EY安永
Shape the future with confidence
聚信心 塑未来

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CTG HONGKONG AND MACAO CULTURE AND TOURISM HOLDING LIMITED AND CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) CO., LIMITED

Introduction

We report on the historical financial information of CTG Hongkong and Macao Culture and Tourism Holding Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-86, which comprises the combined income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and the four months ended 30 April 2026 (the "**Relevant Periods**"), and the combined statements of financial position of the Group as at 31 December 2023, 2024 and 2025 and 30 April 2026, the statements of financial position of the Company as at 31 December 2025 and 30 April 2026 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-86 forms an integral part of this report, which has been prepared for inclusion in the listing document of the Company dated 30 October 2026 (the "**Listing Document**") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2023, 2024 and 2025 and 30 April 2026 and the Company as at 31 December 2025 and 30 April 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the combined income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the four months ended 30 April 2025 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

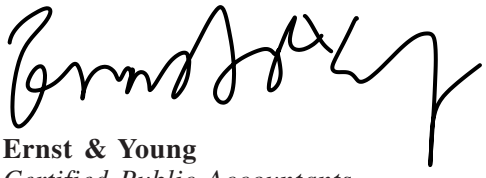
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends declared by subsidiaries of the Company to China Travel International Investment Hong Kong Limited, their then immediate holding company and non-controlling shareholders during the year ended 31 December 2025.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.



Ernst & Young
Certified Public Accountants
Hong Kong
30 October 2026

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The combined financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest thousand ("**HK$'000**") except when otherwise indicated.

COMBINED INCOME STATEMENTS

		Year ended 31 December			Four months ended 30 April	
	Notes	**2023**	**2024**	**2025**	**2025**	**2026**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Revenue	*5*	2,191,133	2,241,940	2,197,836	734,266	720,881
Cost of sales		(1,385,156)	(1,493,198)	(1,573,853)	(502,368)	(553,706)
Gross profit		805,977	748,742	623,983	231,898	167,175
Other income and gains, net	*7*	85,307	83,871	74,497	22,944	24,808
Fair value loss of investment properties	*14*	(21,500)	(206,701)	(182,270)	(121,187)	(56,450)
Selling and distribution costs		(64,096)	(67,901)	(67,949)	(21,182)	(21,231)
Administrative expenses		(256,409)	(259,563)	(273,480)	(81,029)	(91,634)
Operating profit	*7*	549,279	298,448	174,781	31,444	22,668
Finance income	*6*	19,137	12,369	7,950	3,387	1,450
Finance costs	*6*	(30,967)	(51,451)	(38,694)	(15,481)	(9,313)
Finance costs, net	*6*	(11,830)	(39,082)	(30,744)	(12,094)	(7,863)
Share of profits and losses of:						
– associates		33,916	46,664	48,137	17,756	20,893
– joint ventures		(3,559)	(2,349)	4,087	2,199	1,335
Profit before taxation		567,806	303,681	196,261	39,305	37,033
Tax expense	*10*	(88,521)	(109,595)	(78,779)	(37,600)	(13,900)
Profit for the year/period		479,285	194,086	117,482	1,705	23,133
Attributable to:						
Equity owners of the Company		486,377	207,258	133,853	8,708	34,515
Non-controlling interests		(7,092)	(13,172)	(16,371)	(7,003)	(11,382)
Profit for the year/period		479,285	194,086	117,482	1,705	23,133
Earnings per share for profit attributable to equity owners of the Company (HK cents)						
Basic and diluted earnings per share	*12*	N/A	N/A	N/A	N/A	N/A

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Four months ended 30 April	
	2023	**2024**	**2025**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Profit for the year/period	479,285	194,086	117,482	1,705	23,133
Other comprehensive income/(loss) for the year/period					
Items that will not be reclassified subsequently to profit or loss:					
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling), net of tax	45	593	1,649	999	331
Exchange differences on translation of foreign operations attributable to non-controlling interests, net	(9)	(532)	2	(425)	546
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations attributable to equity owners of the Company, net	(7,454)	(16,179)	15,718	(417)	10,069
Other comprehensive income/(loss) for the year/period, net of tax	(7,418)	(16,118)	17,369	157	10,946
Total comprehensive income for the year/period	471,867	177,968	134,851	1,862	34,079
Attributable to:					
Equity owners of the Company	478,946	191,375	150,396	8,791	44,750
Non-controlling interests	(7,079)	(13,407)	(15,545)	(6,929)	(10,671)
Total comprehensive income for the year/period	471,867	177,968	134,851	1,862	34,079

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 30 April
		2023	2024	2025	2026
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*13*	5,230,210	5,156,799	5,002,140	4,934,611
Investment properties	*14*	3,312,483	3,097,458	2,918,329	2,889,339
Goodwill	*15*	1,292,923	1,292,923	1,292,923	1,292,923
Other intangible assets	*16*	112,734	121,301	121,301	121,301
Investments in associates	*18*	90,670	133,072	154,946	153,179
Investments in joint ventures	*19*	25,410	23,061	27,148	28,483
Equity investments	*20*	903	1,496	3,145	3,476
Deposits	*23*	1,556	1,351	1,998	1,610
Deferred tax assets	*31*	114,070	71,731	55,835	53,972
Total non-current assets		10,180,959	9,899,192	9,577,765	9,478,894
Current assets					
Inventories	*21*	133,497	129,553	118,845	122,326
Trade receivables	*22*	105,129	102,648	129,737	94,583
Deposits, prepayments and other receivables	*23*	174,373	144,972	162,922	174,056
Amounts due from holding companies	*25*	26,821	20,076	14,982	21,476
Amounts due from fellow subsidiaries	*25*	47,921	61,167	64,314	74,340
Pledged and restricted deposits	*24*	830	516	533	630
Cash and bank balances	*24*	541,344	508,873	467,890	506,626
Total current assets		1,029,915	967,805	959,223	994,037
Total assets		11,210,874	10,866,997	10,536,988	10,472,931

	Notes	As at 31 December			As at 30 April
		2023	2024	2025	2026
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to equity owners of the Company					
Share capital	*32*	234	234	234	234
Reserves		6,112,980	6,304,355	3,829,777	3,874,527
		6,113,214	6,304,589	3,830,011	3,874,761
Non-controlling interests		747,705	734,298	587,229	576,558
Total equity		6,860,919	7,038,887	4,417,240	4,451,319
LIABILITIES					
Non-current liabilities					
Deferred income	*28*	7,823	2,572	460	420
Loans from a holding company	*25*	493,882	460,882	150,882	150,882
Lease liabilities	*30*	33,481	54,727	37,350	30,815
Other borrowings	*29*	183,882	150,882	150,882	150,882
Deferred tax liabilities	*31*	426,799	414,483	409,370	402,566
Total non-current liabilities		1,145,867	1,083,546	748,944	735,565
Current liabilities					
Trade payables	*26*	81,340	58,871	71,647	73,238
Other payables and accruals	*27*	507,518	491,633	661,357	721,371
Amounts due to holding companies	*25*	1,969,067	1,629,727	3,832,285	3,692,386
Amounts due to fellow subsidiaries	*25*	26,664	25,586	26,377	30,477
Loans from a holding company	*25*	204,869	237,869	499,869	499,869
Lease liabilities	*30*	24,501	35,546	35,811	36,069
Tax payables		62,629	32,332	30,458	39,637
Bank and other borrowings	*29*	327,500	233,000	213,000	193,000
Total current liabilities		3,204,088	2,744,564	5,370,804	5,286,047
Total liabilities		4,349,955	3,828,110	6,119,748	6,021,612
Net current liabilities		2,174,173	1,776,759	4,411,581	4,292,010
Total equity and liabilities		11,210,874	10,866,997	10,536,988	10,472,931

COMBINED STATEMENTS OF CHANGES IN EQUITY
Year ended 31 December 2023

	Attributable to equity owners of the Company										
	Share capital	Merger reserve[1]	Building revaluation reserve[3]	Capital reserve[4]	PRC reserve funds[2]	Exchange fluctuation reserve	Fair value reserve (non-recycling)	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000 (note 32)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2023	234	1,642,810	937,670	(4,031)	4,407	(50,055)	858	3,102,375	5,634,268	754,784	6,389,052
Comprehensive income/(loss)											
Profit/(loss) for the year	–	–	–	–	–	–	–	486,377	486,377	(7,092)	479,285
Other comprehensive income/(loss) for the year:											
Fair value changes of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	23	–	23	22	45
Exchange differences on translation of foreign operations, net	–	–	–	–	–	(7,454)	–	–	(7,454)	(9)	(7,463)
Total other comprehensive income/(loss) for the year, net of tax	–	–	–	–	–	(7,454)	23	–	(7,431)	13	(7,418)
Total comprehensive income/(loss) for the year	–	–	–	–	–	(7,454)	23	486,377	478,946	(7,079)	471,867
Transactions with owners											
Transfer from retained profits	–	–	–	–	25	–	–	(25)	–	–	–
At 31 December 2023	234	1,642,810*	937,670*	(4,031)*	4,432*	(57,509)*	881*	3,588,727*	6,113,214	747,705	6,860,919

Year ended 31 December 2024

	Attributable to equity owners of the Company										
	Share capital	Merger reserve[1]	Building revaluation reserve[3]	Capital reserve[4]	PRC reserve funds[2]	Exchange fluctuation reserve	Fair value reserve (non-recycling)	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000 (note 32)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2024	234	1,642,810	937,670	(4,031)	4,432	(57,509)	881	3,588,727	6,113,214	747,705	6,860,919
Comprehensive income/(loss)											
Profit/(loss) for the year	–	–	–	–	–	–	–	207,258	207,258	(13,172)	194,086
Other comprehensive income/(loss) for the year:											
Fair value changes of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	296	–	296	297	593
Exchange differences on translation of foreign operations, net	–	–	–	–	–	(16,179)	–	–	(16,179)	(532)	(16,711)
Total other comprehensive income/(loss) for the year, net of tax	–	–	–	–	–	(16,179)	296	–	(15,883)	(235)	(16,118)
Total comprehensive income/(loss) for the year	–	–	–	–	–	(16,179)	296	207,258	191,375	(13,407)	177,968
Transactions with owners											
Transfer from retained profits	–	–	–	–	1,152	–	–	(1,152)	–	–	–
At 31 December 2024	234	1,642,810*	937,670*	(4,031)*	5,584*	(73,688)*	1,177*	3,794,833*	6,304,589	734,298	7,038,887

Year ended 31 December 2025

	Attributable to equity owners of the Company										
	Share capital	Merger reserve[1]	Building revaluation reserve[3]	Capital reserve[4]	PRC reserve funds[2]	Exchange fluctuation reserve	Fair value reserve (non-recycling)	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000 *(note 32)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2025	234	1,642,810	937,670	(4,031)	5,584	(73,688)	1,177	3,794,833	6,304,589	734,298	7,038,887
Comprehensive income/(loss)											
Profit/(loss) for the year	–	–	–	–	–	–	–	133,853	133,853	(16,371)	117,482
Other comprehensive income/(loss) for the year:											
Fair value changes of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	825	–	825	824	1,649
Exchange differences on translation of foreign operations, net	–	–	–	–	–	15,718	–	–	15,718	2	15,720
Total other comprehensive income/(loss) for the year, net of tax	–	–	–	–	–	15,718	825	–	16,543	826	17,369
Total comprehensive income/(loss) for the year	–	–	–	–	–	15,718	825	133,853	150,396	(15,545)	134,851
Transactions with owners											
Transfer from retained profits	–	–	–	–	337	–	–	(337)	–	–	–
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(131,524)	(131,524)
Dividends declared to the then shareholders *(note 11)*	–	–	–	–	–	–	–	(2,624,974)	(2,624,974)	–	(2,624,974)
At 31 December 2025	234	1,642,810*	937,670*	(4,031)*	5,921*	(57,970)*	2,002*	1,303,375*	3,830,011	587,229	4,417,240

Four months ended 30 April 2026

	Attributable to equity owners of the Company										
	Share capital	Merger reserve[1]	Building revaluation reserve[3]	Capital reserve[4]	PRC reserve funds[2]	Exchange fluctuation reserve	Fair value reserve (non-recycling)	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000 (note 32)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2026	234	1,642,810	937,670	(4,031)	5,921	(57,970)	2,002	1,303,375	3,830,011	587,229	4,417,240
Comprehensive income/(loss)											
Profit/(loss) for the period	–	–	–	–	–	–	–	34,515	34,515	(11,382)	23,133
Other comprehensive income for the period:											
Fair value changes of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	166	–	166	165	331
Exchange differences on translation of foreign operations, net	–	–	–	–	–	10,069	–	–	10,069	546	10,615
Total other comprehensive income for the period, net of tax	–	–	–	–	–	10,069	166	–	10,235	711	10,946
Total comprehensive income/(loss) for the period	–	–	–	–	–	10,069	166	34,515	44,750	(10,671)	34,079
At 30 April 2026	234	1,642,810*	937,670*	(4,031)*	5,921*	(47,901)*	2,168*	1,337,890*	3,874,761	576,558	4,451,319

Four months ended 30 April 2025 (unaudited)

	Attributable to equity owners of the Company										
	Share capital	Merger reserve[1]	Building revaluation reserve[3]	Capital reserve[4]	PRC reserve funds[2]	Exchange fluctuation reserve	Fair value reserve (non-recycling)	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000 (note 32)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2025	234	1,642,810	937,670	(4,031)	5,584	(73,688)	1,177	3,794,833	6,304,589	734,298	7,038,887
Comprehensive income/(loss)											
Profit/(loss) for the period	–	–	–	–	–	–	–	8,708	8,708	(7,003)	1,705
Other comprehensive income/(loss) for the period:											
Fair value changes of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	500	–	500	499	999
Exchange differences on translation of foreign operations, net	–	–	–	–	–	(417)	–	–	(417)	(425)	(842)
Total other comprehensive income/(loss) for the period, net of tax	–	–	–	–	–	(417)	500	–	83	74	157
Total comprehensive income/(loss) for the period	–	–	–	–	–	(417)	500	8,708	8,791	(6,929)	1,862
At 30 April 2025 (unaudited)	234	1,642,810	937,670	(4,031)	5,584	(74,105)	1,677	3,803,541	6,313,380	727,369	7,040,749

Notes:

1 The merger reserve represents the difference between the share capital of China Travel HK (defined in note 1) issued in exchange for the net assets of the subsidiaries acquired under common control arising from the group reorganisation in the prior years.

2 The PRC reserve funds are reserves set aside in accordance with the Companies Laws of the People's Republic of China as applicable to the Company's subsidiaries. Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries in the Chinese mainland has been transferred to the PRC reserve funds which are restricted as to use.

3 The building revaluation reserve represents surplus on revaluation of properties arising upon transfer of property, plant and equipment to investment properties in the prior years.

4 The capital reserve represents gains or losses arising on acquisition of non-controlling interests in the prior years.

* These reserve accounts comprise the total combined reserves of HK$6,112,980,000, HK$6,304,355,000, HK$3,829,777,000 and HK$3,874,527,000 in the combined statements of financial position as at 31 December 2023, 2024 and 2025, and 30 April 2026, respectively.

COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Four months ended 30 April	
		2023	2024	2025	2025	2026
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Cash flows from operating activities						
Profit before taxation		567,806	303,681	196,261	39,305	37,033
Adjustments for:						
Finance income	*6*	(19,137)	(12,369)	(7,950)	(3,387)	(1,450)
Finance costs	*6*	30,967	51,451	38,694	15,481	9,313
Loss/(gain) on disposal of property, plant and equipment, net	*7(a)*	127	(23,610)	(939)	–	(16)
Depreciation	*7(b)*	256,672	299,909	300,426	102,002	101,181
Provision for impairment of trade receivables, net	*7(b)*	546	23	5,190	4,272	222
Gain on bargain purchase of a subsidiary	*7(a)*	(4,819)	–	–	–	–
Fair value loss of investment properties	*7(b)*	21,500	206,701	182,270	121,187	56,450
Share of profits of associates		(33,916)	(46,664)	(48,137)	(17,756)	(20,893)
Share of losses/(profits) of joint ventures, net		3,559	2,349	(4,087)	(2,199)	(1,335)
		823,305	781,471	661,728	258,905	180,505
Decrease/(increase) in inventories		7,030	3,944	10,708	1,614	(3,481)
(Increase)/decrease in trade receivables, deposits, prepayments and other receivables		(131,149)	38,182	(44,058)	(38,560)	24,186
(Increase)/decrease in amounts due from holding companies		(17,357)	6,745	5,094	5,127	(6,494)
Decrease/(increase) in amounts due from fellow subsidiaries		1,834	(13,246)	(3,147)	24,203	(10,027)
Increase/(decrease) in trade payables, other payables and accruals		148,894	(23,165)	5,174	(49,610)	44,770
Increase/(decrease) in amounts due to fellow subsidiaries and holding companies		2,556	(5,043)	21	(1,374)	3,319
Increase/(decrease) in deferred income, net of sales tax		3,452	(5,251)	(2,112)	(2,151)	(40)
Cash flows from operations		838,565	783,637	633,408	198,154	232,738
Hong Kong, PRC and Macao profits taxes paid		(12,906)	(108,148)	(72,528)	(17,588)	(12,854)
Net cash flows from operating activities		825,659	675,489	560,880	180,566	219,884

	Notes	Year ended 31 December			Four months ended 30 April	
		2023	2024	2025	2025	2026
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Cash flows from investing activities						
Finance income received		19,137	12,369	7,950	3,387	1,450
Dividends received from an associate		–	15,200	30,400	15,200	22,660
Purchases of property, plant and equipment and other intangible assets		(663,831)	(223,257)	(57,519)	(47,663)	(17,627)
Proceeds from disposal of property, plant and equipment		792	65,690	2,159	270	101
Purchase of investment properties	*14*	(31,500)	(6,544)	(17,839)	–	(7,113)
Capital contributions to associates		(15,840)	(10,937)	(4,138)	–	–
Acquisition of a subsidiary, net	*33*	(897,929)	–	–	–	–
Withdrawal of pledged and restricted deposits		–	314	–	–	–
Placement of pledged and restricted deposits		(502)	–	(17)	–	(97)
Placement of non-pledged time deposits with original maturity of more than three months when acquired		–	(589)	–	–	–
Net cash flows used in investing activities		(1,589,673)	(147,754)	(39,004)	(28,806)	(626)
Cash flows from financing activities						
Principal element of lease rental paid		(26,667)	(37,170)	(43,778)	(13,955)	(15,433)
Interest element of lease rental paid		(1,672)	(4,117)	(2,017)	(1,556)	(1,057)
Finance costs paid		(29,295)	(54,167)	(36,677)	(13,925)	(8,256)
New bank and other borrowings		17,500	45,000	30,000	150,000	160,000
Repayment of bank and other borrowings		(40,000)	(172,500)	(50,000)	(200,000)	(180,000)
New loans from a holding company		310,000	–	–	–	–
Repayment of loans from a holding company		–	–	(48,000)	(48,000)	–
Advances from a holding company		298,364	267,803	–	–	–
Repayment to a holding company		–	(603,178)	(421,646)	(8,932)	(139,118)
Net cash flows from/(used in) financing activities		528,230	(558,329)	(572,118)	(136,368)	(183,864)
Net (decrease)/increase in cash and cash equivalents		(235,784)	(30,594)	(50,242)	15,392	35,394
Cash and cash equivalents at beginning of year/period		781,212	541,344	508,284	508,284	467,301
Effect of foreign exchange rate changes, net		(4,084)	(2,466)	9,259	7,407	3,342
Cash and cash equivalents at end of year/period	*24(a)*	541,344	508,284	467,301	531,083	506,037

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December 2025	As at 30 April 2026
	HK$'000	*HK$'000*
LIABILITIES		
Current liability		
Amount due to a holding company	–*	8,786
Total current liability	–*	8,786
	–*	8,786
Total liabilities	–*	8,786
EQUITY		
Share capital	–*	–*
Accumulated losses	–*	(8,786)
	–*	(8,786)

* The balance represents an amount less than HK$1,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 12 September 2025. The registered office of the Company is located at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 – 1205, Cayman Islands. The principal place of business of the Company is located at 12th Floor, CTG House, 78-83 Connaught Road Central, Hong Kong. In the opinion of the Company's directors, the immediate holding company of the Company is China Travel International Investment Hong Kong Limited ("**China Travel HK**"), the intermediate holding company is China Travel Service (Holdings) Hong Kong Limited ("**CTS (Holdings)**"), which are both incorporated in Hong Kong, and the ultimate holding company is China Tourism Group Corporation Limited, a People's Republic of China (the "**PRC**") state-owned enterprise.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries are principally engaged in the following activities (the "**Relevant Businesses**"):

- Travel document and related services
- Hotel operations
- Passenger transportation operations

Prior to incorporation of the Company and the completion of the Spin-off Reorganization, the Relevant Businesses were mainly carried out by the subsidiaries of China Travel HK.

The Company and its subsidiaries now comprising the Group underwent the Spin-off Reorganization as set out in the paragraph headed "Spin-off Reorganization" in the section headed "History and Development" in the Listing Document. Apart from the Spin-off Reorganization, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong). The particulars of the Group's principal subsidiaries are set out below:

Name	Place of incorporation/ registration and operation	Particulars of issued share capital/(registered capital)	Proportion of ordinary shares/ equity held by the Group (%)				Principal activity
			2023	2024	2025	2026/4/30	
Beijing CTS (Hong Kong) Grand Metropark Hotel Co., Ltd.[2,5]	PRC/ Chinese mainland	US$12,000,000	100	100	100	100	Property investment holding and hotel operations
China Travel Service Entry Permit Service Hong Kong Limited[4]	Hong Kong	10 ordinary shares HK$1,000 10,000 non-voting deferred shares HK$1,000,000	100	100	100	100	Entry permit handling agency
China Travel Express Ltd.[3,4]	Hong Kong	10,000 ordinary shares HK$10,000	50	50	50	50	Passenger transportation
China Travel Hi-Tech Computer Hong Kong Ltd.[4]	Hong Kong	10,000,000 ordinary shares HK$10,000,000	100	100	100	100	Trading of computer equipment, provision of computer services and investment holding
China Travel Service Property Investment Hong Kong Limited[4]	Hong Kong	11,075 ordinary shares HK$468,001,000 1,000,000 non-voting deferred shares HK$100,000,000	90.29	90.29	90.29	90.29	Tour operations, PRC entry permit handling agency, investment holding and travel agency
China Travel Tours Transportation Services Hong Kong Ltd.[3,4]	Hong Kong	2 ordinary shares HK$200 5,000 non-voting deferred shares HK$500,000	50	50	50	50	Passenger transportation

Name	Place of incorporation/ registration and operation	Particulars of issued share capital/(registered capital)	Proportion of ordinary shares/ equity held by the Group (%)				Principal activity
			2023	2024	2025	2026/4/30	
CTS H.K. Metropark Hotels Management Company Ltd.[4]	Hong Kong	100,001 ordinary shares HK$100,001	100	100	100	100	Hotel management
Beijing HK CTS Grand Metropark Hotels Management Co., Ltd.[2,5]	PRC/ Chinese mainland	HK$5,000,000	100	100	100	100	Hotel management
Glading Development Ltd.[4]	Hong Kong	2 ordinary shares HK$2 2 non-voting deferred shares HK$2	100	100	100	100	Property investment holding and hotel operations
Guangdong CTS (HK) & Jinhuang Transportation Ltd.[1, 3, 5]	PRC/ Chinese mainland	HK$30,000,000	50	50	50	50	Passenger transportation
Hotel Metropole Holdings Ltd.[4]	BVI/Hong Kong	1 ordinary share of US$1 each 100 non-voting deferred shares of US$1 each	100	100	100	100	Property investment holding and hotel operations
Metrocity Hotel Ltd.[4]	BVI/Hong Kong	1 ordinary share of US$1 each 100 non-voting deferred shares of US$1 each	100	100	100	100	Property investment holding and hotel operations
New Bus Holdings Ltd.[3,4]	Hong Kong	1,000,000 ordinary shares HK$1,000,000	40	40	40	40	Passenger transportation
Sociedade De Fomento Predial Fu Wa (Macao), Limitada[6]	Macao	MOP200,000	100	100	100	100	Property investment holding and hotel operations
Well Done Enterprises Inc.[4]	BVI/Hong Kong	1 ordinary share of US$1	100	100	100	100	Property investment holding and hotel operations
Silver Time (H.K.) Limited[4]	Hong Kong	100 ordinary shares of HK$10,000	100	100	100	100	Property investment
CTSHK Transportation (Macao) Company Limited[3,6]	Macao	MOP5,000,000	50	50	50	50	Passenger transportation
Shenzhen CTS Transportation Limited[2, 3, 5]	PRC/ Chinese mainland	RMB10,000,000	50	50	50	50	Passenger transportation and investment holding
China Travel Express (Zhuhai) Co., Ltd.[1, 3, 5]	PRC/ Chinese mainland	RMB10,000,000	50	50	50	50	Passenger transportation
Macao CTS Passenger Road Transport Company Limited[3,6]	Macao	MOP5,000,000	25	25	25	25	Passenger transportation
Shun Tak-China Travel Shipping Investments Limited[3, 4, 7]	BVI/Hong Kong	US$10,000	50	50	50	50	Investment holding
Shun Tak-China Travel Ferries Limited[3, 4]	BVI/Hong Kong	US$2	50	50	50	50	Investment holding
FEH Company Limited[3, 6]	Macao	MOP10,000,000	50	50	50	50	Shipping

Name	Place of incorporation/ registration and operation	Particulars of issued share capital/(registered capital)	Proportion of ordinary shares/ equity held by the Group (%)				Principal activity
			2023	2024	2025	2026/4/30	
Shun Tak China Travel Ship Management (Macau) Limited[3, 6]	Macao	MOP10,000,000	50	50	50	50	Shipping Management
STCT Ferry Services (Macau) Limited[3, 6]	Macao	MOP10,000,000	50	50	50	50	Shipping
Far East Hydrofoil Company, Limited[3, 4]	Hong Kong	HK$2,000	50	50	50	50	Shipping
Shun Tak-China Travel Ship Management Limited[3, 4]	Hong Kong	HK$200	50	50	50	50	Ship Management
Celeworld Limited[3, 4]	Hong Kong	HK$10	50	50	50	50	Fuel supply
Ocean Shipbuilding & Engineering Limited[3, 4]	Hong Kong	HK$200	50	50	50	50	Ship repairing
Shun Tak-China Travel Turbojet Limited[3, 4]	Hong Kong	HK$20	50	50	50	50	Provision of food and beverage services
Shun Tak-China Travel International Marine Consultant Limited[3, 4]	Hong Kong	HK$2	50	50	50	50	Investment holding
Turbojet Ferry Services (Guangzhou) Limited[3, 4]	Hong Kong	HK$2	50	50	50	50	Investment holding
Estoril Tours Travel Agency Limited[3, 6]	Macao	MOP1,000,000	50	50	50	50	Travel Agency
Hongkong Macao Hydrofoil Company, Limited[3, 4]	Hong Kong	HK$10,000,000	50	50	50	50	Shipping
Sino Advantage Limited[3, 4]	Hong Kong	HK$2	50	50	50	50	Logistics and courier services
Shun Tak-China Travel International Logistics Investment Limited[3, 4]	Hong Kong	HK$2	50	50	50	50	Investment holding
Turbojet Travel Services Limited[3, 4]	Hong Kong	HK$750,000	50	50	50	50	Travel agency

The above table lists the subsidiaries of the Company which, in the opinion of the Company's directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Company's directors, result in particulars of excessive length.

The English names of certain subsidiaries referred to in the Historical Financial Information represent management's best efforts at translating the Chinese names of these companies as no English names have been registered.

Notes:

1. Registered as wholly-foreign-owned enterprises under PRC law.

2. Registered as limited liability companies under PRC law.

3. Proportion of the ordinary shares or equity held by the Group is not more than 50%, but the Group remains control over the entity because the Group owns more than half of the voting rights under the contractual agreement.

4. The statutory financial statements of these entities for the years ended 31 December 2023, 2024 and 2025 prepared under HKFRS Accounting Standards were audited by Ernst & Young, certified public accountants registered in Hong Kong.

5. The statutory financial statements of these entities for the years ended 31 December 2023, 2024 and 2025 prepared under China Accounting Standards for Business Enterprises ("**CASBE**") were audited by ShineWing Certified Public Accountants (LLP), certified public accountants registered in Beijing.

6. No audited financial statements have been prepared for these entities for the years ended 31 December 2023, 2024 and 2025 and the four months ended 30 April 2026, as the entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

7. This entity is directly held by the Company.

2.1 BASIS OF PRESENTATION

Pursuant to the Spin-off Reorganization, as more fully explained in the paragraph headed "Spin-off Reorganization" in the section headed "History and Development" in the Listing Document, the Company became the holding company of the companies now comprising the Group subsequent to the end of the Relevant Periods on 13 May 2026. The companies now comprising the Group were under the common control of CTS (Holdings) (the "**Controlling Shareholder**") before and after the Spin-off Reorganization.

China Travel HK (the then "**Holding Company**") and its subsidiaries were principally engaged in the Relevant Businesses and other businesses (e.g., property development and investments) (the "**Non-relevant Businesses**") before the completion of the Spin-off Reorganization. For the purpose of presenting the financial position, operating results and cash flows of the Relevant Businesses, the subsidiaries of China Travel HK which solely operated in businesses unrelated to the Relevant Businesses, and the Non-relevant Businesses operated by certain subsidiaries of the Company were carved out from this Historical Financial Information.

Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Spin-off Reorganization had been completed at the beginning of the Relevant Periods.

The combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for the Relevant Periods and the four months ended 30 April 2025 include the results and cash flows of all companies/businesses now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or the Relevant Businesses first came under the common control of the Controlling Shareholder, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2023, 2024 and 2025 and 30 April 2026 have been prepared to present the assets and liabilities of the subsidiaries and/or the Relevant Businesses using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Spin-off Reorganization.

Equity interests in subsidiaries and/or businesses held by parties other than the Controlling Shareholder and changes therein, prior to the Spin-off Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on combination.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except that the following assets have been measured at fair value as explained in the material accounting policies in note 2.4 to the Historical Financial Information:

- investment properties, including interests in leasehold land and buildings held as investment properties where the Group is the registered owner of the property interest; and
- equity investments measured at fair value through other comprehensive income.

As at 30 April 2026, the Group has net current liabilities of approximately HK$4,292.0 million. Included within current liabilities is an amount payable to China Travel HK, the immediate holding company, of HK$4,191.7 million. Subsequent to the end of the Relevant Periods, pursuant to the Spin-off Reorganization as more fully explained in the paragraph headed "Spin-off Reorganization" in the section headed "History and Development" in the Listing Document, on 13 May 2026, the amount payable to China Travel HK was assigned by China Travel HK to the Company under debt assignment agreements, in consideration for the allotment and issue of new ordinary shares to China Travel HK ("**Debt Assignment**"). Upon completion of the Debt Assignment, except for an amount due to China Travel HK of HK$8.8 million in connection with the listing expenses, the amount previously owed by the Group to China Travel HK was capitalised and extinguished at the Group level. Taking into account the cash flows from operations for the twelve months from 30 April 2026 and the financial support from China Travel HK through the Debt Assignment, the directors of the Company believe that the Group will have sufficient financial resources to settle the financial liabilities and payments that will be due within the next twelve months. Consequently, the Historical Financial Information has been prepared on a going concern basis.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective for the Relevant Periods, in this Historical Financial Information. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[1]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
HKFRS 20	*Regulatory Assets and Regulatory Liabilities*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
Amendments to HKAS 28	*Amendments to Fair Value Option for Investments in Associates and Joint Venture*[4]

[1] Effective for annual/reporting periods beginning on or after 1 January 2027
[2] Effective for annual/reporting periods beginning on or after 1 January 2029
[3] No mandatory effective date yet determined but available for adoption
[4] Effective when an entity first applies HKFRS 18

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application. HKFRS 18 introduces new requirements for presentation within the income statement, including specified totals and subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. HKFRS 18 is not expected to have any impact on the statement of financial position of the Group but it will change the presentation in the Group's income statement and statement of cash flows and affect the disclosure in certain notes to the financial statements upon initial application. So far, the Group has expected that the other new and amended standards may result in changes in accounting policies but are unlikely to have a significant impact on the Group's results of operations and financial position in the periods of initial application.

2.4 MATERIAL ACCOUNTING POLICIES

Subsidiaries

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

Investments in associates and joint ventures

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

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

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

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

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

Business combinations (other than those under common control) and goodwill

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

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

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

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

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

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

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

Fair value measurement

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

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

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

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

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

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

Impairment of non-financial assets

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

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

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

Related parties

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

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

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Hotel properties	Over the shorter of the lease terms and 50 years
Leasehold land	Over the lease terms
Buildings	Over the shorter of the lease terms and 40 years
Right-of-use assets	Over the lease terms of 2 years to 8 years
Motor vehicles	11.1% to 20%
Vessels	6.7%
Furniture, fixtures and other assets	33.3%

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

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

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

Investment properties

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

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

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

Other intangible assets

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

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

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

When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

The other right-of-use assets are presented within "Property, plant and equipment" in the statement of financial position.

(b) Lease liabilities

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

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

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

(c) Short-term leases

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

Group as a lessor

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

Financial assets at amortised cost (debt instruments)

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

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

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

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

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

(b) revenue arising from the rendering of travel document-related services, hotel services and passenger transportation services is recognised when the services have been rendered;

(c) revenue arising from the sale of fuel is recognised upon delivery to customers and recognised at a point in time.

Revenue from other sources

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

Other income

Ferry terminal operation service income is recognised when the services have been rendered.

