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香港中旅國際投資有限公司
CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 308)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
IN RELATION TO ACQUISITION OF EQUITY INTERESTS
IN THE TARGET COMPANIES**

References are made to the announcement of China Travel International Investment Hong Kong Limited (the “**Company**”) dated 30 September 2025 in relation to the acquisition of equity interests in the Target Companies (the “**Announcement**”) and the further announcement in relation to the profit forecast of the Target Company A as set out in the Valuation Report A published on 22 October 2025 pursuant to Rule 14.60A of the Listing Rules. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the consideration was determined after arm’s length negotiations between CTS Scenery and the Seller A with reference to, among other things, the value of the entire shareholders’ equity of the Target Company A as at 31 March 2025 of approximately RMB346,099,900 using the income approach as set out in the Valuation Report A prepared by CEA (the “**Appraised Value**”). With reference to the further information provided by CEA regarding the Appraised Value, the details of the Appraised Value are supplemented by the Company as follows:

I. Key Specific Assumptions related to Financial Forecast

As shown in this valuation, the growth rate of revenue was 9.11% for 2022, was -6.73% for 2023, and was -0.25% for 2024. The growth rate of revenue will be approximately 1% for 2025-2035, and 0 for 2036-2064. This valuation has adopted a longer income period, which further approximates the perpetual duration, and the abnormal growth will eventually return to the level as appraised in the industry or even 0. The risk-free rate of return reflects expectations of long-term inflation and actual economic growth. If the perpetual growth rate exceeds this level, it may mean that a corporate growth will outpace the overall economy, which is difficult to sustain in the long term. Therefore, the growth rate is expected to be 1% for 2025-2035, which is close to the current low risk-free rate of return, reflecting a principle of prudence. The growth rate will be reduced to 0% for 2036-2064 as the ski resort industry will enter a stable phase, the nominal growth is expected to approach zero, and may even be lower than the risk-free rate of return, to avoid overvaluation. The subjects under appraisal fall under the traditional industry without permanent barriers, and the growth rate of 0 is closer to reality in the long-term based on the principle of prudence to avoid any overestimation of assets value. Since 2034, it is predicted that gross profit margin will increase year by year, because

the depreciation life of buildings, snowy roads in structures, etc. in the major fixed assets of enterprises ranges from 5 to 40 years, and the actual economic useful life exceeds its depreciation life, such that these assets can be used for a long time beyond the predicted life in this valuation. In coming years, the fixed assets of enterprises will gradually be depreciated, and the operating costs will decrease after depreciation is fully expensed, and the remaining variable costs will not change much relative to revenue, with the gradual decrease in the depreciation resulting in an increase in gross profit (Note: The operating cost of Target Company A includes the depreciation, gross profit margin = (operating revenue – operating cost)/operating revenue). The four categories of revenue (revenue from hotel operations, revenue from mountain operations, revenue from commercial operations and others) are as follows:

Unit: RMB

		April to December 2025	2026	2027	2028	2029
1.	Revenue from hotel operations	37,692,139.45	70,857,986.00	71,355,542.00	71,872,566.00	72,399,931.00
2.	Revenue from mountain operations	64,262,797.46	150,284,775.00	153,416,881.00	156,572,306.00	159,743,060.00
3.	Revenue from commercial operations	5,328,803.65	7,777,589.92	8,010,917.62	8,010,917.62	8,010,917.62
4.	Others	11,645,472.35	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24
	Total	118,929,212.92^(Note 1)	245,483,625.16^(Note 1)	249,346,614.86	253,019,063.86	256,717,182.86
		2030	2031	2032	2033	2034
1.	Revenue from hotel operations	72,937,843.00	73,212,178.00	73,489,256.00	73,769,105.00	74,051,753.00
2.	Revenue from mountain operations	162,929,449.00	164,530,617.00	166,135,852.00	167,783,123.00	169,434,543.00
3.	Revenue from commercial operations	8,010,917.62	8,010,917.62	8,010,917.62	8,010,917.62	8,010,917.62
4.	Others	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24
	Total	260,441,483.86	262,316,986.86	264,199,299.86	266,126,419.86	268,060,487.86

Note 1: The revenue from main operations includes hotel operations, mountain operations, commercial operations and others. The revenue is mainly concentrated in the snow season from December to February, accounting for more than 70% of the annual revenue, and the revenue from March to November accounts for a relatively small proportion, with actual revenue of RMB122 million from January to March 2025. The projected revenue was RMB119 million from April to December 2025, and the projected revenue was RMB241 million for the whole year of 2025. The overall growth rate in 2026 will not be high compared to 2025, due to the relatively large proportion of revenue from January to March 2025, resulting in a significant increase in the figures for 2026 compared to those for April to December 2025.

