentage point change in the significant actuarial assumptions:

| | 2024 | | 2023 | |
|-------------------------|---|---|---|---|
| | Increase in 0.5 percentage point \$'000 | Decrease in 0.5 percentage point \$'000 | Increase in 0.5 percentage point \$'000 | Decrease in 0.5 percentage point \$'000 |
| Discount rate | (3,391) | 3,618 | (2,738) | 2,919 |
| Future salary increases | (3,773) | 3,809 | (3,434) | 3,593 |

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

31 Capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

| | Note | Share capital \$'000 | Share premium \$'000 | Capital reserve \$'000 | Contributed surplus \$'000 | Retained profits \$'000 | Total equity \$'000 |
|--|-------|-------------------------|-------------------------|---------------------------|-------------------------------|----------------------------|------------------------|
| Balance at 1 January 2023 | | 474,940 | 1,318,669 | 5,676 | 1,300,000 | 1,000,337 | 4,099,622 |
| Changes in equity for 2023: | | | | | | | |
| Shares issued in respect of scrip dividend – 2022 final dividend | 31(b) | 11,975 | 106,692 | – | – | – | 118,667 |
| Shares issued in respect of scrip dividend – 2023 interim dividend | 31(b) | 7,428 | 66,932 | – | – | – | 74,360 |
| Forfeiture of share options | | – | – | (255) | – | 255 | – |
| Equity-settled share-based transaction | 5(a) | – | – | 6,248 | – | – | 6,248 |
| Dividends approved in respect of the previous year | 11(b) | – | – | – | – | (237,470) | (237,470) |
| Dividends declared in respect of the current year | 11(a) | – | – | – | – | (146,074) | (146,074) |
| Profit and total comprehensive income for the year | | – | – | – | – | 383,001 | 383,001 |
| Balance at 31 December 2023 | | 494,343 | 1,492,293 | 11,669 | 1,300,000 | 1,000,049 | 4,298,354 |
| | Note | Share capital \$'000 | Share premium \$'000 | Capital reserve \$'000 | Contributed surplus \$'000 | Retained profits \$'000 | Total equity \$'000 |
| Balance at 1 January 2024 | | 494,343 | 1,492,293 | 11,669 | 1,300,000 | 1,000,049 | 4,298,354 |
| Changes in equity for 2024: | | | | | | | |
| Shares issued in respect of scrip dividend – 2023 final dividend | 31(b) | 14,558 | 116,321 | – | – | – | 130,879 |
| Forfeiture of share options | | – | – | (1,150) | – | 1,150 | – |
| Equity-settled share-based transaction | 5(a) | – | – | 3,454 | – | – | 3,454 |
| Dividends approved in respect of the previous year | 11(b) | – | – | – | – | (247,172) | (247,172) |
| Profit and total comprehensive income for the year | | – | – | – | – | 246,000 | 246,000 |
| Balance at 31 December 2024 | | 508,901 | 1,608,614 | 13,973 | 1,300,000 | 1,000,027 | 4,431,515 |

The Company's reserves available for distribution to shareholders at 31 December 2024 amounted to \$2,300,027,000 (2023: \$2,300,049,000). After the end of the reporting period, the Directors proposed a final dividend of \$0.50 (2023: \$0.50) per share, amounting to \$254,451,000 (2023: \$247,172,000). The final dividend proposed has not been recognised as a liability at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

31 Capital and reserves (continued)

(b) Share capital

Authorised and issued share capital

| | 2024 | | 2023 | |
|--|--------------------|----------------|---------------|---------|
| | No. of shares | \$'000 | No. of shares | \$'000 |
| Authorised: | | | | |
| Ordinary shares of \$1 each | 600,000,000 | 600,000 | 600,000,000 | 600,000 |
| Ordinary shares of \$1 each, issued and fully paid: | | | | |
| At 1 January | 494,343,118 | 494,343 | 474,940,075 | 474,940 |
| Share issued in respect of scrip dividend – 2022 final dividend | – | – | 11,974,451 | 11,975 |
| Share issued in respect of scrip dividend – 2023 interim dividend | – | – | 7,428,592 | 7,428 |
| Share issued in respect of scrip dividend – 2023 final dividend | 14,558,307 | 14,558 | – | – |
| At 31 December | 508,901,425 | 508,901 | 494,343,118 | 494,343 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Company's Bye-laws and the Companies Act 1981 of Bermuda.

(ii) Capital reserve

The capital reserve comprises the portion of the grant date fair value of unexercised share options granted to the Directors of the Company and certain employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(x)(iii).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of entities outside Hong Kong. The reserve is dealt with in accordance with the accounting policy set out in note 1(w).

(iv) Fair value reserve (recycling)

The fair value reserve (recycling) comprises the cumulative net change in the fair value of investments in financial assets measured at FVOCI (recycling) under HKFRS 9 held at the end of the reporting period (see note 1(g)(i)).

(v) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 1(g)(ii)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

31 Capital and reserves (continued)

(d) Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, the Group defines adjusted net debt as bank deposits and cash and restricted bank deposits less interest-bearing loans and borrowings and lease liabilities in the consolidated statement of financial position. Capital comprises all components of equity.