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

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

Contract assets

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

Contract liabilities

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

Employee benefits

Pension schemes

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

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

Termination benefits

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

Defined benefit plans

The Group's statutory obligation to pay long service payment in Hong Kong is a defined benefit plan. The cost of providing benefits relating to long service payment is determined using the projected unit credit actuarial valuation method. The liability recognised in the statement of financial position in respect of long service payment is the net obligation, representing the present value of the future long service payment benefits reduced by entitlements from accrued benefits arising from MPF contributions made by the Group. The offsetting of the MPF employer's contributions was stopped from 1 May 2025. Remeasurements arising from the defined benefit pension plans, comprising

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

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

Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss at the earlier of:

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

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

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

Borrowing costs

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

Foreign currencies

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Judgement and estimation uncertainty

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

(i) Estimation of fair value of investment properties

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

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

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

The carrying amounts of investment properties as at 31 December 2023, 2024 and 2025 and 30 April 2026 were HK$3,312,483,000, HK$3,097,458,000, HK$2,918,329,000 and HK$2,889,339,000, respectively. Further details, including the key assumptions used for fair value measurement, are given in note 14 to the Historical Financial Information.

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

At the end of each reporting period, the Group performs an impairment assessment of non-financial assets if necessary. For goodwill, annual impairment test is performed at the end of each reporting period or when an indication of impairment exists.

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

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

Based on the impairment assessment performed by the management, the directors of the Company are of the opinion that there was no impairment of the Group's non-financial assets as of 31 December 2023, 2024 and 2025 and 30 April 2026.

4 OPERATING SEGMENT INFORMATION

The directors of the Company were the Group's chief operating decision-maker and regularly reviews the segment results of the operating segments now comprising the Group. Before the completion of the Spin-off Reorganization, the directors of China Travel HK regularly reviewed the segment results of the companies now comprising the Group. For management purposes, the Group's Relevant Businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. No operating segments have been aggregated to form the reportable segments. A summary of details of the operating segments is as follows:

(a) the travel document and related services segment engages in the provision of travel document and related services in Hong Kong and the Chinese mainland;

(b) the hotel operations segment engages in the provision of hotel accommodation, food and beverage services in Hong Kong, Macao and the Chinese mainland; and

(c) the passenger transportation operations segment engages in the provision of cross-border transportation services to individuals travelling between Hong Kong, Macao and the Chinese mainland, vehicle and vessel rental and charter operations in Hong Kong, Macao and the Chinese mainland.

Management has determined the operating segments based on the information reviewed by the chief operating decision maker and monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on the profit attributable to equity owners of the Company of each reportable operating segment excluding gain on bargain purchase of a subsidiary, changes in fair value of investment properties and results from disposal of property, plant and equipment.

Segment assets include all tangible and intangible assets and current assets with the exception of deferred tax assets, investment properties, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

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

Year ended 31 December 2023

	Travel document and related services	Hotel operations	Passenger transportation operations	Total of reportable segments	Corporate and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Sales to external customers	474,250	694,585	988,709	2,157,544	33,589	2,191,133
Inter-segment revenue	2,187	–	–	2,187	2,520	4,707
	476,437	694,585	988,709	2,159,731	36,109	2,195,840
Elimination of inter-segment revenue				(2,187)	(2,520)	(4,707)
Revenue				2,157,544	33,589	2,191,133
Segment results	250,769	158,754	19,580	429,103	74,057	503,160
Non-controlling interests						(7,091)
Profit before non-controlling interests						496,069
Gain on bargain purchase of a subsidiary, net of tax						4,819
Fair value loss of investment properties, net of tax						(21,476)
Net loss on disposal of property, plant and equipment, net of tax						(127)
Profit for the year						479,285
Segment assets	1,928,752	5,398,918	1,548,392	8,876,062	2,218,732	11,094,794
Investments in associates	–	–	90,670	90,670	–	90,670
Investments in joint ventures	–	–	25,410	25,410	–	25,410
Inter-segment receivables	79,783	475,302	164,842	719,927	411,041	1,130,968
	2,008,535	5,874,220	1,829,314	9,712,069	2,629,773	12,341,842
Elimination of inter-segment receivables						(1,130,968)
Total assets						11,210,874
Segment liabilities	267,085	1,609,094	1,392,756	3,268,935	1,081,020	4,349,955
Inter-segment payables	5,963	402,127	246,936	655,026	475,942	1,130,968
	273,048	2,011,221	1,639,692	3,923,961	1,556,962	5,480,923
Elimination of inter-segment payables						(1,130,968)
Total liabilities						4,349,955
Other segment information:						
Share of profits and losses of associates	–	–	33,916	33,916	–	33,916
Share of profits and losses of joint ventures	–	–	(3,559)	(3,559)	–	(3,559)
Capital expenditure *(Note (a))*	95,174	1,507,951	17,313	1,620,438	24,356	1,644,794
– owned property, plant and equipment	56,223	563,535	12,473	632,231	23,262	655,493
– right-of-use assets and prepaid land lease payments	38,951	1,326	4,840	45,117	1,094	46,211
– investment properties	–	31,500	–	31,500	–	31,500
– assets from acquisition of a subsidiary	–	911,590	–	911,590	–	911,590
Depreciation	29,284	94,364	130,345	253,993	2,679	256,672
– owned property, plant and equipment	15,300	81,775	122,409	219,484	–	219,484
– right-of-use assets and prepaid land lease payments	13,984	12,589	7,936	34,509	2,679	37,188
Provision for impairment of trade receivables	–	546	–	546	–	546

Year ended 31 December 2024

	Travel document and related services	Hotel operations	Passenger transportation operations	Total of reportable segments	Corporate and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Sales to external customers	343,928	820,624	1,053,414	2,217,966	23,974	2,241,940
Inter-segment revenue	90	23	–	113	2,250	2,363
	344,018	820,647	1,053,414	2,218,079	26,224	2,244,303
Elimination of inter-segment revenue				(113)	(2,250)	(2,363)
Revenue				2,217,966	23,974	2,241,940
Segment results	176,028	202,845	(10,506)	368,367	14,044	382,411
Non-controlling interests						(11,609)
Profit before non-controlling interests						370,802
Fair value loss of investment properties, net of tax						(200,326)
Net gain on disposal of property, plant and equipment, net of tax						23,610
Profit for the year						194,086
Segment assets	1,652,413	6,027,886	1,334,803	9,015,102	1,695,762	10,710,864
Investments in associates	–	–	133,072	133,072	–	133,072
Investments in joint ventures	–	–	23,061	23,061	–	23,061
Inter-segment receivables	94,707	788,855	221,633	1,105,195	1,891,130	2,996,325
	1,747,120	6,816,741	1,712,569	10,276,430	3,586,892	13,863,322
Elimination of inter-segment receivables						(2,996,325)
Total assets						10,866,997
Segment liabilities	120,276	2,507,271	1,080,619	3,708,166	119,944	3,828,110
Inter-segment payables	58,427	2,009,307	425,680	2,493,414	502,911	2,996,325
	178,703	4,516,578	1,506,299	6,201,580	622,855	6,824,435
Elimination of inter-segment payables						(2,996,325)
Total liabilities						3,828,110
Other segment information:						
Share of profits and losses of associates	–	–	46,664	46,664	–	46,664
Share of profits and losses of joint ventures	–	–	(2,349)	(2,349)	–	(2,349)
Capital expenditure *(Note (a))*	53,822	202,604	25,053	281,479	–	281,479
– owned property, plant and equipment	29,861	173,463	2,137	205,461	–	205,461
– right-of-use assets and prepaid land lease payments	23,961	22,597	22,916	69,474	–	69,474
– investment properties	–	6,544	–	6,544	–	6,544
Depreciation	21,590	116,350	160,559	298,499	1,410	299,909
– owned property, plant and equipment	6,094	114,045	136,011	256,150	929	257,079
– right-of-use assets and prepaid land lease payments	15,496	2,305	24,548	42,349	481	42,830
Provision for impairment of trade receivables	–	23	–	23	–	23

Year ended 31 December 2025

	Travel document and related services	Hotel operations	Passenger transportation operations	Total of reportable segments	Corporate and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Sales to external customers	279,580	887,547	1,006,799	2,173,926	23,910	2,197,836
Inter-segment revenue	–	451	–	451	–	451
	279,580	887,998	1,006,799	2,174,377	23,910	2,198,287
Elimination of inter-segment revenue				(451)	–	(451)
Revenue				2,173,926	23,910	2,197,836
Segment results	111,230	201,034	(9,662)	302,602	1,857	304,459
Non-controlling interests						(15,039)
Profit before non-controlling interests						289,420
Fair value loss of investment properties, net of tax						(172,877)
Net gain on disposal of property, plant and equipment, net of tax						939
Profit for the year						117,482
Segment assets	1,598,251	5,898,965	1,282,534	8,779,750	1,575,144	10,354,894
Investments in associates	–	–	154,946	154,946	–	154,946
Investments in joint ventures	–	–	27,148	27,148	–	27,148
Inter-segment receivables	55,262	58,247	253,671	367,180	2,691,705	3,058,885
	1,653,513	5,957,212	1,718,299	9,329,024	4,266,849	13,595,873
Elimination of inter-segment receivables						(3,058,885)
Total assets						10,536,988
Segment liabilities	119,588	2,162,370	720,295	3,002,253	3,117,495	6,119,748
Inter-segment payables	202,275	2,050,666	805,944	3,058,885	–	3,058,885
	321,863	4,213,036	1,526,239	6,061,138	3,117,495	9,178,633
Elimination of inter-segment payables						(3,058,885)
Total liabilities						6,119,748
Other segment information:						
Share of profits and losses of associates	–	–	48,137	48,137	–	48,137
Share of profits and losses of joint ventures	–	–	4,087	4,087	–	4,087
Capital expenditure *(Note (a))*	9,759	14,450	42,082	66,291	48,816	115,107
– owned property, plant and equipment	3,212	10,854	23,884	37,950	34,236	72,186
– right-of-use assets and prepaid land lease payments	6,547	337	18,198	25,082	–	25,082
– investment properties	–	3,259	–	3,259	14,580	17,839
Depreciation	22,283	124,971	150,627	297,881	2,545	300,426
– owned property, plant and equipment	5,595	111,684	135,165	252,444	2,545	254,989
– right-of-use assets and prepaid land lease payments	16,688	13,287	15,462	45,437	–	45,437
Provision for impairment of trade receivables	–	5,190	–	5,190	–	5,190

Four months ended 30 April 2025 (unaudited)

	Travel document and related services	Hotel operations	Passenger transportation operations	Total of reportable segments	Corporate and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Sales to external customers	99,627	288,700	336,953	725,280	8,986	734,266
Inter-segment revenue	–	449	–	449	–	449
	99,627	289,149	336,953	725,729	8,986	734,715
Elimination of inter-segment revenue				(449)	–	(449)
Revenue				725,280	8,986	734,266
Segment results	49,866	71,520	(266)	121,120	648	121,768
Non-controlling interests						(5,486)
Profit before non-controlling interests						116,282
Fair value loss of investment properties, net of tax						(114,577)
Profit for the period						1,705
Segment assets	1,734,379	5,887,537	1,222,643	8,844,559	1,691,364	10,535,923
Investments in associates	–	–	135,628	135,628	–	135,628
Investments in joint ventures	–	–	25,260	25,260	–	25,260
Inter-segment receivables	51,641	56,047	217,511	325,199	2,614,660	2,939,859
	1,786,020	5,943,584	1,601,042	9,330,646	4,306,024	13,636,670
Elimination of inter-segment receivables						(2,939,859)
Total assets						10,696,811
Segment liabilities	123,456	2,124,569	842,299	3,090,324	3,081,143	6,171,467
Inter-segment payables	192,433	2,038,785	708,641	2,939,859	–	2,939,859
	315,889	4,163,354	1,550,940	6,030,183	3,081,143	9,111,326
Elimination of inter-segment payables						(2,939,859)
Total liabilities						6,171,467
Other segment information:						
Share of profits and losses of associates	–	–	17,756	17,756	–	17,756
Share of profits and losses of joint ventures	–	–	2,199	2,199	–	2,199
Capital expenditure *(Note (a))*	3,357	604	21,772	25,733	12,641	38,374
– owned property, plant and equipment	1,686	267	13,526	15,479	12,641	28,120
– right-of-use assets and prepaid land lease payments	1,671	337	8,246	10,254	–	10,254
– investment properties	–	–	–	–	–	–
Depreciation	8,923	38,150	54,087	101,160	842	102,002
– owned property, plant and equipment	2,485	37,500	48,129	88,114	842	88,956
– right-of-use assets and prepaid land lease payments	6,438	650	5,958	13,046	–	13,046
Provision for impairment of trade receivables	–	4,272	–	4,272	–	4,272

Four months ended 30 April 2026

	Travel document and related services	Hotel operations	Passenger transportation operations	Total of reportable segments	Corporate and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Sales to external customers	81,185	291,557	340,112	712,854	8,027	720,881
Inter-segment revenue	–	32	–	32	–	32
	81,185	291,589	340,112	712,886	8,027	720,913
Elimination of inter-segment revenue				(32)	–	(32)
Revenue				713,454	7,427	720,881
Segment results	29,943	71,445	(11,126)	90,262	(7,250)	83,012
Non-controlling interests						(11,390)
Profit before non-controlling interests						71,622
Fair value loss of investment properties, net of tax						(48,505)
Net gain on disposal of property, plant and equipment, net of tax						16
Profit for the period						23,133
Segment assets	1,634,591	5,948,813	1,256,082	8,839,486	1,451,783	10,291,269
Investments in associates	–	–	153,179	153,179	–	153,179
Investments in joint ventures	–	–	28,483	28,483	–	28,483
Inter-segment receivables	54,057	48,890	210,559	313,506	2,667,761	2,981,267
	1,688,648	5,997,703	1,648,303	9,334,654	4,119,544	13,454,198
Elimination of inter-segment receivables						(2,981,267)
Total assets						10,472,931
Segment liabilities	126,861	2,108,671	723,963	2,959,495	3,062,117	6,021,612
Inter-segment payables	200,921	2,054,274	726,072	2,981,267	–	2,981,267
	327,782	4,162,945	1,450,035	5,940,762	3,062,117	9,002,879
Elimination of inter-segment payables						(2,981,267)
Total liabilities						6,021,612
Other segment information:						
Share of profits and losses of associates	–	–	20,893	20,893	–	20,893
Share of profits and losses of joint ventures	–	–	1,335	1,335	–	1,335
Capital expenditure *(Note (a))*	4,131	–	17,537	21,668	16,174	37,842
– owned property, plant and equipment	–	–	12,528	12,528	9,061	21,589
– right-of-use assets and prepaid land lease payments	4,131	–	5,009	9,140	–	9,140
– investment properties	–	–	–	–	7,113	7,113
Depreciation	7,984	38,664	53,556	100,204	977	101,181
– owned property, plant and equipment	1,736	37,950	46,496	86,182	977	87,159
– right-of-use assets and prepaid land lease payments	6,248	714	7,060	14,022	–	14,022
Provision for impairment of trade receivables	–	222	–	222	–	222

Note:

(a) Capital expenditure consists of additions of property, plant and equipment (including right-of-use assets), investment properties and assets from the acquisition of a subsidiary.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Four months ended 30 April	
	2023	**2024**	**2025**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Hong Kong	1,927,259	1,974,581	1,944,572	650,519	645,757
Chinese mainland and Macao	263,874	267,359	253,264	83,747	75,124
	2,191,133	2,241,940	2,197,836	734,266	720,881

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

(b) Non-current assets

	As at 31 December			As at 30 April
	2023	**2024**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	9,146,757	8,802,688	8,534,826	8,458,074
Chinese mainland and Macao	917,673	1,021,926	981,961	961,762
	10,064,430	9,824,614	9,516,787	9,419,836

The information about the Group's non-current assets is based on the physical location of assets which exclude financial assets such as deposits in non-current portion and equity investments, and deferred tax assets.

Information about major customers

Revenue from sales to each major customer which amounted to 10% or more of the Group's total revenue during each of the Relevant Periods, including sales to a group of entities which are known to be under common control with that customer, is set out below:

	Year ended 31 December			Four months ended 30 April
	2023	**2024**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Travel document and related services segment:				
Customer A	397,669	302,382	233,196	N/A*
Hotel operations segment:				
Customer B	N/A*	N/A*	264,751	101,294

* Less than 10% of the Group's total revenue.

5 REVENUE

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

(a) Disaggregation of revenue

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Revenue from contracts with customers within the scope of HKFRS 15					
Types of goods or services					
– Passenger transportation income	988,709	1,053,414	1,006,799	336,953	340,112
– Hotel income	631,707	734,836	792,446	258,814	264,475
– Travel document and related income	474,250	343,928	279,580	99,627	81,185
	2,094,666	2,132,178	2,078,825	695,394	685,772
Revenue from other sources					
Gross rental income from investment properties					
– Fixed lease payments	96,467	109,762	119,011	38,872	35,109
	2,191,133	2,241,940	2,197,836	734,266	720,881

The Group's revenue by geographical area is disclosed in note 4(a) to the Historical Financial Information.

(b) Performance obligations

Please refer to note 2.4 to the Historical Financial Information for the information of the Group's performance obligations.

For sales of goods, payment is generally due when the customers take possession of and accept the products, except for products with partial fulfilment of a contract covering other goods and/or services. For hotel operations, payment is generally due when the services have been rendered. For travel document and related services, payment is generally due when the services have been rendered. For passenger transportation operations, payment is generally due when the services have been rendered, except for sales of fuel, where payment is generally due upon delivery to customers.

As at the end of each of the Relevant Periods, there was no amount of the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) under the Group's existing contracts.

(c) Timing of revenue recognition

For those revenue from contracts with customers within the scope of HKFRS 15, all the goods and services are transferred at a point in time, except for the services rendered from hotel operations which are transferred over time.

6 FINANCE COSTS, NET

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Finance income:					
Bank interest income	19,137	12,369	7,950	3,387	1,450
Interest expense:					
Lease liabilities	(1,672)	(4,117)	(2,017)	(1,556)	(1,057)
Bank and other borrowings	(29,295)	(54,167)	(36,677)	(13,925)	(8,256)
	(30,967)	(58,284)	(38,694)	(15,481)	(9,313)
Less: Interest expense capitalised into property, plant and equipment	–	6,833	–	–	–
Finance costs	(30,967)	(51,451)	(38,694)	(15,481)	(9,313)
Finance costs, net	(11,830)	(39,082)	(30,744)	(12,094)	(7,863)

* The borrowing costs had been capitalised during 31 December 2024 at a rate of 11.7% per annum.

7 OPERATING PROFIT

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

		Year ended 31 December			Four months ended 30 April	
		2023	2024	2025	2025	2026
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
(a)	Other income and gains, net					
	Foreign exchange differences, net	(2,701)	(64)	3,193	201	(1,855)
	Government grants[#]	(3,375)	–	(1,454)	(1,454)	(631)
	Loss/(gain) on disposal of property, plant and equipment, net	127	(23,610)	(939)	–	(16)
	Gain on bargain purchase of a subsidiary *(Note 33)*	(4,819)	–	–	–	–
	Other rental income, net	(12,723)	(13,009)	(13,108)	(4,230)	(4,254)
	Ferry terminal operation service income	(34,014)	(40,204)	(37,300)	(10,976)	(12,688)
	Others	(27,802)	(6,984)	(24,889)	(6,485)	(5,364)
		(85,307)	(83,871)	(74,497)	(22,944)	(24,808)
(b)	Other items:					
	Depreciation charge *(Note 13)*					
	– owned property, plant and equipment	219,484	257,079	254,989	88,956	87,159
	– right-of-use assets	37,188	42,830	45,437	13,046	14,022
		256,672	299,909	300,426	102,002	101,181
	Employee benefit expenses (including directors' remuneration)					
	– Wages and salaries	660,262	678,091	706,845	221,365	239,061
	– Retirement benefit scheme contributions	18,653	16,735	17,788	5,836	6,788
		678,915	694,826	724,633	227,201	245,849
	Provision for impairment of trade receivables, net *(Note 22)*	546	23	5,190	4,272	222
	Lease payments not included in the measurement of lease liabilities	6,312	4,258	6,636	3,247	1,295
	Direct operating expenses of investment properties	3,893	4,254	1,748	964	1,423
	Fuel cost[##]	250,733	258,966	236,410	76,309	105,851
	Cost of inventories sold	40,965	44,010	51,596	15,898	16,169
	Auditor's remuneration	2,246	3,390	3,867	1,171	1,335
	Fair value loss of investment properties *(Note 14)*	21,500	206,701	182,270	121,187	56,450
	Listing expenses	–	–	–	–	8,786

[#] The government grants received were recognised as other gain when conditions of these government grants were fulfilled. There were no unfulfilled conditions on contingencies relating to these grants as at the end of each of the Relevant Periods.

[##] The fuel cost for the Relevant Periods is included in "Cost of sales" in the combined income statements.

8 BENEFITS AND INTERESTS OF DIRECTORS

The Company was incorporated on 12 September 2025 and Mr. Tao Xiaobin was appointed as a director of the Company on the same day.

Save as the above, the Company did not have any chief executive, executive directors, non-executive directors or independent non-executive directors at any time during the Relevant Periods.

Subsequent to the end of the Relevant Periods, Mr. Tao Xiaobin was redesignated as an executive director of the Company and appointed as the chairman of the Company on 18 May 2026. Mr. Zhang Daorong was appointed as an executive director on the same day. Mr. Ha Yufeng and Mr. Tuen Chun Leung were appointed as non-executive directors of the Company on the same day. Ms. Lu Qiannan, Mr. Fok Kai Kong Kenneth, Ms. Liu Xinxin and Dr. Li Baolin were appointed as independent non-executive directors of the Company on the same day.

Mr. Tao Xiaobin, Mr. Zhang Daorong and Mr. Ha Yufeng received remuneration from China Travel HK for the services provided to China Travel HK and certain subsidiaries now comprising the Group. No remuneration was paid to them by these subsidiaries, as they were employees of China Travel HK during the Relevant Periods. The remuneration in respect of their services during each of the Relevant Periods was paid by China Travel HK.

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of each of the Relevant Periods or at any time during each of the Relevant Periods.

9 FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during each of the Relevant Periods do not include any directors of the Company.

Details of the remuneration of the five highest paid individuals for each of the Relevant Periods are as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	**2024**	**2025**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Salaries, housing allowances, other allowances and benefits in kind	4,910	5,772	5,998	1,847	1,202
Discretionary bonuses	1,570	2,171	1,037	860	1,526
Retirement benefit scheme contributions	174	566	374	49	73
	6,654	8,509	7,409	2,756	2,801

The number of non-director, non-chief executive highest paid employees whose emoluments fell within the following bands is as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
				(unaudited)	
HK$nil to HK$1,000,000	–	–	–	5	5
HK$1,000,001 to HK$1,500,000	5	1	4	–	–
HK$1,500,001 to HK$2,000,000	–	3	1	–	–
HK$2,000,001 to HK$2,500,000	–	1	–	–	–
	5	5	5	5	5

10 TAX EXPENSE

(a) Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during each of the Relevant Periods and four months ended 30 April 2025. Taxes on assessable profits elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Current – Hong Kong					
Charge for the year/period	59,106	69,000	59,230	18,623	19,936
Over-provision in prior years	(242)	(2,452)	(34)	–	–
	58,864	66,548	59,196	18,623	19,936
Current – Chinese mainland and Macao					
Charge for the year/period	4,816	11,303	11,458	4,011	2,098
Over-provision in prior years	–	–	–	–	–
	4,816	11,303	11,458	4,011	2,098
Deferred tax *(Note 31)*	24,841	31,744	8,125	14,966	(8,134)
Total tax expense for the year/period	88,521	109,595	78,779	37,600	13,900

Pillar Two income taxes

The Group is a subsidiary of China Tourism Group Corporation Limited ("**China Tourism Group**"). China Tourism Group is within the scope of the Pillar Two model rules. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. The Group will account for the additional Pillar Two income taxes as current tax when incurred. From 1 January 2025, the Group is subject to Pillar Two rules in Hong Kong under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group as at the end of each of the Relevant Periods. As such, it may not be entirely representative of future circumstances. Based on preliminary assessment, the Group should be able to benefit from the transitional Country-by-Country Reporting (CbCR) safe harbour for most of the jurisdictions in which the Group operates during each of the Relevant Periods and four months ended 30 April 2025. The Group does not expect a material exposure to Pillar Two income taxes. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

(b) A reconciliation of the tax expense of the Group applicable to profit before tax at the applicable tax rates for the jurisdictions in which the majority of the Company's subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Profit before taxation	567,806	303,681	196,261	39,305	37,033
Share of profits of associates, net	(33,916)	(46,664)	(48,137)	(17,756)	(20,893)
Share of losses/(profits) of joint ventures	3,559	2,349	(4,087)	(2,199)	(1,335)
	537,449	259,366	144,037	19,350	14,805
Tax at the applicable tax rates	90,094	41,200	24,880	2,215	344
Income not subject to tax	(19,031)	(14,016)	(10,663)	(5,504)	(3,638)
Expenses not deductible for tax purposes	11,009	42,735	39,491	22,741	9,296
Tax losses utilised from previous periods	(1,585)	(1,273)	(1,646)	(543)	(38)
Tax losses not recognised	7,053	40,990	17,952	17,455	7,536
Temporary difference not recognised	1,223	2,411	8,799	1,236	400
Over-provision in prior years, net	(242)	(2,452)	(34)	–	–
Tax expense	88,521	109,595	78,779	37,600	13,900

11 DIVIDENDS

No dividends were declared or distributed by the Company during the years ended 31 December 2023, 2024, 2025 and the four months ended 30 April 2026. During the year ended 31 December 2025, dividends of approximately HK$2,624,974,000 and HK$131,524,000 were declared by subsidiaries of the Company to their shareholders, including their then holding company, China Travel HK and non-controlling shareholders respectively. As at 30 April 2026, the dividends amounting to HK$2,756,498,000 remained unpaid.

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

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Spin-off Reorganization and the presentation of the results of the Group for each of the Relevant Periods on a combined basis as disclosed in note 2.1 to the Historical Financial Information.

13 PROPERTY, PLANT AND EQUIPMENT

	Hotel properties	Land and buildings	Construction in progress	Right-of-use assets	Motor vehicles	Other owned fixed assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2023							
At 1 January 2023							
Cost	4,396,106	1,658,968	454,041	140,967	284,370	2,091,456	9,025,908
Accumulated depreciation and impairment	(1,886,650)	(580,248)	–	(83,830)	(224,914)	(1,461,821)	(4,237,463)
Net carrying amount	2,509,456	1,078,720	454,041	57,137	59,456	629,635	4,788,445
At 1 January 2023	2,509,456	1,078,720	454,041	57,137	59,456	629,635	4,788,445
Additions	–	650	548,962	46,211	2,896	102,985	701,704
Acquisition of a subsidiary *(Note 33)*	–	–	–	–	–	590	590
Disposals and write-off	–	–	–	–	–	(919)	(919)
Depreciation	(60,528)	(31,775)	–	(37,188)	(20,915)	(106,266)	(256,672)
Transfer within property, plant and equipment	–	–	(1,931)	–	–	1,931	–
Currency translation differences	(672)	(206)	–	(269)	(278)	(1,513)	(2,938)
At 31 December 2023	2,448,256	1,047,389	1,001,072	65,891	41,159	626,443	5,230,210
At 31 December 2023:							
Cost	4,394,824	1,659,010	1,001,072	186,370	286,364	2,190,455	9,718,095
Accumulated depreciation and impairment	(1,946,568)	(611,621)	–	(120,479)	(245,205)	(1,564,012)	(4,487,885)
Net carrying amount	2,448,256	1,047,389	1,001,072	65,891	41,159	626,443	5,230,210

	Hotel properties	Land and buildings	Construction in progress	Right-of-use assets	Motor vehicles	Other owned fixed assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2024							
At 31 December 2023 and at 1 January 2024							
Cost	4,394,824	1,659,010	1,001,072	186,370	286,364	2,190,455	9,718,095
Accumulated depreciation and impairment	(1,946,568)	(611,621)	–	(120,479)	(245,205)	(1,564,012)	(4,487,885)
Net carrying amount	2,448,256	1,047,389	1,001,072	65,891	41,159	626,443	5,230,210
At 1 January 2024	2,448,256	1,047,389	1,001,072	65,891	41,159	626,443	5,230,210
Additions	–	15,307	150,807	69,474	12,523	26,824	274,935
Disposals and write-off	–	–	–	(9,390)	(2,226)	(30,464)	(42,080)
Depreciation	(70,362)	(34,074)	–	(42,830)	(14,425)	(138,218)	(299,909)
Transfer within property, plant and equipment	1,058,490	89,158	(1,147,648)	–	–	–	–
Currency translation differences	(2,709)	(2,279)	–	(83)	(572)	(714)	(6,357)
At 31 December 2024	3,433,675	1,115,501	4,231	83,062	36,459	483,871	5,156,799
At 31 December 2024:							
Cost	5,449,106	1,754,805	4,231	240,245	295,799	2,177,146	9,921,332
Accumulated depreciation and impairment	(2,015,431)	(639,304)	–	(157,183)	(259,340)	(1,693,275)	(4,764,533)
Net carrying amount	3,433,675	1,115,501	4,231	83,062	36,459	483,871	5,156,799

	Hotel properties	Land and buildings	Construction in progress	Right-of-use assets	Motor vehicles	Other owned fixed assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2025							
At 31 December 2024 and at 1 January 2025							
Cost	5,449,106	1,754,805	4,231	240,245	295,799	2,177,146	9,921,332
Accumulated depreciation and impairment	(2,015,431)	(639,304)	–	(157,183)	(259,340)	(1,693,275)	(4,764,533)
Net carrying amount	3,433,675	1,115,501	4,231	83,062	36,459	483,871	5,156,799
At 1 January 2025	3,433,675	1,115,501	4,231	83,062	36,459	483,871	5,156,799
Additions	–	105	14,878	25,082	26,187	31,016	97,268
Disposals and write-off	–	–	–	(1)	(44)	(1,175)	(1,220)
Depreciation	(79,406)	(39,293)	–	(45,437)	(15,493)	(120,797)	(300,426)
Transfer from investment properties *(Note 14)*	–	–	31,200	–	–	–	31,200
Currency translation differences	6,511	6,023	–	1,843	2,796	1,346	18,519
At 31 December 2025	3,360,780	1,082,336	50,309	64,549	49,905	394,261	5,002,140
At 31 December 2025:							
Cost	5,457,392	1,762,509	50,309	267,910	325,185	2,211,664	10,074,969
Accumulated depreciation and impairment	(2,096,612)	(680,173)	–	(203,361)	(275,280)	(1,817,403)	(5,072,829)
Net carrying amount	3,360,780	1,082,336	50,309	64,549	49,905	394,261	5,002,140

	Hotel properties	Land and buildings	Construction in progress	Right-of-use assets	Motor vehicles	Other owned fixed assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
30 April 2026							
At 31 December 2025 and at 1 January 2026							
Cost	5,457,392	1,762,509	50,309	267,910	325,185	2,211,664	10,074,969
Accumulated depreciation and impairment	(2,096,612)	(680,173)	–	(203,361)	(275,280)	(1,817,403)	(5,072,829)
Net carrying amount	3,360,780	1,082,336	50,309	64,549	49,905	394,261	5,002,140
At 1 January 2026	3,360,780	1,082,336	50,309	64,549	49,905	394,261	5,002,140
Additions	–	–	9,061	9,140	9,278	3,250	30,729
Disposals and write-off	–	–	–	–	(85)	–	(85)
Depreciation	(26,548)	(13,490)	–	(14,022)	(4,393)	(42,728)	(101,181)
Currency translation differences	1,268	986	–	24	46	684	3,008
At 30 April 2026	3,335,500	1,069,832	59,370	59,691	54,751	355,467	4,934,611
At 30 April 2026:							
Cost	5,461,650	1,765,109	59,370	270,230	335,663	2,220,414	10,112,436
Accumulated depreciation and impairment	(2,126,150)	(695,277)	–	(210,539)	(280,912)	(1,864,947)	(5,177,825)
Net carrying amount	3,335,500	1,069,832	59,370	59,691	54,751	355,467	4,934,611

Right-of-use assets and leases

The analysis of the net book value of right-of-use assets by class of underlying assets as at each reporting date is as follows:

	Notes	As at 31 December			As at 30 April
		2023	2024	2025	2026
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Properties leased for own use	*(i)*	64,858	82,625	63,846	59,123
Office equipment	*(ii)*	1,033	437	703	568
		65,891	83,062	64,549	59,691

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

	Year ended 31 December			Four months ended 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation charge of right-of-use assets by class of underlying asset:				
Properties leased for own use	35,939	42,033	44,876	13,856
Office equipment	1,249	797	561	166
	37,188	42,830	45,437	14,022
Interest on lease liabilities *(Note 6)*	1,672	4,117	2,017	1,057
Expenses relating to short-term leases	6,312	4,258	6,636	1,295

During the years ended 31 December 2023, 2024 and 2025 and the four months ended 30 April 2026, additions to right-of-use assets were HK$46,211,000, HK$69,474,000, HK$25,082,000 and HK$9,140,000, respectively. This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

(i) Properties leased for own use

The Group has obtained the right to use properties through tenancy agreements. The leases typically run for an initial period of 2 to 8 years.

(ii) Other leases

The Group leases office equipment under lease terms from 2 to 5 years. None of the leases include an option to renew the lease when all terms are renegotiated or to purchase the leased equipment at the end of the lease term at a price deemed to be a bargain purchase option. None of the leases includes variable lease payments.