The Group's adjusted net debt-to-capital ratio at 31 December 2024 and 2023 was as follows:

| | Note | 2024 \$'000 | 2023 \$'000 |
|---|-------|-------------------|-------------------|
| Current liabilities: | | | |
| Bank loans | 25 | 842,500 | 1,262,075 |
| Lease liabilities | 28 | 3,542 | 3,589 |
| Non-current liabilities: | | | |
| Bank loans | 25 | 3,368,433 | 3,377,539 |
| Lease liabilities | 28 | 3,760 | 1,954 |
| Total debt | | 4,218,235 | 4,645,157 |
| Less: Bank deposits and cash | 24(a) | (1,554,434) | (1,207,743) |
| Restricted bank deposits | 24(a) | (375,520) | (447,551) |
| Adjusted net debt | | 2,288,281 | 2,989,863 |
| Total equity | | 16,709,332 | 16,405,587 |
| Adjusted net debt-to-capital ratio | | 13.7% | 18.2% |

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

32 Commitments

- (i) At 31 December 2024, the Group had the following capital commitments in relation to the purchase of other property, plant and equipment not provided for in the consolidated financial statements:

| | 2024 \$'000 | 2023 \$'000 |
|----------------|----------------|----------------|
| Contracted for | 139,539 | 305,639 |

- (ii) At 31 December 2024, the Group's share of capital commitments of the joint operation in respect of investment property under development not provided for in the consolidated financial statements is as follows:

| | 2024 \$'000 | 2023 \$'000 |
|----------------|----------------|----------------|
| Contracted for | 32,324 | 37,585 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

33 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate, currency and fuel price risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) 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 investments in financial assets measured at FVOCI (recycling).

In respect of trade and other receivables, credit evaluations are performed on all major customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and their 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. A credit period of between 30 days and 90 days is normally granted to customers of the Group's non-franchised transport operations and media sales business. All the trade and other receivables included in current assets are expected to be recoverable within one year. Due to the financial strength of these customers and the short duration of the trade and other receivables, the ECL allowance is considered insignificant.

The Group's exposure to credit risk arising from bank deposits and cash is limited because the counterparties are banks, which the Group considers to have low credit risk.

The Group measures expected credit loss allowance for investments in financial assets measured at FVOCI (recycling) at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Key assumptions used for expected credit loss allowance calculations are probability of default which ranges from 0.1% to 100% (2023: 0.1% to 100%) and loss given default which ranges from 62.4% to 92.1% (2023: 25.2% to 62.3%).

Movement in the expected credit loss allowance account in respect of investments in financial assets measured at FVOCI (recycling) during the year is as follows:

| | 12-month ECL \$'000 | Lifetime ECLs \$'000 | Total \$'000 |
|---|------------------------|-------------------------|-----------------|
| At 1 January 2023 | 2,200 | 89,800 | 92,000 |
| Expected credit losses recognised during the year | – | 260,000 | 260,000 |
| At 31 December 2023 and 1 January 2024 | 2,200 | 349,800 | 352,000 |
| Expected credit losses recognised during the year | – | 171,000 | 171,000 |
| At 31 December 2024 | 2,200 | 520,800 | 523,000 |

The maximum exposure to credit risk of financial assets measured at FVOCI (recycling) amounted to \$449 million (2023: \$870 million).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

33 Financial risk management and fair values of financial instruments (continued)

(a) Credit risk (continued)

Regular review and follow up actions are carried out on overdue amounts to minimise the Group's exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables.

The Group has no significant concentrations of credit risk in view of its large number of customers. The maximum exposure to credit risk without taking into account any collateral held is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any loss allowance. The Group does not provide any guarantee to third parties which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from investments in financial assets measured at FVOCI (recycling) as well as trade and other receivables are set out in notes 20 and 23 respectively.

(b) Liquidity risk

The Group closely monitors its liquidity and financial resources to ensure that a healthy financial position is maintained such that cash inflows from operating activities together with undrawn committed banking facilities are sufficient to meet the requirements for loan repayments, daily operational needs and capital expenditure, as well as potential business expansion and development. Major operating companies of the Group arrange for their own financing to meet specific requirements. The Group's other subsidiaries are mainly financed by the Company's capital base. The Group reviews its strategy from time to time to ensure that cost-efficient funding is available to cater for the unique operating environment of each subsidiary.

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using interest rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

Non-derivative financial liabilities

| | 2024 | | | | | 2023 | | | | |
|----------------------------------|---------------------------------------|---|--|-----------|--------------------------------------|---------------------------------------|---|--|-----------|--------------------------------------|
| | Contractual undiscounted cash outflow | | | | | Contractual undiscounted cash outflow | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | Total | Carrying amount at 31 December | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | Total | Carrying amount at 31 December |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Bank loans | 1,017,833 | 2,207,560 | 1,373,876 | 4,599,269 | 4,210,933 | 1,509,834 | 232,767 | 3,623,804 | 5,366,405 | 4,639,614 |
| Lease liabilities | 3,836 | 2,580 | 1,339 | 7,755 | 7,302 | 3,790 | 1,622 | 401 | 5,813 | 5,543 |
| Accounts payable and accruals | 1,576,416 | - | - | 1,576,416 | 1,576,416 | 1,804,115 | - | - | 1,804,115 | 1,804,115 |
| | 2,598,085 | 2,210,140 | 1,375,215 | 6,183,440 | 5,794,651 | 3,317,739 | 234,389 | 3,624,205 | 7,176,333 | 6,449,272 |

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

33 Financial risk management and fair values of financial instruments (continued)

(c) 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 rates. It is the Group's policy to closely monitor the market conditions and devise suitable strategies against interest rate risk. As at 31 December 2024 and 2023, all the Group's borrowings were denominated in Hong Kong dollars on a floating interest rate basis. The Group regularly reviews its strategy on interest rate risk management in the light of prevailing market conditions.

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-bearing assets and liabilities at the end of the reporting period.

| | 2024 | | 2023 | |
|---|--------------------------------|------------------|--------------------------------|------------------|
| | Effective interest rate p.a. % | Amount \$'000 | Effective interest rate p.a. % | Amount \$'000 |
| Fixed rate assets: | | | | |
| Bank deposits | 5.0 | 1,887,394 | 5.5 | 1,457,929 |
| Investments in financial assets measured at FVOCI (recycling) | 5.2 | 407,468 | 4.6 | 627,464 |
| | | 2,294,862 | | 2,085,393 |
| Fixed rate liabilities: | | | | |
| Lease liabilities | 5.3 | (7,302) | 5.5 | (5,543) |
| Variable rate liabilities: | | | | |
| Bank loans | 5.2 | (4,210,933) | 6.5 | (4,639,614) |

(ii) Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately \$12,162,000 (2023: \$13,736,000). Other components of consolidated equity would have decreased/increased by approximately \$12,162,000 (2023: \$13,736,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2023.

(d) Currency risk

The Group is exposed to currency risk primarily through purchases of new buses and motor vehicle components from overseas, investments in financial assets measured at FVOCI (recycling) and deposits placed at banks that are denominated in a currency other than the functional currency of the entity to which they relate. The currencies giving rise to this risk are primarily British Pound Sterling and United States dollars.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

33 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk

The table below details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of the reporting period. Differences resulting from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency are excluded.

| | Exposure to foreign currencies (expressed in Hong Kong dollars) | | | |
|--|--|---------------------------------------|--|---------------------------------------|
| | 2024 | | 2023 | |
| | British Pound Sterling \$'000 | United States dollars \$'000 | British Pound Sterling \$'000 | United States dollars \$'000 |
| Bank deposits and cash | 1,702 | 863,262 | 3,162 | 605,844 |
| Accounts payable and accruals | (72,581) | (163) | (103,633) | (859) |
| Investments in financial assets measured at FVOCI (recycling) | – | 407,468 | – | 597,355 |
| Gross exposure arising from recognised assets and liabilities | (70,879) | 1,270,567 | (100,471) | 1,202,340 |

(ii) Sensitivity analysis

The table below indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between Hong Kong dollars and United States dollars would be materially unaffected by any changes in movement in value of United States dollars against other currencies.

| | 2024 | | 2023 | |
|------------------------|--|--|--|--|
| | Increase/ (decrease) in foreign exchange rates | (Decrease)/ increase in profit after tax and retained profits \$'000 | Increase/ (decrease) in foreign exchange rates | (Decrease)/ increase in profit after tax and retained profits \$'000 |
| British Pound Sterling | 6% (6)% | (3,534) 3,534 | 6% (6)% | (5,002) 5,002 |

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency. The analysis is performed on the same basis for 2023.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

33 Financial risk management and fair values of financial instruments (continued)

(e) Fuel price risk

It is the Group's policy to closely monitor fuel price movements. The Group had not entered into any fuel oil swap contract during the years ended 31 December 2024 and 2023.

(f) Fair values measurement

(i) Financial instruments measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

| | 2024 | | | | 2023 | | | |
|---|---|-------------------|-------------------|-------------------|---|-------------------|-------------------|-------------------|
| | Fair value measurements categorised into | | | | Fair value measurements categorised into | | | |
| | Fair value \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Fair value \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Recurring fair value measurements | | | | | | | | |
| <i>Assets:</i> | | | | | | | | |
| Investments in financial assets measured at FVOCI (recycling) | 407,468 | 407,468 | – | – | 627,464 | 627,464 | – | – |
| Other financial assets measured at FVPL | 5,868 | 5,868 | – | – | 5,199 | 5,199 | – | – |
| Unlisted equity securities | 998,075 | – | – | 998,075 | 1,033,669 | – | – | 1,033,669 |
| Derivative financial instruments – other forward foreign exchange contracts | 54 | – | 54 | – | 156 | – | 156 | – |
| <i>Liabilities:</i> | | | | | | | | |
| Derivative financial instruments – other forward foreign exchange contracts | – | – | – | – | (1) | – | (1) | – |

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

33 Financial risk management and fair values of financial instruments (continued)

(f) Fair values measurement (continued)

(ii) Valuation techniques and inputs used in Level 2 fair value measurement

The fair values of forward foreign exchange contracts as at 31 December 2024 and 2023 in Level 2 were marked to market using quoted market prices from financial institutions.