(iii) Lease liabilities

Details of total cash outflow for leases, the movements of lease liabilities and the maturity analysis of lease liabilities are included in notes 24(c), 24(b) and 30 to the Historical Financial Information, respectively.

The contractual undiscounted lease payments of lease liabilities are disclosed in note 39 to the Historical Financial Information.

(iv) The Group as a lessor

The Group leases its investment properties under operating lease arrangements, details of which are included in note 14 to the Historical Financial Information. Other operating lease arrangements are included in note 35 to the Historical Financial Information.

14 INVESTMENT PROPERTIES

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At fair value				
At 1 January	2,402,961	3,312,483	3,097,458	2,918,329
Additions	31,500	6,544	17,839	7,113
Changes in fair value recognised in income statement	(21,500)	(206,701)	(182,270)	(56,450)
Acquisition of a subsidiary *(Note 33)*	911,000	–	–	–
Transfer to property, plant and equipment *(Note 13)*	–	–	(31,200)	–
Currency translation differences	(11,478)	(14,868)	16,502	20,347
At 31 December	3,312,483	3,097,458	2,918,329	2,889,339

Fair value hierarchy

The fair value of investment properties is determined by using valuation techniques. The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2023 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Hong Kong:				
– Commercial properties	–	–	2,541,000	2,541,000
Outside Hong Kong:				
– Commercial properties	–	–	771,483	771,483
	–	–	3,312,483	3,312,483

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Hong Kong:				
– Commercial properties	–	–	2,369,851	2,369,851
Outside Hong Kong:				
– Commercial properties	–	–	727,607	727,607
	–	–	3,097,458	3,097,458

	Fair value measurement as at 31 December 2025 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Hong Kong:				
– Commercial properties	–	–	2,213,860	2,213,860
Outside Hong Kong:				
– Commercial properties	–	–	704,469	704,469
	–	–	2,918,329	2,918,329

	Fair value measurement as at 30 April 2026 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Hong Kong:				
– Commercial properties	–	–	2,196,900	2,196,900
Outside Hong Kong:				
– Commercial properties	–	–	692,439	692,439
	–	–	2,889,339	2,889,339

During each of the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Hong Kong	Outside Hong Kong
	HK$'000	*HK$'000*
Carrying amount at 1 January 2023	1,619,800	783,161
Additions	31,500	–
Changes in fair value recognised in income statement	(21,300)	(200)
Acquisition of a subsidiary	911,000	–
Currency translation differences	–	(11,478)
Carrying amount at 31 December 2023 and 1 January 2024	2,541,000	771,483
Additions	6,485	59
Changes in fair value recognised in income statement	(177,634)	(29,067)
Currency translation differences	–	(14,868)
Carrying amount at 31 December 2024 and 1 January 2025	2,369,851	727,607
Additions	17,839	–
Changes in fair value recognised in income statement	(142,630)	(39,640)
Transfer to property, plant and equipment	(31,200)	–
Currency translation differences	–	16,502
Carrying amount at 31 December 2025 and 1 January 2026	2,213,860	704,469
Additions	7,113	–
Changes in fair value recognised in income statement	(24,073)	(32,377)
Currency translation differences	–	20,347
Carrying amount at 30 April 2026	2,196,900	692,439

The Group measures their investment properties at fair value. The investment properties were revalued on 31 December 2024 and 2025 and 30 April 2026 by Jones Lang LaSalle Limited and 31 December 2023 by RHL Appraisal Limited, both of which are independent professionally qualified valuers.

The Group assigns a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the audit committee of the Company's parent. Discussions of valuation processes and results are held between management, audit committee of the Company's parent and valuers at least once every six months.

At the end of each of the Relevant Periods, the team:

- Verify all major inputs of the independent valuation report;
- Assess property valuation movements by comparing the prior year valuation report; and
- Hold discussions with the independent valuers.

The fair value of investment properties are determined by direct comparison approach, on the market basis assuming sale with immediate vacant possession and taking reference to their respective existing states and comparable sales evidence.

The valuation premiums/discounts adopted by the valuers represent adjustments made to the comparable transactions to reflect differences between the subject properties and the selected comparable properties. Such adjustments primarily take into account the characteristics of the properties including location, accessibility, property size, floor level, year of completion, shape, view, timing of the transactions and other property-specific characteristics collectively.

The relatively wide range of premiums and discounts adopted during the Relevant Periods reflects the diversity of the Group's investment property portfolio, which comprises properties with different uses, locations and physical characteristics. As a result, the extent of adjustments required to align the selected comparable transactions with the subject properties varied depending on the specific attributes of each property and the availability of comparable market evidence.

In general, where a subject property possesses characteristics that are considered more favourable than those of the selected comparable properties, such as superior location, accessibility, floor level, a premium adjustment would be adopted. On the other hand, where a subject property possesses less favourable characteristics, a discount adjustment would be adopted. The magnitude of the adjustments reflects the degree of differences between the subject property and the selected comparable properties.

All such adjustments were determined by the independent property valuers based on their professional judgement, prevailing market evidence and recent transaction data available, and were adopted in accordance with the direct comparison approach. The directors of the Company consider that the premiums and discounts adopted by the independent professionally qualified property valuers are fair and reasonable and consistent with market practice.

Significant inputs used to determine fair value

The range of premium/(discount) used in the direct comparison approach is as follows:

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

	31 December 2024 Range of premium/ (discount)
Hong Kong	-40% to 50%
Outside Hong Kong	-10% to 5%

	31 December 2025 Range of premium/ (discount)
Hong Kong	-33% to 20%
Outside Hong Kong	-10% to 8%

	30 April 2026 Range of premium/ (discount)
Hong Kong	-54% to 16%
Outside Hong Kong	-20% to 2%

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 5 years. None of the leases included variable lease payments.

The undiscounted lease payments under non-cancellable operating leases receivable by the Group in future periods are as follows:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	65,906	70,881	65,470	43,069
In the first to second year	57,935	42,630	11,872	24,455
In the second to third year	6,189	9,982	9,523	9,886
In the third to fourth year	–	9,290	560	48
In the fourth to fifth years	–	755	39	40
	130,030	133,538	87,464	77,498

15 GOODWILL

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Gross carrying amount	1,292,923	1,292,923	1,292,923	1,292,923

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the following cash-generating units for impairment testing.

	As at December 31			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Travel document and related services	1,244,769	1,244,769	1,244,769	1,244,769
Passenger transportation operations	48,154	48,154	48,154	48,154
Gross carrying amount	1,292,923	1,292,923	1,292,923	1,292,923

Travel document and related services cash-generating unit ("CGU")

The recoverable amount of the travel document and related services CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering up to 2047 approved by senior management. The reason for using cash flow projections covering a period for more than 5 years is that: (i) the Group has been appointed as CTS (Holdings)'s exclusive agent to provide travel-document administration services in Hong Kong for a fixed term until 30 June 2047; (ii) the business is characterised by recurring demand arising from the renewal requirements of Mainland Travel Permits, which are generally renewed every five or ten years. Accordingly, a significant portion of the CGU's revenue is generated from recurring renewal applications, providing a relatively stable and predictable revenue base for the cash flow projections beyond 5 years; (iii) the management has adopted long-term growth rates ranging from 2%-5% in the cash flow projections which is supported by historical performance and expectations regarding future market development. The discount rates applied to the cash flow projections are 11%, 11% and 10% for the goodwill impairment tests as at the year end of 31 December 2023, 2024 and 2025, respectively.

Key assumptions were used in the value-in-use calculation of the travel document and related services CGU for each of the Relevant Periods. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Revenue growth rate – Revenue growth rate is based on past performance and management's expectations of market development.

Discount rates – The discount rate used is before tax and reflects specific risks relating to the travel document and related services CGU.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

The amount by which the travel document and related services CGU's recoverable amount exceeds its carrying amount (the "**headroom**") is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*
Travel document and related services CGU	271,365	165,595	126,666

The Group performs the sensitivity analysis based on the reasonable possible changes in the revenue growth rate or the pre-tax discount rate, with all other variables held constant. Had the estimated key assumptions during the forecast period been changed as below, the headroom would be decreased to as below:

	As at 31 December		
	2023	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*
Revenue growth rate decreases by 0.5%	225,929	47,114	51,812
Pre-tax discount rate increases by 1.0%	143,281	43,999	316

Impairment assessment as at 30 April 2026

In accordance with the Group's accounting policies, goodwill is tested for impairment on an annual basis at each year end. As at 30 April 2026, the management was not aware of any significant adverse changes on the travel document and related services CGU, which indicates that the carrying amount of the travel document and related services CGU exceeds the recoverable amount. Consequently, no interim impairment assessment as at 30 April 2026 was performed.

Passenger transportation operations CGU

The recoverable amount of the passenger transportation operations CGU was determined based on fair value less cost of disposal calculation using replacement cost and market comparison approach performed by an independent external valuer. Key assumptions used in the replacement cost approach included replacement cost new ("**RCN**"), capitalisation rate and functional and economic obsolescence. Key assumptions used in market comparison approach included recent sales transactions of comparable vessels and motor vehicles. The fair value measurement was categorised within Level 3 of the fair value hierarchy at the end of each of the Relevant Periods. There is no change in the valuation technique during each of the Relevant Periods.

The headroom of passenger transportation operations CGU is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*
Passenger transportation operations CGU	215,265	168,107	181,264

The fair value measurement is sensitive to changes in significant unobservable inputs, particularly RCN and capitalisation rate. An increase in RCN would generally result in an increase in the fair value measurement, whereas an increase in capitalisation rate would generally result in a decrease in the fair value measurement.

The Group performs the sensitivity analysis based on the reasonable possible changes in the RCN or the capitalisation rate, with all other variables held constant. Had the estimated key assumption during the forecast period been changed as below, the headroom would be decreased to as below:

	As at 31 December		
	2023	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*
RCN decreases by 5.0%	209,296	160,842	175,427
Capitalization rate increases by 1.0%	151,463	118,644	132,464

Impairment assessment as at 30 April 2026

In accordance with the Group's accounting policies, goodwill is tested for impairment on an annual basis at each year end. As at 30 April 2026, the management was not aware of any significant adverse changes on the passenger transportation operations CGU, which indicates that the carrying amount of the passenger transportation operations CGU exceeds the recoverable amount. Consequently, no interim impairment assessment as at 30 April 2026 was performed.

The Company's directors are of the opinion that a reasonably possible change in a key assumption on which management has based its determination of the two CGUs' recoverable amounts would not cause each unit's carrying amount to exceed its recoverable amount.

16 OTHER INTANGIBLE ASSETS

	Trademarks	**Passenger service licences and quota**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Cost and net book value:			
At 1 January 2023, 31 December 2023 and 1 January 2024	34,291	78,443	112,734
Additions	–	8,567	8,567
At 31 December 2024, 31 December 2025 and 30 April 2026	34,291	87,010	121,301

These intangible assets have no specific maturity date pursuant to the terms and conditions. They are tested for impairment annually and whenever there is an indication that they may be impaired. The Company's directors are of the opinion that no impairment loss was incurred with reference to market values of each of the passenger service licenses and quota. In view of the cash flow projection, no provision for impairment losses of trademarks is considered necessary after reviewing the impairment assessment.

The recoverable amounts for trademarks have been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rates applied to the cash flow projections are 11%, 11% and 10% as at the year end of 31 December 2023, 2024 and 2025, respectively. Cash flows beyond the five-year period were extrapolated using growth rates of 3.0%, 3.1% and 3.8% as at the year end of 31 December 2023, 2024 and 2025, respectively.

Key assumptions were used in the value-in-use calculation of trademarks for each of the Relevant Periods. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the trademarks.

Revenue growth rate – Revenue growth rate is based on past performance and management's expectations of market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the hotel operations CGU.

The headroom of trademarks is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*
Trademarks	738,229	700,664	783,213

The Group performs the sensitivity analysis based on the reasonable possible changes in the revenue growth rate or the pre-tax discount rate, with all other variables held constant. Had the estimated key assumption during the forecast period been changed as below, the headroom would be decreased to as below:

	As at 31 December		
	2023	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*
Revenue growth rate decreases by 0.5%	647,331	613,227	677,505
Pre-tax discount rate increases by 1.0%	655,505	621,076	686,044

Impairment assessment as at 30 April 2026

In accordance with the Group's accounting policies, trademarks are tested for impairment on an annual basis at each year end. As at 30 April 2026, the management was not aware of any significant adverse changes on trademarks, which indicates that the carrying amount of trademarks exceeds the recoverable amount. Consequently, no interim impairment assessment as at 30 April 2026 was performed.

The recoverable amount of the passenger service licenses and quota was determined based on fair value less costs of disposal with reference to market values. The fair value measurement was categorised within Level 3 of the fair value hierarchy at the end of each of the Relevant Periods. There is no change in the valuation technique during each of the Relevant Periods.

As at the year end of 31 December 2023, 2024 and 2025, it was estimated that with all other variables held constant, a decrease in market price by 4% would have decreased the recoverable amount by HK$8,768,000, HK$5,472,000 and HK$3,648,000, respectively.

The Company's directors are of opinion that a reasonably possible change in a key assumption on which management has based its determination of the recoverable amounts would not cause the carrying amount of the intangible assets with indefinite useful lives to exceed its recoverable amount.

17 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Particulars of the Company's principal subsidiaries are set out in note 1 to the Historical Financial Information.

Subsidiaries with material non-controlling interests

The total non-controlling interests as at 31 December 2023, 2024 and 2025 and 30 April 2026 are HK$747,705,000, HK$734,298,000, HK$587,229,000 and HK$576,558,000, respectively, of which HK$440,838,000, HK$437,107,000, HK$427,826,000 and HK$430,370,000 are attributable to Shun Tak – China Travel Shipping Investments Limited and its subsidiaries ("**Shun Tak – China Travel Group**"), and HK$306,867,000, HK$297,191,000, HK$159,403,000 and HK$146,188,000 are attributed to China Travel Service Property Investment Hong Kong Limited and its subsidiaries ("**CTSPI Group**"), respectively. The non-controlling interests in respect of other subsidiaries are not material individually.

	As at 31 December			As at 30 April
	2023	2024	2025	2026
The percentage of equity interest held by non-controlling interests of these two subsidiaries are:				
Shun Tak – China Travel Group	50%	50%	50%	50%
CTSPI Group	9.71%	9.71%	9.71%	9.71%

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information of each of these two subsidiaries that have material non-controlling interests.

Summarised statement of financial position

	Shun Tak – China Travel Group				CTSPI Group			
	As at 31 December			As at 30 April	As at 31 December			As at 30 April
	2023	2024	2025	2026	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	1,305,656	1,206,727	1,130,653	1,119,268	3,160,222	3,617,132	2,806,767	2,774,347
Current assets	377,521	316,551	292,330	298,933	67,623	127,172	377,582	394,261
Non-current liabilities	(227,575)	(234,092)	(198,750)	(233,574)	(15,695)	(517,650)	(471,587)	(481,125)
Current liabilities	(461,592)	(326,556)	(325,515)	(323,906)	(51,831)	(165,974)	(1,071,135)	(1,058,650)
Net assets	994,010	962,630	898,718	860,721	3,160,319	3,060,680	1,641,627	1,628,833

Summarised income statement

	Shun Tak – China Travel Group				CTSPI Group			
	Year ended 31 December			Four months ended 30 April	Year ended 31 December			Four months ended 30 April
	2023	2024	2025	2026	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	679,581	651,928	542,320	180,888	31,732	141,269	180,458	59,970
Profit/(loss) after taxation	43,364	(3,192)	(38,182)	(37,997)	29,383	(135,638)	(40,701)	(12,794)
Total comprehensive income/(loss)	43,364	(3,192)	(38,182)	(37,997)	29,383	(135,638)	(40,701)	(12,794)
Total comprehensive income/(loss) attributable to non-controlling interests	21,682	(1,596)	(19,091)	(18,999)	2,853	(13,170)	(3,952)	(1,242)

Summarised cash flows

	Shun Tak – China Travel Group				CTSPI Group			
	Year ended 31 December			Four months ended 30 April	Year ended 31 December			Four months ended 30 April
	2023	2024	2025	2026	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net cash flows generated from operating activities	122,405	186,720	60,968	17,263	9,285	116,692	97,356	22,392
Net cash flows from/(used in) investing activities	(6,311)	24,517	(7,227)	9,101	(481,864)	(131,275)	(14,080)	(8,745)
Net cash flows from/(used in) financing activities	(53,691)	(179,063)	(65,888)	(26,462)	282,237	(2,222)	(78,944)	(4,073)
Net increase/(decrease) in cash and cash equivalents	62,403	32,174	(12,147)	(98)	(190,342)	(16,805)	4,332	9,574
Cash and cash equivalents at end of year/period	193,088	225,262	213,115	213,017	49,126	32,321	36,653	46,227

The financial information presented above reflects amounts before any inter-company elimination.