(iii) Information about Level 3 fair value measurement

| | Valuation technique | Significant unobservable inputs | Percentage |
|----------------------------|-----------------------------|------------------------------------|--------------------|
| Unlisted equity securities | Market comparable companies | Discount for lack of marketability | 35% (2023: 35%) |

The fair value of unlisted equity securities is determined using the market approach of comparable 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 is estimated that with all other variables held constant, a decrease/increase in the discount for lack of marketability by 5 percentage points would have increased/decreased the Group's other comprehensive income by \$76,775,000 (2023: \$79,513,000).

The movement during the year in the balance of Level 3 fair value measurement is as follows:

| | 2024 \$'000 | 2023 \$'000 |
|--|----------------|----------------|
| Unlisted equity securities: | | |
| At 1 January | 1,033,669 | 1,017,187 |
| Fair value (losses)/gains recognised in other comprehensive income during the year | (35,594) | 16,482 |
| At 31 December | 998,075 | 1,033,669 |

Any gains or losses arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income.

(iv) Fair values of financial instruments carried at other than fair value

All financial instruments carried at amortised cost are carried at amounts not materially different from their fair values as at 31 December 2024 and 2023.

34 Contingent liabilities

At 31 December 2024 and 2023, guarantees were given to banks by the Company in respect of bank loans extended to certain wholly-owned subsidiaries.

As at the end of the reporting period, the Directors do not consider it probable that a claim will be made against the Company under these guarantee arrangements. The maximum liability of the Company at the end of the reporting period under the guarantees is the amount of the facilities drawn down by the subsidiaries that are covered by the guarantees, being \$2,607,500,000 (2023: \$2,890,000,000).

The Company has not recognised any deferred income in respect of the guarantee as its fair value cannot be reliably measured and there is no transaction price.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

35 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group has entered into the following material related party transactions:

(a) Transactions with related companies

| Nature of transactions | Note | (Expense)/income | |
|--|------------|------------------|----------------|
| | | 2024 \$'000 | 2023 \$'000 |
| Service fees for provision of coach services | (i) & (ii) | 41,081 | 43,914 |
| Insurance premium paid | (iii) | (100,568) | (93,279) |
| Amount paid and accrued for property management services | (iv) | (909) | (887) |
| Amount paid and accrued for property manager's remuneration and other expenses | (v) & (vi) | (16,331) | (15,182) |
| Amount paid and accrued for leasing management services | (vii) | (2,048) | (3,051) |
| Amount paid and accrued for cleaning services | (viii) | (13,927) | (3,482) |

Notes:

- (i) During the year, the Group provided coach services ("Shuttle Bus Services Contracts") to certain subsidiaries of Sun Hung Kai Properties Limited ("SHKP"), a substantial shareholder of the Company, details of which were disclosed in the announcement of the Company dated 5 August 2022. The amounts received and receivable under the Shuttle Bus Services Contracts amounted to \$6,700,000 (2023: \$5,370,000). Outstanding balances due from these companies at 31 December 2024 amounted to \$1,355,000 (2023: \$1,134,000). In 2023, the Group also provided coach services to certain subsidiaries of SHKP ("Other Shuttle Bus Service Contracts"). The amounts received and receivable under the Other Shuttle Bus Service Contracts for 2023 amounted to \$4,454,000.
- (ii) The Group also provided coach services to residents of certain residential property developments managed by certain members of SHKP and its subsidiaries ("SHKP Group") where the SHKP Group acts as agent for collection of the service fees ("Coach Service Arrangements"). The amounts received and receivable for these Coach Service Arrangements amounted to \$34,381,000 (2023: \$34,090,000). Outstanding balances due from these companies at 31 December 2024 amounted to \$8,995,000 (2023: \$8,571,000).
- (iii) In 2022, the Group entered into contracts with a subsidiary of SHKP, Sun Hung Kai Properties Insurance Limited ("SHKPI"), for the provision of various kind of insurance services to the Group for the period from 1 January 2023 to 31 December 2024 (the "2023/24 Insurance Arrangements"). The amount paid and payable under the 2023/24 Insurance Arrangements during the year amounted to \$100,568,000 (2023: \$93,279,000). There was no outstanding balance payable for these contracts at 31 December 2024 (2023: \$Nil).
- (iv) On 3 July 2007, Lai Chi Kok Properties Investment Limited, Royal Elite Service Company Limited ("Royal Elite"), a subsidiary of SHKP, and the first assignee of a residential unit of Manhattan Hill entered into a deed of mutual covenant (the "Deed") pursuant to which the parties agreed that Royal Elite would act as the manager of Manhattan Hill. The amount paid and payable under the Deed during the year amounted to \$909,000 (2023: \$887,000). Outstanding balance payable for this contract at 31 December 2024 amounted to \$122,000 (2023: \$93,000).
- (v) On 29 December 2022, KT Real Estate Limited ("KTRE"), a wholly-owned subsidiary of the Company, and Turbo Result Limited ("TRL"), a subsidiary of SHKP, entered into the Property Management Agreement (the "Property Management Agreement") with Kai Shing Management Services Limited ("KSMS"), a subsidiary of SHKP, pursuant to which KSMS was appointed as the property manager for the units in the office/ retail premises in The Millennity. The amount paid and payable under the Property Management Agreement for the property manager's remuneration and other expenses during the year amounted to \$5,620,000 (2023: \$4,396,000). Outstanding balance payable for this contract at 31 December 2024 amounted to \$1,328,000 (2023: \$4,396,000).
- (vi) KSMS also incurred other management expenses on behalf of KTRE and TRL for the maintenance and improvements of The Millennity, where KSMS acts as an agent for the collection of fees and payments ("Management Arrangements") on behalf of other independent vendors/ contractors. The amounts paid and payable for these Management Arrangements amounted to \$10,711,000 (2023: \$10,786,000). Outstanding balances payable at 31 December 2024 amounted to \$2,319,000 (2023: \$10,786,000).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

35 Material related party transactions (continued)

(a) Transactions with related companies (continued)

Notes: (continued)

- (vii) On 29 December 2022, KTRE and TRL entered into the Office Premises Leasing Management Agreement and Retail Premises Leasing Management Agreement (collectively, the “Leasing Agreements”) with Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited (“SHKRE (SL)”), a subsidiary of SHKP, pursuant to which SHKRE (SL) was appointed as the exclusive marketing and leasing agent and administrators for the units in the office and retail premises and parking spaces in The Millennity. The amount paid and payable under the Leasing Agreements for the leasing management fees and other expense during the year amounted to \$2,048,000 (2023: \$3,051,000). Outstanding balance payable for these contracts at 31 December 2024 amounted to \$652,000 (2023: \$383,000).
- (viii) On 28 September 2023, The Kowloon Motor Bus Company (1933) Limited (“KMB”), a wholly-owned subsidiary of the Company, entered into the agreement (the “Cleaning Services Agreement”) with Nixon Cleaning Company Limited (“Nixon”), a subsidiary of SHKP, pursuant to which Nixon agreed to provide cleaning services to KMB at designated service locations, including premises, offices and depots. The amount paid and payable under the Cleaning Services Agreement during the year amounted to \$13,927,000 (2023: \$3,481,872). Outstanding balance payable for this contract at 31 December 2024 amounted to \$6,209,000 (2023: \$3,481,872).
- (ix) On 26 April 2010, KTRE and TRL entered into an agreement with Sun Hung Kai Real Estate Agency Limited (“SHKRE”), pursuant to which KTRE and TRL agreed to appoint SHKRE as the project manager for the management, supervision and control of the application for planning permission, the surrender and regrant of an industrial site at Kwun Tong Inland No.240, No. 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong and its construction.

The amount payable for project management services shall be a sum equivalent to whichever is the higher of (1) \$20,000,000; and (2) the lower of (a) 1% of the project cost and (b) \$25,000,000. The amount payable for lease modification services shall be in the sum of the lower of (1) \$3.2 for each square foot of the permitted maximum gross floor area as approved under the lease modification; and (2) \$3,840,000. There was no outstanding balance payable for these contracts at 31 December 2024 (2023: \$Nil).

- (x) On 20 December 2018, KTRE, TRL and Yee Fai Construction Company Limited (“Yee Fai”) (a subsidiary of SHKP) entered into a building contract (the “Building Contract”) in which KTRE and TRL have engaged Yee Fai to carry out and complete the building works involving the construction of commercial properties in Kwun Tong (“The Millennity”). KTRE and TRL shall pay Yee Fai, in equal shares, the contract sum of \$4,436,057,000 (i.e. \$2,218,028,500 each), subject to adjustments in accordance with the Building Contract. Outstanding balance payable for this contract as at 31 December 2024 amounted to \$62,506,000 (2023: \$174,283,000).
- (xi) On 25 May 2023, KMB as purchaser and SmarTone Mobile Communications Limited (“SmarTone Mobile”), a subsidiary of SHKP, as vendor entered into a purchase contract, pursuant to which KMB agreed to purchase and SmarTone Mobile agreed to supply the hardware, software and documentation for people counting system (“PCS”) and Wi-Fi system and provide a suite of one-stop solutions for the design, management, implementation, installation, maintenance, training and after-sale support associated with PCS. The total consideration under the purchase contract amounted to \$46,316,210, comprising the initial purchase price for all PCS units and Wi-Fi systems units and the subsequent maintenance fees for periods up to 31 October 2025. Outstanding balance payable for this contract at 31 December 2024 amounted to \$11,889,000 (2023: \$11,889,000).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

35 Material related party transactions (continued)

(b) Key management personnel remuneration

Remuneration for key management personnel represents amounts paid to the Company's Directors as disclosed in note 7.

(c) Applicability of the Listing Rules relating to connected transactions

The related party transactions as described in note 35(a)(i) above constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Company has complied with the reporting requirements under Chapter 14A of the Listing Rules in respect of the Shuttle Bus Service Contracts by including the relevant disclosures in the section headed "Continuing Connected Transactions" under "Financial Review" on pages 124 to 127 of this Annual Report.