During the year ended 31 December 2025, the Group paid a dividend of approximately HK$191,000 and HK$131,333,000 to the non-controlling shareholders of Shun Tak-China Travel Group and CTSPI Group, respectively.

18 INVESTMENTS IN ASSOCIATES

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of net assets	90,670	133,072	154,946	153,179

(a) Particulars of the principal associates, all of which are held indirectly through subsidiaries, are as follows:

	Amounts of issued share capital	Place of incorporation/ operations	Percentage of equity and profit sharing attributable to the Group				Principal activities
			Year ended 31 December 2023	*Year ended 31 December 2024*	*Year ended 31 December 2025*	*Four months ended 30 April 2026*	
All China Express Limited	HK$10,000	Hong Kong	32.37	32.37	32.37	32.37	Passenger transportation
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	HK$1,000,000	Hong Kong	40	40	40	40	Passenger transportation
Celelight Company Limited	HK$10,000	Hong Kong	33.34	33.34	33.34	33.34	Trading of fuel oil
China Ferry Terminal Services Limited	HK$741,163	Hong Kong	24.87	24.87	24.87	24.87	Provision of baggage handling services at the China Ferry Terminal
Hong Kong & Macao International Airport Transportation Service (HK) Co. Limited	HK$5,000,000	Hong Kong	25	21.56	21.56	21.56	Investment holding

	Amounts of issued share capital	Place of incorporation/ operations	Percentage of equity and profit sharing attributable to the Group				Principal activities
			Year ended 31 December 2023	*Year ended 31 December 2024*	*Year ended 31 December 2025*	*Four months ended 30 April 2026*	
Hong Kong & Macao International Airport Transportation Service Co. Ltd.	HK$100	Hong Kong	25	16.34*	16.34*	16.34*	Provision of cross boundary bus service between Macao Boundary Crossing Facilities and Hong Kong International Airport via Hong Kong–Zhuhai-Macao Bridge
China International Travel Service (Macao) Ltd.	HK$5,000,000	Macao	39	39	39	39	Travel agency and travel relating services
Hong Kong International Tourist Bus Company Limited (*Note*)	HK$10,450,000	Hong Kong	–	36	38.56	38.56	Passenger transportation

* The Group had significant influence over Hong Kong & Macao International Airport Transportation Service Co. Ltd. through a representative in the board of directors of this associate.

The above table lists the associates of the Group which, in the opinion of the Company's directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the Company's directors, result in particulars of excessive length.

Note: On 31 December 2024, China Travel HK signed a cooperation agreement with China International Travel Service (Hong Kong) Holding Ltd., a fellow subsidiary to purchase 36% equity interest in Hong Kong International Tourist Bus Company Limited with a cash consideration of HK$3,704,000. On 24 September 2025, the Company entered into a capital injection agreement with Hong Kong International Tourist Bus Company Limited and its shareholders, acquiring additional 2.56% equity interest in Hong Kong International Tourist Bus Company Limited through a capital contribution of HK$4,138,000.

All of the above associates are accounted for using the equity method in the combined financial statements.

Summarised financial information of a material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the combined financial statements, is disclosed below:

	Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited			
	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Gross amount of the associate				
Current assets	220,828	345,450	443,418	505,438
Non-current assets	17,512	34,786	49,045	61,313
Current liabilities	(109,817)	(180,170)	(255,058)	(277,132)
Non-current liabilities	(3,794)	(2,040)	(1,379)	(15,725)
Net assets	124,729	198,026	236,026	273,894
Reconciliation to the Group's interest in the material associate:				
Gross amount of net assets of the associate	124,729	198,026	236,026	273,894
Percentage of equity and profit sharing attributable to the Group	40%	40%	40%	40%
Group's share of net assets of the associate	49,892	79,210	94,410	109,558
Carrying amount of the investment	49,892	79,210	94,410	109,558

	Year ended 31 December			Four months ended 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	375,843	425,600	447,549	158,711
Profit after taxation	85,583	111,298	114,000	50,049
Total comprehensive income	85,583	111,298	114,000	50,049
Dividends received from an associate	–	15,200	30,400	22,660

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of the associates' profits/(losses), net and total comprehensive income/(loss) for the year/period	(317)	2,145	2,537	873
Aggregate carrying amount of the Group's investments in associates	40,778	53,862	60,536	43,621

19 INVESTMENTS IN JOINT VENTURES

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of net assets	25,410	23,061	27,148	28,483

(a) Details of the Group's joint ventures, which are accounted for using the equity method in the combined financial statements, are as follows:

Name of joint venture	Amounts of issued share capital	Place of incorporation/ operations	Percentage of equity and profit sharing attributable to the Group				Principal activity
			Year ended 31 December 2023	*Year ended 31 December 2024*	*Year ended 31 December 2025*	*Four months ended 30 April 2026*	
Hong Kong International Airport Ferry Terminal Services Limited	HK$10,000	Hong Kong	40	40	40	40	Provision of handling services of passengers
Shun Tak & CITS Coach (Macao) Limited	HK$9,708,738	Macao	36	36	36	36	Provision of coach service and coach rental services

(b) In the opinion of the Company's directors, all of the Group's joint ventures are not individually material to the Group.

20 EQUITY INVESTMENTS

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted equity securities, at fair value				
Macau Airport Express Co., Ltd.	372	911	2,427	2,767
Metro Express Co., Ltd.	531	585	718	709
	903	1,496	3,145	3,476

The unlisted equity investments represent shares in companies engaging in the passenger transportation operations. The Group designated these investments at fair value through other comprehensive income (non-recycling) as the investments are held for strategic purposes. No dividends were received on these investments during each of the Relevant Periods. There was no disposal of unlisted equity investments during each of the Relevant Periods.

21 INVENTORIES

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Food and beverages	17,760	5,681	4,106	4,193
Fuel	3,923	2,273	2,129	6,769
Spare parts and consumables	111,283	121,174	112,083	111,060
General merchandise	531	425	527	304
	133,497	129,553	118,845	122,326

22 TRADE RECEIVABLES

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	107,541	104,545	136,946	102,018
Less: Loss allowance	(2,412)	(1,897)	(7,209)	(7,435)
	105,129	102,648	129,737	94,583

Ageing analysis

As of the end of each Relevant Periods, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 3 months	40,919	74,349	94,557	58,112
Over 3 months to 6 months	34,016	15,436	18,996	19,893
Over 6 months to 12 months	28,347	12,863	15,997	16,577
Over 1 year to 2 years	1,716	–	187	1
Over 2 years	131	–	–	–
	105,129	102,648	129,737	94,583

Trade receivables are due within 30 to 90 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 39 to the Historical Financial Information.

The movements in the loss allowance account in respect of trade receivables are as follows:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January	1,949	2,412	1,897	7,209
Impairment losses recognised, net	546	23	5,190	222
Currency translation differences	(83)	(538)	122	4
Balance at end of the year	2,412	1,897	7,209	7,435

The provision for impairment loss on trade receivables has been included in administrative expenses in the combined income statements.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

	Within 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Over 1 year to 2 years	Over 2 years	Total
Expected credit loss rate	1.16%	0.00%	0.00%	36.51%	87.83%	2.24%
Gross carrying amount *(HK$'000)*	41,399	34,016	28,347	2,703	1,076	107,541
Expected credit losses *(HK$'000)*	480	–	–	987	945	2,412

As at 31 December 2024

	Within 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Over 1 year to 2 years	Over 2 years	Total
Expected credit loss rate	0.02%	0.00%	0.00%	0.00%	100.00%	1.81%
Gross carrying amount *(HK$'000)*	74,366	15,436	12,863	–	1,880	104,545
Expected credit losses *(HK$'000)*	17	–	–	–	1,880	1,897

As at 31 December 2025

	Within 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Over 1 year to 2 years	Over 2 years	Total
Expected credit loss rate	5.24%	5.39%	5.33%	0.00%	0.00%	5.26%
Gross carrying amount *(HK$'000)*	99,783	20,078	16,898	187	–	136,946
Expected credit losses *(HK$'000)*	5,226	1,082	901	–	–	7,209

As at 30 April 2026

	Within 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Over 1 year to 2 years	Over 2 years	Total
Expected credit loss rate	5.44%	10.08%	10.09%	0.00%	0.00%	7.29%
Gross carrying amount *(HK$'000)*	61,457	22,123	18,437	1	–	102,018
Expected credit losses *(HK$'000)*	3,345	2,230	1,860	–	–	7,435

23 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	As at 31 December			As at 30 April
		2023	2024	2025	2026
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits, prepayments and other receivables		161,889	128,765	153,458	161,605
Amounts due from associates	*(a)*	14,040	17,558	11,462	14,061
		175,929	146,323	164,920	175,666
Less: Non-current portion of deposits		(1,556)	(1,351)	(1,998)	(1,610)
		174,373	144,972	162,922	174,056

Except for the amounts due from associates, none of the financial assets included above are past due. Management has monitored the above balances and concluded that the risk of recoverability is minimal.

The carrying amounts of the Group's deposits and other receivables approximate to their fair values.

The fair values of the non-current portion of deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the directors of the Company, the carrying amounts of non-current portion of deposits are not significantly different from their fair values.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of assets mentioned above.

Note:

(a) The balances represent receivables from associates regarding the provision of passenger transportation services which are of trade nature and unsecured, interest-free and recoverable on demand.

As of the end of each Relevant Periods, the ageing analysis based on invoice dates of the amounts due from associates is as follows:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 3 months	11,173	13,930	5,343	7,315
Over 3 months to 6 months	95	250	–	1,683
Over 6 months to 12 months	–	1,047	4,618	–
Over 1 year to 2 years	60	240	–	3,562
Over 2 years	2,712	2,091	1,501	1,501
	14,040	17,558	11,462	14,061

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Based on the evaluation on the provision rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of ECLs in respect of these trade balances due from associates, deposits and other receivables is considered immaterial.

24 CASH AND BANK BALANCES AND PLEDGED AND RESTRICTED DEPOSITS

(a) Cash and bank balances comprise:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	272,902	296,312	326,868	295,942
Time deposits	269,272	213,077	141,555	211,314
	542,174	509,389	468,423	507,256
Less: Pledged and restricted bank deposits	(830)	(516)	(533)	(630)
Cash and bank balances in the statements of financial position	541,344	508,873	467,890	506,626
Less: Deposits with maturity of more than three months	–	(589)	(589)	(589)
Cash and cash equivalents in the statements of cash flows	541,344	508,284	467,301	506,037

The Group has pledged bank deposits to banks to secure certain bank guarantees given in lieu of utility and rental deposits.

At the end of each of the Relevant Periods, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to HK$47,729,000, HK$47,077,000, HK$54,170,000 and HK$71,352,000, respectively. The RMB is not freely convertible into other currencies. However, under "Chinese mainland's Foreign Exchange Control Regulations" and "Administration of Settlement, Sale and Payment of Foreign Exchange Provisions", the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are placed for periods ranging from one day to one year, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

(b) 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 statement of cash flow as cash flows from financing activities.

	Bank and other borrowings	Loans from a holding company	Amounts due to a holding company	Lease liabilities	Interest payable	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2023	533,882	388,751	1,664,768	38,882	–	2,626,283
Changes from financing cash flows:						
New loans	17,500	–	–	–	–	17,500
Repayments of loans	(40,000)	–	–	–	–	(40,000)
New loans from a holding company	–	310,000	–	–	–	310,000
Advances from a holding company	–	–	298,364	–	–	298,364
Capital element of lease rentals paid	–	–	–	(26,667)	–	(26,667)
Interest element of lease rentals paid	–	–	–	(1,672)	–	(1,672)
Finance cost paid	–	–	–	–	(29,295)	(29,295)
Total changes from financing cash flows	(22,500)	310,000	298,364	(28,339)	(29,295)	528,230
Other changes:						
Finance costs *(Note 6)*	–	–	–	1,672	29,295	30,967
Increase in lease liabilities from entering into new lease during the year	–	–	–	46,211	–	46,211
Currency translation differences	–	–	–	(444)	–	(444)
At 31 December 2023 and 1 January 2024	511,382	698,751	1,963,132	57,982	–	3,231,247
Changes from financing cash flows:						
New loans	45,000	–	–	–	–	45,000
Repayments of loans	(172,500)	–	–	–	–	(172,500)
Advances from a holding company	–	–	267,803	–	–	267,803
Repayment to a holding company	–	–	(603,178)	–	–	(603,178)
Capital element of lease rentals paid	–	–	–	(37,170)	–	(37,170)
Interest element of lease rentals paid	–	–	–	(4,117)	–	(4,117)
Finance cost paid	–	–	–	–	(54,167)	(54,167)
Total changes from financing cash flows	(127,500)	–	(335,375)	(41,287)	(54,167)	(558,329)
Other changes:						
Finance costs *(Note 6)*	–	–	–	4,117	54,167	58,284
Increase in lease liabilities from entering into new lease during the year	–	–	–	69,474	–	69,474
Currency translation differences	–	–	–	(13)	–	(13)
At 31 December 2024	383,882	698,751	1,627,757	90,273	–	2,800,663

	Bank and other borrowings	Loans from a holding company	Amounts due to a holding company	Lease liabilities	Interest payable	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2024 and 1 January 2025	383,882	698,751	1,627,757	90,273	–	2,800,663
Changes from financing cash flows:						
New loans	30,000	–	–	–	–	30,000
Repayments of loans	(50,000)	–	–	–	–	(50,000)
Repayments of loans from a holding company	–	(48,000)	–	–	–	(48,000)
Repayment to a holding company	–	–	(421,646)	–	–	(421,646)
Capital element of lease rentals paid	–	–	–	(43,778)	–	(43,778)
Interest element of lease rentals paid	–	–	–	(2,017)	–	(2,017)
Finance cost paid	–	–	–	–	(36,677)	(36,677)
Total changes from financing cash flows	(20,000)	(48,000)	(421,646)	(45,795)	(36,677)	(572,118)
Other changes:						
Finance costs *(Note 6)*	–	–	–	2,017	36,677	38,694
Dividends declared *(note 11)*	–	–	2,624,974	–	–	2,624,974
Increase in lease liabilities from entering into new lease during the year	–	–	–	25,082	–	25,082
Currency translation differences	–	–	–	1,584	–	1,584
At 31 December 2025	363,882	650,751	3,831,085	73,161	–	4,918,879
At 31 December 2024 and 1 January 2025	383,882	698,751	1,627,757	90,273	–	2,800,663
Changes from financing cash flows (unaudited):						
New loans	150,000	–	–	–	–	150,000
Repayments of loans	(200,000)	–	–	–	–	(200,000)
Repayments of loans from a holding company	–	(48,000)	–	–	–	(48,000)
Repayment to a holding company	–	–	(8,932)	–	–	(8,932)
Capital element of lease rentals paid	–	–	–	(13,955)	–	(13,955)
Interest element of lease rentals paid	–	–	–	(1,556)	–	(1,556)
Finance cost paid	–	–	–	–	(13,925)	(13,925)
Total changes from financing cash flows	(50,000)	(48,000)	(8,932)	(15,511)	(13,925)	(136,368)
Other changes:						
Finance costs *(Note 6)*	–	–	–	1,556	13,925	15,481
Increase in lease liabilities from entering into new lease during the year	–	–	–	10,304	–	10,304
Currency translation differences	–	–	–	9	–	9
At 30 April 2025 (unaudited)	333,882	650,751	1,618,825	86,631	–	2,690,089

	Bank and other borrowings	Loans from a holding company	Amounts due to a holding company	Lease liabilities	Interest payable	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2025 and 1 January 2026	363,882	650,751	3,831,085	73,161	–	4,918,879
Changes from financing cash flows:						
New loans	160,000	–	–	–	–	160,000
Repayments of loans	(180,000)	–	–	–	–	(180,000)
Repayment to a holding company	–	–	(139,118)	–	–	(139,118)
Capital element of lease rentals paid	–	–	–	(15,433)	–	(15,433)
Interest element of lease rentals paid	–	–	–	(1,057)	–	(1,057)
Finance cost paid	–	–	–	–	(8,256)	(8,256)
Total changes from financing cash flows	(20,000)	–	(139,118)	(16,490)	(8,256)	(183,864)
Other changes:						
Finance costs *(Note 6)*	–	–	–	1,057	8,256	9,313
Increase in lease liabilities from entering into new lease during the year	–	–	–	9,140	–	9,140
Currency translation differences	–	–	–	16	–	16
At 30 April 2026	343,882	650,751	3,691,967	66,884	–	4,753,484

(c) Total cash outflow for leases

Amounts included in the statements of cash flows for leases for the Group as a lessee comprise the following:

	Year ended 31 December			Four months ended 30 April	
	2023	**2024**	**2025**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within operating cash flows	6,312	4,258	6,636	3,247	1,295
Within financing cash flows	28,339	41,287	45,795	15,511	16,490
	34,651	45,545	52,431	18,758	17,785

25 BALANCES WITH HOLDING COMPANIES AND FELLOW SUBSIDIARIES

(a) Amounts due from holding companies and fellow subsidiaries

	As at 31 December			As at 30 April
	2023	**2024**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due from holding companies				
trade nature	26,821	20,076	14,982	21,476
Amounts due from fellow subsidiaries				
trade nature	31,134	22,646	23,231	24,738
non-trade nature	16,787	38,521	41,083	49,602
	47,921	61,167	64,314	74,340

Except for the below balances, the remaining balances with holding companies and fellow subsidiaries of the Company mainly represent receivables which are of non-trade nature and unsecured, interest-free and repayable on demand.

The directors of the Company expect that all non-trade balances due from holding companies and fellow subsidiaries as of 30 April 2026 will be settled before or upon the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), primarily using the Group's internal resources and cash generated from operating activities, or through potential waiver arrangements with holding companies and fellow subsidiaries, subject to final agreement.

At the end of each of the Relevant Periods, amounts of HK$26.8 million, HK$20.1 million, HK$15.0 million and HK$21.5 million, which are amounts due from holding companies regarding the provision of services related to travel document and related operations are due within 30 to 90 days from the invoice date.

At the end of each of the Relevant Periods, amounts of HK$31.1 million, HK$22.6 million, HK$23.2 million and HK$24.7 million, which are amounts due from fellow subsidiaries regarding the provision of hotel services and passenger transportation services, are due within 30 to 90 days from the invoice date.

The ageing analysis based on invoice dates of the balances of trade nature with holding companies and fellow subsidiaries is as follows:

	As at 31 December			As at 30 April
	2023	**2024**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due from holding companies				
Within 3 months	26,821	20,076	14,982	21,476
Amounts due from fellow subsidiaries				
Within 3 months	12,124	5,505	8,432	9,009
Over 3 months to 6 months	2,281	401	1,530	2,160
Over 6 months to 12 months	6,037	1,309	634	312
Over 1 year to 2 years	5,799	5,633	591	753
Over 2 years	4,893	9,798	12,044	12,504
Total	31,134	22,646	23,231	24,738

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Based on the evaluation on the provision rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of ECLs in respect of the trade balances is considered immaterial. At the end of each of the Relevant Periods, the loss allowance for the non-trade balances with fellow subsidiaries was assessed to be minimal.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

(b) Amounts due to holding companies and fellow subsidiaries

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due to holding companies				
trade nature	5,935	1,970	1,200	419
non-trade nature	1,963,132	1,627,757	3,831,085	3,691,967
	1,969,067	1,629,727	3,832,285	3,692,386
Amounts due to fellow subsidiaries				
trade nature	1,669	5,358	1,658	8,285
non-trade nature	24,995	20,228	24,719	22,192
	26,664	25,586	26,377	30,477

Except for the below balances, the remaining balances with a holding company and fellow subsidiaries of the Company mainly represent payables which are of non-trade nature and unsecured, interest-free and repayable on demand. As at 31 December 2025 and 30 April 2026, included in the balance of amounts due to holding companies were a dividend payable of HK$2,625.0 million, details of which are set out in note 11 to the Historical Financial Information.

Except for those that had been derecognised and capitalised under the Debt Assignment and capitalisation arrangements for the Spin-off Reorganization (note 2.2), the directors of the Company expect that all non-trade balances due to an intermediate holding company and fellow subsidiaries as of 30 April 2026 will be settled before or upon the listing of the Company's shares on the Stock Exchange, primarily using the Group's internal resources and cash generated from operating activities, or through potential waiver arrangements with an intermediate holding company and fellow subsidiaries, subject to final agreement.

At the end of each of the Relevant Periods, amounts of HK$5.9 million, HK$2.0 million, HK$1.2 million and HK$0.4 million, which are amounts due to an intermediate holding company regarding the provision of travel permit administration services, hotel and passenger transportation services, are repayable within 30 to 90 days.

At the end of each of the Relevant Periods, amounts of HK$1.7 million, HK$5.4 million, HK$1.7 million and HK$8.3 million, which are amounts due to fellow subsidiaries regarding the provision of hotel and passenger transportation services, are repayable within 30 to 90 days.

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due to a holding company				
Within 3 months	5,935	1,970	1,200	105
Over 3 months to 6 months	–	–	–	314
	5,935	1,970	1,200	419
Amounts due to fellow subsidiaries				
Within 3 months	156	3,822	52	3,580
Over 3 months to 6 months	728	–	53	3,125
Over 6 months to 12 months	39	–	17	44
Over 1 year to 2 years	–	790	790	–
Over 2 years	746	746	746	1,536
Total	1,669	5,358	1,658	8,285

(c) Loans from a holding company

On 16 July 2020, China Travel HK, as a lender, entered into a shareholder loan agreement with Shun Tak-China Travel, a non-wholly owned subsidiary of the Company, as a borrower, with an amount of HK$73.9 million of shareholders' loan which has not been settled up to 30 April 2026. The balance is unsecured, interest-free and has no fixed term of repayment until shorter of the following (i) from 1 July 2022 to 30 June 2023; (ii) from 1 July 2022 to full resumption of normal travel of all ports related to cross-border passenger transport by vehicle and ship. After the above period, the balance is unsecured, interest-bearing at the Hong Kong Interbank Offered Rate ("**HIBOR**") plus 2.0% per annum and has no fixed term of repayment. The shareholders' loan is not repayable for the coming 12 months after 30 April 2026 as confirmed by China Travel HK. Shun Tak-China Travel applied a 50% deduction of interest rate during the Relevant Periods.

On 5 October 2020, China Travel HK, as a lender, entered into a shareholder loan agreement with Shun Tak-China Travel, as a borrower, with an amount of HK$60 million of shareholders' loan which has not been settled up to 30 April 2026. The balance is unsecured, interest-free and has no fixed term of repayment until shorter of the following (i) from 1 July 2022 to 30 June 2023 (ii) from 1 July 2022 to full resumption of normal travel of all ports related to cross-border passenger transport by vehicle and ship. After the above period, the balance is unsecured, interest-bearing at the HIBOR plus 2.0% per annum and has no fixed term of repayment. The shareholders' loan is not repayable for the coming 12 months after 30 April 2026 as confirmed by China Travel HK. Shun Tak-China Travel applied a 50% deduction of interest rate during the Relevant Periods.

On 15 December 2022, China Travel HK, as a lender, entered into a shareholder loan agreement with Shun Tak-China Travel, as a borrower, with an amount of HK$17 million of shareholders' loan which has not been settled up to 30 April 2026. The balance is unsecured, interest-bearing at the HIBOR plus 2.0% per annum and has no fixed term of repayment. The shareholders' loan is not repayable for the coming 12 months after 30 April 2026 as confirmed by China Travel HK. Shun Tak-China Travel applied a 50% deduction of interest rate during the Relevant Periods.

On 15 December 2022, China Travel HK, as a lender, entered into a shareholder loan agreement with Shun Tak-China Travel, as a borrower, with an amount of HK$33 million of shareholders' loan which has not been settled up to 30 April 2026. The balance is unsecured, interest rate at 2.8% per annum and repayable on 15 December 2025 and extended to 15 December 2026 during the year ended 31 December 2025.

On 9 October 2022, China Travel HK, as a lender, entered into a shareholder loan agreement with CTSPI, a non-wholly owned subsidiary of the Company, as a borrower, with an amount of HK$204.9 million which has not been settled up to 30 April 2026. The balance is unsecured, interest-bearing at 3.75% per annum and has no fixed term of repayment. The related interest expense for the year ended 31 December 2023 was waived by China Travel HK.

On 4 May 2023, China Travel HK, as a lender, entered into a shareholder loan agreement with CTSPI, as a borrower, with an amount of HK$310 million which is unsecured, interest-bearing at HIBOR plus 1.0% per annum and repayable in 2026. The balance was partly settled in the year ended 31 December 2025 with outstanding balance of HK$262 million at that date and on 30 April 2026. The related interest expense for the year ended 31 December 2023 was waived by China Travel HK.

26 TRADE PAYABLES

The ageing analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 3 months	61,188	42,125	55,935	48,327
Over 3 months to 6 months	906	2,302	1,531	9,248
Over 6 months to 12 months	2,028	1,097	1,154	2,168
Over 1 year to 2 years	378	750	419	513
Over 2 years	16,840	12,597	12,608	12,982
	81,340	58,871	71,647	73,238

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

27 OTHER PAYABLES AND ACCRUALS

	Note	As at 31 December			As at 30 April
		2023	2024	2025	2026
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Construction in progress payables		40,744	145	21,632	21,451
Accrued employee benefits		114,291	104,063	101,255	89,136
Contract liabilities	*(a)*	13,319	15,608	21,788	20,832
Amounts due to non-controlling shareholders	*(b)*	34,001	31,580	168,347	161,098
Other payables and accruals		305,163	340,237	348,335	428,854
		507,518	491,633	661,357	721,371

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

(a) Contract liabilities

	1 January 2023	31 December 2023	31 December 2024	31 December 2025	30 April 2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Contract liabilities					
Service contracts					
– Billings in advance of performance	20,767	13,319	15,608	21,788	20,832

Typical payment terms which impact on the amounts of contract liabilities recognised are as follows:

Service contracts

The Group receives deposits from customers when they purchase the transportation tickets and hotel services. For the contract liabilities as at 1 January 2023, 31 December 2023, 2024 and 2025, all of the balances were recognised as revenue during the year ended 31 December 2023, 2024 and 2025, and the four months ended 30 April 2026, respectively.

(b) Amounts due to non-controlling interests are non-trade in nature, unsecured, non-interest-bearing and have no fixed terms of repayment. As at 31 December 2025 and 30 April 2026, included in the balance were a dividend payable of HK$132 million, details of which are set out in note 11 to the Historical Financial Information.

28 DEFERRED INCOME

Deferred income primarily represents government grant income.

29 BANK AND OTHER BORROWINGS

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025			As at 30 April 2026		
	Contractual interest rate per annum	Maturity	HK$'000	Contractual interest rate per annum	Maturity	HK$'000	Contractual interest rate per annum	Maturity	HK$'000	Contractual interest rate per annum	Maturity	HK$'000
Current												
Bank loan – unsecured	HIBOR+1.1%	2024	327,500	HIBOR+1%	2025	200,000	HIBOR+0.9%	2026	180,000	HIBOR+0.7%	2027	160,000
Other loan – unsecured	N/A	N/A	–	2.8%	2025	33,000	2.8%	2026	33,000	2.8%	2026	33,000
			327,500			233,000			213,000			193,000
Non-current												
Other loan – unsecured	HIBOR+2%	N/A	183,882	HIBOR+2%	N/A	150,882	HIBOR+2%	N/A	150,882	HIBOR+2%	N/A	150,882
Bank and other borrowings			511,382			383,882			363,882			343,882

The bank and other borrowings are all denominated in Hong Kong dollars.

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans repayable:				
Within 1 year	327,500	200,000	180,000	160,000
Other borrowings from a non-controlling shareholder repayable:				
Within 1 year	–	33,000	33,000	33,000
Between 1 and 2 years	33,000	–	–	–
More than 5 years	150,882	150,882	150,882	150,882
	511,382	383,882	363,882	343,882

Other borrowings included loans from a non-controlling shareholder advanced to Shun Tak-China Travel, a non-wholly owned subsidiary amounting to HK$150,882,000. Pursuant to the loan agreements, the non-controlling shareholder shall not demand immediate repayment of the balances without the prior written consent of the borrower. The non-controlling shareholder has confirmed that the amounts will not be repayable within five years after 30 April 2026. The repayment terms are subject to agreement between the Group and the shareholder from time to time. Accordingly, the balances have been classified as non-current liabilities and are measured at their nominal values.

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

The Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 39 to the Historical Financial Information. At the end of each of the Relevant Periods, none of the covenants relating to drawn down facilities had been breached.

30 LEASE LIABILITIES

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	24,501	35,546	35,811	36,069
After 1 year but within 2 years	18,902	36,074	25,222	19,552
After 2 years but within 3 years	3,502	9,846	8,017	8,055
After 3 years but within 4 years	9,929	7,575	3,477	1,988
After 4 years but within 5 years	1,148	1,232	634	1,220
	57,982	90,273	73,161	66,884
Analysed into:				
Current portion	24,501	35,546	35,811	36,069
Non-current portion	33,481	54,727	37,350	30,815
	57,982	90,273	73,161	66,884

31 DEFERRED TAX

The movements in deferred tax liabilities and assets during the year, without taking into consideration of the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation	Surplus on revaluation of properties	Fair value adjustments arising from acquisition of subsidiaries	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2023	64,721	127,364	229,673	421,758
Deferred tax charged/(credited) to the income statement	6,108	(24)	(5,159)	925
Acquisition of a subsidiary *(Note 33)*	–	–	10,098	10,098
Currency translation differences	–	(1,161)	–	(1,161)
At 31 December 2023	70,829	126,179	234,612	431,620
At 1 January 2024	70,829	126,179	234,612	431,620
Deferred tax charged/(credited) to the income statement	10,202	(6,375)	(16,571)	(12,744)
Currency translation differences	–	(1,721)	–	(1,721)
At 31 December 2024	81,031	118,083	218,041	417,155
At 1 January 2025	81,031	118,083	218,041	417,155
Deferred tax charged/(credited) to the income statement	10,552	(9,393)	(8,490)	(7,331)
Currency translation differences	–	2,658	–	2,658
At 31 December 2025	91,583	111,348	209,551	412,482
At 1 January 2026	91,583	111,348	209,551	412,482
Deferred tax charged/(credited) to the income statement	1,747	(7,945)	(2,830)	(9,028)
Currency translation differences	–	3,193	–	3,193
At 30 April 2026	93,330	106,596	206,721	406,647

Deferred tax assets

	Provision and accruals	Depreciation in excess of related depreciation allowance	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2023	–	(9,913)	(131,736)	(141,649)
Deferred tax charged to the income statement	–	1,765	22,151	23,916
Acquisition of a subsidiary *(Note 33)*	–	–	(1,158)	(1,158)
At 31 December 2023	–	(8,148)	(110,743)	(118,891)
At 1 January 2024	–	(8,148)	(110,743)	(118,891)
Deferred tax charged to the income statement	–	661	43,827	44,488
At 31 December 2024	–	(7,487)	(66,916)	(74,403)
At 1 January 2025	–	(7,487)	(66,916)	(74,403)
Deferred tax charged/(credited) to the income statement	(1,320)	1,413	15,363	15,456
At 31 December 2025	(1,320)	(6,074)	(51,553)	(58,947)
At 1 January 2026	(1,320)	(6,074)	(51,553)	(58,947)
Deferred tax charged/(credited) to the income statement	(41)	273	662	894
At 30 April 2026	(1,361)	(5,801)	(50,891)	(58,053)

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

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net deferred tax assets recognised in the statement of financial position	(114,070)	(71,731)	(55,835)	(53,972)
Net deferred tax liabilities recognised in the statement of financial position	426,799	414,483	409,370	402,566
Net deferred tax liabilities	312,729	342,752	353,535	348,594

At the end of each of the Relevant Periods, the Group has tax losses arising in Hong Kong of HK$74,314,000, HK$316,963,000, HK$419,512,000 and HK$463,935,000, respectively that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. At the end of each of the Relevant Periods, the Group also has tax losses arising in the Chinese mainland of HK$57,522,000, HK$56,499,000, HK$53,830,000 and HK$55,701,000, respectively that will expire in one to five years for offsetting against future taxable profit. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At the end of each of the Relevant Periods, the aggregate amount of temporary differences associated with investments in subsidiaries in the Chinese mainland for which deferred tax liabilities have not been recognised totalled approximately HK$23,768,000, HK$24,837,000, HK$24,258,000 and HK$21,779,000, respectively. In the opinion of the Company's directors, the Company is able to control the timing of the reversal of the temporary difference and, accordingly, the Group has taken into consideration, among others, the probability the temporary difference being reversed in the foreseeable future, and recognised for withholding taxes that would be payable in the foreseeable future on distribution of unremitted earnings by the Company's subsidiaries established in the Chinese mainland in respect of earnings generated.

32 SHARE CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 12 September 2025 with authorised share capital of HK$60,000,000 divided into 6,000,000,000 ordinary shares of a nominal or par value of HK$0.01 each. On the date of its incorporation, one share was allotted and issued by the Company to the initial subscriber at par who subsequently transferred the share to China Travel HK on the same day.

For the purpose of presentation of the statements of financial position, the balance of share capital as at 31 December 2023, 2024 and 2025 and 30 April 2026 represented the share capital of the subsidiaries now comprising the Group prior to the completion of the Spin-off Reorganization.