The related party transactions as described in notes 35(a)(ii) and 35(a)(vi) above, in which the relevant SHKP Group companies and KSMS acted as agents for collection of the coach service fees and other management expenses, did not fall within the definition of connected transactions of the Company under Chapter 14A of the Listing Rules.

The related party transactions as described in notes 35(a)(iii), 35(a)(v), 35(a)(vii) and 35(a)(viii) above constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Company has complied with the reporting requirements under Chapter 14A of the Listing Rules by including the relevant disclosures in the section headed "Continuing Connected Transactions" under "Financial Review" on pages 124 to 127 of this Annual Report.

The related party transaction as described in note 35(a)(iv) above constitute continuing connected transaction of the Company as defined in Chapter 14A of the Listing Rules. However, they are fully exempt from shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules pursuant to Rule 14A.73(1).

The related party transaction as described in notes 35(a)(ix), 35(a)(x) and 35(a)(xi) above constitute connected transactions of the Company as defined in Chapter 14A of the Listing Rules. The relevant reporting requirements pursuant to Chapter 14A of the Listing Rules have been complied with by including disclosures in the Company's annual report published immediately following the entering into for transactions described in notes 35(a)(ix), 35(a)(x) and 35(a)(xi).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

36 Company-level statement of financial position

| | Note | 2024 \$'000 | 2023 \$'000 |
|-------------------------------|-------|----------------|----------------|
| Non-current assets | | | |
| Investments in subsidiaries | | 1,209,938 | 1,206,484 |
| Property, plant and equipment | | 17 | 21 |
| Deferred tax assets | | 535 | 535 |
| | | 1,210,490 | 1,207,040 |
| Current assets | | | |
| Deposits and prepayments | | 1,629 | 1,374 |
| Amounts due from subsidiaries | | 11,363,380 | 11,078,074 |
| Bank deposits and cash | | 2,916 | 2,475 |
| | | 11,367,925 | 11,081,923 |
| Current liabilities | | | |
| Accounts payable and accruals | | 16,864 | 16,412 |
| Amounts due to subsidiaries | | 8,130,036 | 7,974,197 |
| | | 8,146,900 | 7,990,609 |
| Net current assets | | 3,221,025 | 3,091,314 |
| NET ASSETS | | 4,431,515 | 4,298,354 |
| CAPITAL AND RESERVES | 31(a) | | |
| Share capital | | 508,901 | 494,343 |
| Reserves | | 3,922,614 | 3,804,011 |
| TOTAL EQUITY | | 4,431,515 | 4,298,354 |

Approved and authorised for issue by the Board of Directors on 20 March 2025

Norman LEUNG Nai Pang
Chairman

Roger LEE Chak Cheong
Managing Director

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

37 Non-adjusting event after the reporting period

Proposal of a final dividend

After the end of the reporting period, the Directors proposed a final dividend for the year. Further details are disclosed in note 11(a) to the consolidated financial statements.

38 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

| | Effective for accounting periods beginning on or after |
|--|---|
| Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates – Lack of exchangeability</i> | 1 January 2025 |
| Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i> | 1 January 2026 |
| Annual improvements to HKFRS Accounting Standards – Volume 11 | 1 January 2026 |
| HKFRS 18, <i>Presentation and disclosure in financial statements</i> | 1 January 2027 |
| HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i> | 1 January 2027 |

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far, the Group considers that the adoption of them is unlikely to have a significant impact on the Group’s consolidated financial statements, except for the application of HKFRS 18 which is expected to affect the presentation and disclosure of the Group’s consolidated financial statements in future.

FINANCIAL SUMMARY

For the years ended 31 December (Expressed in Hong Kong dollars)