33 BUSINESS COMBINATION

Acquisition of Silver Time (H.K.) Limited

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

Silver Time operated the serviced apartment business known as "De Fenwick" in Wan Chai, Hong Kong. Prior to the acquisition, Silver Time generated rental income from the leasing of serviced apartment units and commercial spaces at De Fenwick and maintained an established tenant base and an organised workforce responsible for the day-to-day operation and management of the business. The acquisition enabled the Group to acquire an established and income-generating serviced apartment business, including the property, existing tenancy arrangements, an organised workforce, employees and substantive operating processes relating to leasing, tenant management, and property operations. The acquisition complemented the Group's existing hospitality operations and strengthened its presence in the Hong Kong accommodation market. In addition, given De Fenwick's location in the core commercial district of Wan Chai and its close proximity to the Group's existing Kew Green Hotel Wanchai Hong Kong, the acquisition was believed to offer operational synergies to the Group through the sharing of operational resources, management expertise and facilities or exploring potential merger and redevelopment of the combined site, thereby enhancing operating efficiency and strengthening the Group's presence in the Hong Kong hospitality market.

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

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

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

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

Since the acquisition or had the combination taken place at the beginning of the year ended 31 December 2023, the revenue and profit contributed by Silver Time to the Group were minimal in that year.

34 CONTINGENT LIABILITY

At the end of each reporting period, the following contingent liability has not provided for in the statements of financial position:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Performance bond given to a customer for due performance of a sales contract	300	300	300	300

35 OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases certain property, plant and equipment and investment properties (notes 13 and 14) under operating lease arrangements. Leases for investment properties are negotiated for terms ranging from one to five years, and those for certain property, plant and equipment for terms ranging from one to five years. The terms of the leases for investment properties generally require the tenants to pay security deposits.

At the end of each of the Relevant Periods, other than those as disclosed in note 14 for investment properties, the undiscounted lease payments receivable by the Group in future periods for other leases are as follows:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equipment and motor vehicles:				
Within one year	5,513	6,092	4,692	2,836
In the second to third years, inclusive	911	651	2,123	1,440
In the third to fourth years, inclusive	–	651	1,476	1,440
In the fourth to fifth years, inclusive	–	221	94	320
	6,424	7,615	8,385	6,036

36 COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Property project, land and buildings:				
Contracted, but not provided for	145,954	62,754	20,520	24,302
Plant and equipment and motor vehicles:				
Contracted, but not provided for	3,605	21,352	7,220	16,220

37 RELATED PARTY TRANSACTIONS

In addition to those related party balances and transactions disclosed elsewhere in the Historical Financial Information, the Group had the following significant transactions and balances with related parties during each reporting period:

(a) Significant transactions with related parties

		Year ended 31 December			Four months ended 30 April	
	Notes	2023	2024	2025	2025	2026
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Travel-related income^ from						
– intermediate holding company#*		380,602	291,425	216,857	75,884	64,137
– fellow subsidiaries*	*(a)*	4,006	4,273	4,075	1,452	314
Hotel-related income from						
– intermediate holding company		593	387	13	–	–
– fellow subsidiaries	*(a)*	891	2,042	1,954	784	216
Management income from						
– fellow subsidiaries*	*(b)*	2,815	3,853	1,934	257	3,621

	Notes	Year ended 31 December			Four months ended 30 April	
		2023	2024	2025	2025	2026
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Rental income from						
– intermediate holding company*		668	367	167	41	221
– fellow subsidiaries*	*(c)*	10,052	6,403	6,809	1,944	1,637
– a non-controlling shareholder		2,553	2,523	1,929	643	853
– associates*	*(c)*	33,088	37,640	47,636	16,441	16,346
Travel-related expenses@ paid to						
– fellow subsidiaries*	*(a)*	(1,876)	(1,922)	(2,213)	(460)	(427)
Management expenses paid to						
– fellow subsidiaries*	*(b)*	(1,456)	(2,893)	(3,053)	(1,421)	(509)
– a non-controlling shareholder	*(b)*	(5,579)	(6,417)	(11,205)	(3,865)	(4,020)
– immediate holding company*		(4,515)	(5,272)	(9,972)	(3,454)	(3,609)
Interest expenses paid to						
– immediate holding company*		(5,808)	(15,931)	(23,387)	(9,616)	(5,318)
– a non-controlling shareholder		(5,808)	(5,759)	(4,444)	(1,372)	(1,124)
Rental expenses paid to						
– fellow subsidiaries*		(1,691)	(1,304)	(663)	(240)	(120)
Lease liabilities due to:						
– intermediate holding company*	*(d)*	(2,349)	(2,766)	(136)	(356)	(356)
– fellow subsidiaries*	*(d)*	–	(1,867)	(737)	–	–
Other operating expenses paid to						
– fellow subsidiaries		(64)	(160)	(100)	(26)	(30)

^ The travel-related income primarily represented income from travel permit administration income, arising from the provision of general administration services in Hong Kong for application for tourist visas and travel permits for entry into the Chinese mainland for a fixed term up to 30 June 2047.

The travel permit administration income was determined in accordance with the terms of an agency agreement entered into between the parties and was charged at 45% of the gross fee revenue from travel permit applications.

* These related party transactions contain connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The amounts disclosed above included certain income/expenses which are exempted from the announcements and reporting requirement as they are below de minimis threshold under the Rule 14A.76(1) of the Listing Rules.

@ The travel-related expenses primarily represented commission paid to agents in respect of ticket procurement services and hotel room reservation services.

Notes:

(a) Travel-related and hotel-related income and expenses are entered into on terms mutually agreed by the parties.

(b) Management income and expenses are charged at rates in accordance with relevant contracts.

(c) Rental income is charged in accordance with respective tenancy agreements.

(d) The outstanding balances arising from the leasing arrangement with the intermediate holding company, fellow subsidiaries and a non-controlling shareholder are included in "lease liabilities" (note 30).

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 is as follows:

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Short term employee benefits	25,371	30,958	28,546	10,516	11,184
Post-employment benefits	1,345	1,590	1,424	361	338
Total remuneration paid to key management personnel	26,716	32,548	29,970	10,877	11,522

Total remuneration is included in "employee benefit expenses" (see note 7(b)).

38 FINANCIAL INSTRUMENTS BY CATEGORY

Except for the equity investments, which were measured at fair value through other comprehensive income, all financial assets and financial liabilities of the Group as at the end of each of the Relevant Periods were measured at amortised cost.

39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial assets and liabilities mainly comprise equity investments, trade and other receivables, pledged and restricted deposits, cash and bank balances, trade payables, other payables and accruals, loans and balances with holding companies and fellow subsidiaries and bank and other borrowings. Details of these financial instruments are disclosed in the respective notes to the combined financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Liquidity risk

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

The maturity profile of the Group's financial liabilities as at the end of each Relevant Periods, based on the contractual undiscounted payments, is as follows:

	31 December 2023				
	Carrying value	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	81,340	81,340	–	–	81,340
Other payables and accruals	379,908	379,908	–	–	379,908
Lease liabilities	57,982	25,574	38,844	–	64,418
Amounts due to holding companies	1,969,067	1,969,067	–	–	1,969,067
Amounts due to fellow subsidiaries	26,664	26,664	–	–	26,664
Loans from a holding company	698,751	211,629	511,189	156,321	879,139
Bank and other borrowings	511,382	355,116	23,076	156,321	534,513
	3,725,094	3,049,298	573,109	312,642	3,935,049

	31 December 2024				
	Carrying value	**Within 1 year or on demand**	**1 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	58,871	58,871	–	–	58,871
Other payables and accruals	371,962	371,962	–	–	371,962
Lease liabilities	90,273	46,411	62,525	–	108,936
Amounts due to holding companies	1,629,727	1,629,727	–	–	1,629,727
Amounts due to fellow subsidiaries	25,586	25,586	–	–	25,586
Loans from a holding company	698,751	251,384	417,543	155,559	824,486
Bank and other borrowings	383,882	249,488	18,709	155,559	423,756
	3,259,052	2,633,429	498,777	311,118	3,443,324

	31 December 2025				
	Carrying value	**Within 1 year or on demand**	**1 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	71,647	71,647	–	–	71,647
Other payables and accruals	538,314	538,314	–	–	538,314
Lease liabilities	73,161	39,834	40,343	–	80,177
Amounts due to holding companies	3,832,285	3,832,285	–	–	3,832,285
Amounts due to fellow subsidiaries	26,377	26,377	–	–	26,377
Loans from a holding company	650,751	527,940	15,320	154,712	697,972
Bank and other borrowings	363,882	224,958	15,320	154,712	394,990
	5,556,417	5,261,355	70,983	309,424	5,641,762

	30 April 2026				
	Carrying value	**Within 1 year or on demand**	**1 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	73,238	73,238	–	–	73,238
Other payables and accruals	611,403	611,403	–	–	611,403
Lease liabilities	66,884	45,511	29,881	–	75,392
Amounts due to holding companies	3,692,386	3,692,386	–	–	3,692,386
Amounts due to fellow subsidiaries	30,477	30,477	–	–	30,477
Loans from a holding company	650,751	519,196	22,496	156,506	698,198
Bank and other borrowings	343,882	206,575	22,496	156,506	385,577
	5,469,021	5,178,786	74,873	313,012	5,566,671

Credit risk

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

The Group has concentration of credit risk in relation to amounts due from holding companies and fellow subsidiaries which accounted for 35%, 29%, 23% and 35% of trade receivables. These counterparties have a sound financial background at the end of the reporting period by reference to their financial position and business prospects. The Group's credit risk position is monitored closely by the management.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade and other receivables and balances with group companies at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Foreign currency risk

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

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity except for retained profits.

	Increase/ decrease in RMB rate	**Increase/ decrease in profit before tax**
	%	*HK$'000*
31 December 2023		
If Hong Kong dollar weakens/strengthens against RMB	5	1,080
If Hong Kong dollar weakens/strengthens against RMB	10	2,160
31 December 2024		
If Hong Kong dollar weakens/strengthens against RMB	5	1,482
If Hong Kong dollar weakens/strengthens against RMB	10	2,964
31 December 2025		
If Hong Kong dollar weakens/strengthens against RMB	5	1,025
If Hong Kong dollar weakens/strengthens against RMB	10	2,050
30 April 2026		
If Hong Kong dollar weakens/strengthens against RMB	5	1,116
If Hong Kong dollar weakens/strengthens against RMB	10	2,232

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's exposure to changes in interest rates relates primarily to the Group's bank loans and other borrowings. The Group does not use financial derivatives to hedge against the interest rate risk. The Group's interest rate risk profile as monitored by management is set out below.

Interest rate profile

The following table details, as reported to the management of the Group, the interest rate profile of the Group's borrowings at the end of each reporting period.

	31 December 2023		31 December 2024		31 December 2025		30 April 2026	
	Effective interest rate		Effective interest rate		Effective interest rate		Effective interest rate	
	%	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*
Fixed rate borrowings:								
Lease liabilities	3.0-5.71%	57,982	2.65-5.46%	90,273	2.65-5.71%	73,161	2.65-5.71%	66,884
Loans from a holding company	1.40-3.75%	237,869	1.40-3.75%	237,869	1.40-3.75%	237,869	1.40-3.75%	237,869
Other borrowings	1.40%	33,000	1.40%	33,000	1.40%	33,000	1.40%	33,000
		328,851		361,142		344,030		337,753
Variable rate borrowings:								
Bank loans	5.33%	327,500	6.37%	200,000	3.98%	180,000	4.04%	160,000
Loans from a holding company	3.60%	460,882	3.10-5.34%	460,882	3.10-5.61%	412,882	1.73-2.50%	412,882
Other borrowings	3.60%	150,882	3.10%	150,882	3.10%	150,882	2.50%	150,882
		939,264		811,764		743,764		723,764
Total borrowings		1,268,115		1,172,906		1,087,794		1,061,517
Fixed rate borrowings as a percentage of total borrowings		26%		31%		32%		32%

Sensitivity analysis

At the end of each of the Relevant Periods, it is estimated that a general increase/decrease of 0.5% in interest rates, with all other variables held constant, would have decreased/increased the Group's profit before tax by approximately HK$8,317,000, HK$7,944,000, HK$7,930,000 and HK$2,585,000 and decreased/increased the Group's retained profits by approximately HK$8,317,000, HK$7,944,000, HK$7,930,000 and HK$2,585,000, respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates has occurred at the end of each reporting period.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group prices its products and services commensurately with the level of risk and secures access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure and strives to maintain a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors its capital structure on the basis of a debt-to-capital ratio. The debt includes bank and other borrowings, trade and other payables and accruals, amounts due to holding companies and fellow subsidiaries and lease liabilities. Capital represents equity attributable to equity owners of the Company.

During the Relevant Periods, the Group assessed the range at which it maintains its adjusted net debt-to-capital ratio to be 63%, 54%, 148% and 144%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The Group's adjusted net debt-to-capital ratios at 31 December 2023, 2024 and 2025 and 30 April 2026 were as follows:

	31 December 2023	31 December 2024	31 December 2025	30 April 2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	81,340	58,871	71,647	73,238
Other payables and accruals	507,518	491,633	661,357	721,371
Amounts due to holding companies	1,969,067	1,629,727	3,832,285	3,692,386
Amounts due to fellow subsidiaries	26,664	25,586	26,377	30,477
Loans from a holding company	698,751	698,751	650,751	650,751
Lease liabilities	57,982	90,273	73,161	66,884
Bank and other borrowings	511,382	383,882	363,882	343,882
Debt	3,852,704	3,378,723	5,679,460	5,578,989
Capital	6,113,214	6,304,589	3,830,011	3,874,761
Debt-to-capital ratio	63%	54%	148%	144%

Fair value estimation

Management has assessed that the fair values of cash and cash balances, pledged and restricted deposits, trade receivables, trade payables, financial assets included in deposits, prepayments and other receivables, financial liabilities included in other payables and accruals, amounts due/from to holding companies, amounts due from/to fellow subsidiaries, loans from a holding company and current portion of bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of deposits and bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the directors of the Company, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made. The changes in fair value as a result of the Group's own non-performance risk for bank and other borrowings as at the end of each Relevant Periods were assessed to be insignificant.

The following hierarchy is used for determining and disclosing the fair values:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

During the Relevant Periods, 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.

	31 December 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equity investments	–	–	903	903
	–	–	903	903

	31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equity investments	–	–	1,496	1,496
	–	–	1,496	1,496

	31 December 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equity investments	–	–	3,145	3,145
	–	–	3,145	3,145

	30 April 2026			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equity investments	–	–	3,476	3,476
	–	–	3,476	3,476

The movement during the Relevant Periods in the balance of Level 3 fair value instruments is as follow:

	31 December 2023	31 December 2024	31 December 2025	30 April 2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equity investments:				
At 1 January	858	903	1,496	3,145
Net unrealised gains recognised on other comprehensive income	45	593	1,649	331
At 31 December	903	1,496	3,145	3,476

Equity investments			
Year ended 31 December 2023:			
Unlisted equity securities	Valuation technique Market comparable companies	Significant unobservable input Discount for lack of marketability	Range 16.1%
Year ended 31 December 2024:			
Unlisted equity securities	Valuation technique Market comparable companies	Significant unobservable input Discount for lack of marketability	Range 16.4%
Year ended 31 December 2025:			
Unlisted equity securities	Valuation technique Market comparable companies	Significant unobservable input Discount for lack of marketability	Range 16.4%
Four months ended 30 April 2026:			
Unlisted equity securities	Valuation technique Market comparable companies	Significant unobservable input Discount for lack of marketability	Range 16.4%

The fair value of unlisted equity securities is determined using the price/earnings ratios or enterprise value/earnings before interest, taxes, depreciation and amortisation ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at the end of the Relevant Periods, it was estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by HK$11,000, HK$18,000, HK$40,000 and HK$38,000.

40 EVENTS AFTER THE RELEVANT PERIODS

On 24 April 2026, Shun Tak-China Travel Ship Management Limited, a non-wholly-owned subsidiary of the Company, entered into a transfer agreement with Dukling Limited, a limited company incorporated in Hong Kong to acquire the assets used in the operation of the "DUK LING" maritime cultural tourism business for a consideration of HK$10,000,000. The acquired assets principally comprised (i) the vessel "DUK LING"; and (ii) the intellectual property rights, digital accounts and records related to the business. The acquisition was completed in June 2026.

The acquisition was undertaken to further develop the Group's maritime cultural tourism business in Hong Kong by acquiring an established operator of harbour sightseeing cruises, vessel chartering services and related tourism activities. The acquisition complements the Group's existing transportation, hotel and tourism service businesses and broadens its maritime sightseeing and cultural tourism offerings. The acquisition is expected to create synergies through cross-selling opportunities among the Group's transportation, hotel and tourism platforms, enhance customer reach and enrich its tourism product portfolio. In addition, the acquisition supports the Group's strategy of preserving and promoting Hong Kong's maritime heritage and cultural tourism resources, while strengthening its presence in the local tourism market.

Following an assessment of the acquisition, management concluded that the transaction did not meet the definition of a business under HKFRS 3 *Business Combinations* as substantially all of the fair value of the gross assets acquired is concentrated in the vessel and the Group did not acquire any organised workforce, employees or substantive processes capable of generating outputs. Accordingly, the transaction was accounted for as an asset acquisition rather than a business combination.

41 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 April 2026.