| | 2024 \$'M | 2023 \$'M | 2022 \$'M | 2021 \$'M | 2020 \$'M | 2019 \$'M | 2018 \$'M | 2017 \$'M | 2016 \$'M | 2015 \$'M |
|--|--------------|--------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | (Restated) | (Restated) | | | | | (Restated) | |
| | | Notes (d) & (e) | Notes (d) & (e) | Note (d) | | Note (c) | Note (b) | | Note (a) | |
| Consolidated statement of profit or loss | | | | | | | | | | |
| Continuing operations | | | | | | | | | | |
| Revenue | 8,215 | 7,885 | 6,607 | 7,202 | 6,191 | 8,112 | 8,009 | 7,888 | 7,744 | 7,780 |
| Profit before taxation | 244 | 431 | 451 | 272 | 1,722 | 699 | 837 | 1,008 | 1,016 | 747 |
| Income tax (expense)/credit | (57) | (29) | 98 | (27) | 182 | (94) | (117) | (148) | (150) | (128) |
| Profit for the year from continuing operations | 187 | 402 | 549 | 245 | 1,904 | 605 | 720 | 860 | 866 | 619 |
| Discontinued operations | | | | | | | | | | |
| Profit/(loss) for the year from discontinued operations | - | - | - | - | - | - | - | 429 | (42) | - |
| Profit for the year | 187 | 402 | 549 | 245 | 1,904 | 605 | 720 | 1,289 | 824 | 619 |
| Non-controlling interests | - | - | - | - | - | - | - | 6 | 7 | 10 |
| Profit attributable to equity shareholders of the Company | | | | | | | | | | |
| - Underlying (Note (f)) | 265 | 114 | 100 | 245 | 1,904 | 605 | 720 | 1,295 | 831 | 629 |
| - Reported | 187 | 402 | 549 | 245 | 1,904 | 605 | 720 | 1,295 | 831 | 629 |
| Consolidated statement of financial position | | | | | | | | | | |
| Investment properties, investment property under development, interest in leasehold land and other property, plant and equipment | 15,679 | 16,039 | 15,137 | 14,274 | 10,954 | 10,154 | 9,841 | 9,261 | 8,875 | 6,133 |
| Intangible assets | 529 | 529 | 529 | 420 | 365 | 365 | 361 | 132 | 132 | 132 |
| Goodwill | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 84 |
| Non-current prepayments | - | - | - | - | - | - | - | - | 2 | 15 |
| Interest in associates | 570 | 609 | 600 | 682 | 657 | 612 | 611 | 625 | 602 | 634 |
| Interest in joint venture | 748 | 749 | 751 | 751 | 751 | - | - | - | - | - |
| Other financial assets | 1,354 | 1,267 | 1,716 | 1,354 | 1,474 | 1,264 | 1,709 | 1,493 | 1,207 | 112 |
| Employee benefit assets | 1,756 | 1,609 | 1,541 | 1,959 | 1,701 | 1,307 | 913 | 1,287 | 626 | 577 |
| Net current assets/(liabilities) | 671 | 132 | 235 | (39) | 229 | 1,369 | 711 | 438 | 377 | 1,321 |
| Employment of funds | 21,391 | 21,018 | 20,593 | 19,485 | 16,215 | 15,155 | 14,230 | 13,320 | 11,905 | 9,008 |
| <i>Financed by:</i> | | | | | | | | | | |
| Share capital | 509 | 494 | 475 | 465 | 458 | 447 | 435 | 422 | 412 | 404 |
| Reserves | 16,200 | 15,911 | 15,612 | 15,517 | 12,728 | 10,525 | 9,761 | 9,120 | 7,414 | 6,804 |
| Total equity attributable to equity shareholders of the Company | 16,709 | 16,405 | 16,087 | 15,982 | 13,186 | 10,972 | 10,196 | 9,542 | 7,826 | 7,208 |
| Non-controlling interests | - | - | - | - | - | - | - | - | 146 | 154 |
| Total equity | 16,709 | 16,405 | 16,087 | 15,982 | 13,186 | 10,972 | 10,196 | 9,542 | 7,972 | 7,362 |
| Contingency provision – insurance | 146 | 142 | 148 | 178 | 218 | 244 | 241 | 285 | 253 | 251 |
| Long-term bank loans | 3,368 | 3,378 | 3,293 | 2,139 | 1,684 | 2,707 | 2,625 | 2,353 | 2,724 | 589 |
| Employee benefit liabilities | - | - | - | - | - | - | 3 | - | 9 | 9 |
| Other liabilities | 1,168 | 1,093 | 1,065 | 1,186 | 1,127 | 1,232 | 1,165 | 1,140 | 947 | 797 |
| Funds employed | 21,391 | 21,018 | 20,593 | 19,485 | 16,215 | 15,155 | 14,230 | 13,320 | 11,905 | 9,008 |
| Earnings per share (\$) | | | | | | | | | | |
| - Underlying (Note (f)) | 0.53 | 0.24 | 0.21 | 0.53 | 4.21 | 1.38 | 1.68 | 3.11 | 2.04 | 1.56 |
| - Reported | 0.37 | 0.83 | 1.17 | 0.53 | 4.21 | 1.38 | 1.68 | 3.11 | 2.04 | 1.56 |
| Dividends per share (\$) | 0.50 | 0.80 | 0.50 | 0.50 | 0.50 | 1.00 | 1.20 | 1.25 | 1.25 | 1.20 |
| Total assets per share (\$) | 46.98 | 48.93 | 50.33 | 47.79 | 42.16 | 37.40 | 35.46 | 34.69 | 32.34 | 27.42 |
| Net assets per share (\$) | 32.83 | 33.19 | 33.87 | 34.34 | 28.80 | 24.55 | 23.46 | 22.59 | 19.36 | 18.24 |

FINANCIAL SUMMARY

For the years ended 31 December (Expressed in Hong Kong dollars)

Notes:

- (a) The disposal of RoadShow Holdings Limited in 2017 constituted a discontinued operation. In accordance with HKFRS 5, *Non-current assets held for sale and discontinued operations*, the Group has re-presented the comparative information in 2016 in this regard.
- (b) The Group has initially applied HKFRS 9, *Financial instruments*, at 1 January 2018. Under the transition method chosen, comparative information was not restated.
- (c) As a result of the adoption of HKFRS 16, *Leases*, with effect from 1 January 2019, the Group has changed its accounting policies in respect of the lessee accounting model. In accordance with the transitional provisions of the standard, the changes in accounting policies were adopted by way of recognising right-of-use assets and lease liabilities as at 1 January 2019. After initial recognition of these assets and liabilities, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under the transition method chosen, comparative information was not restated.
- (d) In 2023, the Group has changed its accounting policy with respect to the measurement of investment properties and investment property under development from using the cost model to fair value model. These changes have been applied retrospectively and the relevant comparative amounts in 2022 and 2021 have been restated accordingly.
- (e) In June 2022, the Hong Kong SAR Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022. In July 2023, the Hong Kong Institute of Certified Public Accountants ("HKICPA") published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its provision for long service payments and has applied the HKICPA guidance retrospectively. The relevant comparative amounts in 2022 have been restated accordingly.
- (f) Underlying profit attributable to equity shareholders of the Company and underlying earnings per share excluded the effect of change in fair value of investment properties and investment property under development.

CORPORATE DIRECTORY

Board of Directors

Dr Norman LEUNG Nai Pang*

GBS, JP, LLD, DSSc, BA
Chairman

Dr John CHAN Cho Chak*

GBS, JP, DBA(Hon), DSocSc(Hon), BA,
DipMS, CCMI, FCILT, FHKIoD
Deputy Chairman

Raymond KWOK Ping Luen^

JP, MA(Cantab), MBA, Hon DBA,
Hon LLD

William LOUEY Lai Kuen^

BSc(Econ)

Charles LUI Chung Yuen^

M.H., BEc, AASA, FCILT

Winnie NG^

JP, BA, MBA(Chicago), MPA(Harvard),
FCIM, CMILT, MHKIoD

Dr Eric LI Ka Cheung*

GBS, OBE, JP, LLD, DSocSc, Hon
DSocSc(EdUHK), BA, FCPA, FCA,
FCPA(Aust.)

Professor LIU Pak Wai*

SBS, JP

Allen FUNG Yuk Lun^

BA, Ph.D.

Roger LEE Chak Cheong

BSc, MSc, MICE, CEng
Managing Director

TSANG Wai Hung*

GBS, PDSM, JP, MBA

Dr CHEUNG Wing Yui^

BBS, BCom, Hon DBA, CPA (Aust.)

LEE Luen Fai^

BBS, JP, BA

LUNG Po Kwan^

BSocSc, MSocSc(Economics), MBA, CFA

Christopher KWOK Kai-wang^

JP, MBA, BSc

WANG Xiao Bin*

BCom, CPA (Aust.)

WONG Hong Kit

(Alternate Director to Mr Raymond
KWOK Ping Luen, JP^)

LAU Man-Kwan, Julia

(Alternate Director to Mr William LOUEY
Lai Kuen^)

Board Committees

Audit and Risk Management Committee

Dr Eric LI Ka Cheung, JP*

Professor LIU Pak Wai, JP

Allen FUNG Yuk Lun

TSANG Wai Hung, JP

WANG Xiao Bin

Nomination Committee

Dr John CHAN Cho Chak, JP*

Dr Eric LI Ka Cheung, JP

Allen FUNG Yuk Lun

Remuneration Committee

Dr John CHAN Cho Chak, JP*

Dr Eric LI Ka Cheung, JP

Professor LIU Pak Wai, JP

Winnie NG, JP

LUNG Po Kwan

Standing Committee

Dr Norman LEUNG Nai Pang, JP*

Dr John CHAN Cho Chak, JP

Raymond KWOK Ping Luen, JP

Charles LUI Chung Yuen

Winnie NG, JP

Roger LEE Chak Cheong

William LOUEY Lai Kuen

TSANG Wai Hung, JP

Company Secretary

YU Wai Cheung

B.Soc.Sc., CPA, FCCA

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Hamilton HM 11, Bermuda

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Website: www.tih.hk

E-mail: director@tih.hk

Auditor

KPMG

Certified Public Accountants

Public Interest Entity Auditor

registered in accordance with the

Accounting and Financial Reporting

Council Ordinance

8/F, Prince's Building, 10 Chater Road

Central, Hong Kong

Registrars

Hong Kong

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17/F, Hopewell Centre
183 Queen's Road East
Wan Chai Hong Kong

Bermuda

Appleby Global Corporate Services (Bermuda) Limited

Canon's Court, 22 Victoria Street,
PO Box HM 1179, Hamilton HM EX
Bermuda

Register of Members

Book closure for 2025 AGM:
12 May 2025 to 15 May 2025
(both dates inclusive)

Book closure for 2024 final dividend:
21 May 2025

Dividends

Final (proposed)

HK\$0.50 per share,
payable on 26 June 2025

Stock Code

The Stock Exchange of Hong Kong: 62
Bloomberg: 62HK
Reuters: 0062.HK

Customer Service Hotlines

The Kowloon Motor Bus Company (1933) Limited

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Facsimile: (852) 2745 0600

Long Win Bus Company Limited

Telephone: (852) 2261 2791

Sun Bus Limited

Telephone: (852) 2372 0638

(* Independent Non-executive Director of the
Company)

(^ Non-executive Director of the Company)

(* Committee Chairman)

This Annual Report is also available on our corporate
website: www.tih.hk



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Stock Code : 62



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