		2035	2036	2037	2038	2039
1.	Revenue from hotel operations	74,337,227.00	74,337,227.00	74,337,227.00	74,337,227.00	74,337,227.00
2.	Revenue from mountain operations	171,090,153.00	171,090,153.00	171,090,153.00	171,090,153.00	171,090,153.00
3.	Revenue from commercial operations	8,010,917.62	8,010,917.62	8,010,917.62	8,010,917.62	8,010,917.62
4.	Others	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24
	Total	270,001,571.86	270,001,571.86	270,001,571.86	270,001,571.86	270,001,571.86
		2040	2041	2042	2043	2044
1.	Revenue from hotel operations	74,337,227.00	74,337,227.00	74,337,227.00	74,337,227.00	74,337,227.00
2.	Revenue from mountain operations	171,090,153.00	171,090,153.00	171,090,153.00	171,090,153.00	171,090,153.00
3.	Revenue from commercial operations	8,010,917.62	8,010,917.62	8,010,917.62	8,010,917.62	8,010,917.62
4.	Others	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24
	Total	270,001,571.86	270,001,571.86	270,001,571.86	270,001,571.86	270,001,571.86
		2045	2046	2047	2048	2049
1.	Revenue from hotel operations	74,337,227.00	74,337,227.00	74,337,227.00	74,337,227.00	74,337,227.00
2.	Revenue from mountain operations	171,090,153.00	171,090,153.00	171,090,153.00	171,090,153.00	171,090,153.00
3.	Revenue from commercial operations	8,010,917.62	8,010,917.62	8,010,917.62	8,010,917.62	8,010,917.62
4.	Others	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24
	Total	270,001,571.86	270,001,571.86	270,001,571.86	270,001,571.86	270,001,571.86

		2050	2051	2052	2053	2054
1.	Revenue from hotel operations	74,337,227.00	74,337,227.00	74,337,227.00	74,337,227.00	74,337,227.00
2.	Revenue from mountain operations	171,090,153.00	171,090,153.00	171,090,153.00	171,090,153.00	171,090,153.00
3.	Revenue from commercial operations	8,010,917.62	8,010,917.62	8,010,917.62	8,010,917.62	8,010,917.62
4.	Others	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24
	Total	270,001,571.86	270,001,571.86	270,001,571.86	270,001,571.86	270,001,571.86
		2055	2056	2057	2058	2059
1.	Revenue from hotel operations	74,337,227.00	74,337,227.00	74,337,227.00	74,337,227.00	74,337,227.00
2.	Revenue from mountain operations	171,090,153.00	171,090,153.00	171,090,153.00	171,090,153.00	171,090,153.00
3.	Revenue from commercial operations	8,010,917.62	8,010,917.62	8,010,917.62	8,010,917.62	8,010,917.62
4.	Others	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24
	Total	270,001,571.86	270,001,571.86	270,001,571.86	270,001,571.86	270,001,571.86
		2060	2061	2062	2063	January to June 2064
1.	Revenue from hotel operations	74,337,227.00	74,337,227.00	74,337,227.00	74,337,227.00	57,960,844.01
2.	Revenue from mountain operations	171,090,153.00	171,090,153.00	171,090,153.00	171,090,153.00	103,528,807.50
3.	Revenue from commercial operations	8,010,917.62	8,010,917.62	8,010,917.62	8,010,917.62	4,005,458.81
4.	Others	16,563,274.24	16,563,274.24	16,563,274.24	16,563,274.24	8,281,637.12
	Total	270,001,571.86	270,001,571.86	270,001,571.86	270,001,571.86	173,776,747.44

Gross profit and major expenditure are as follows:

Unit: RMB

	April to December 2025	2026	2027	2028	2029
Labour	14,346,214.60	23,531,048.22	23,766,358.70	24,004,022.29	24,244,062.51
Energy conservation	8,238,530.82	16,009,825.98	16,325,874.00	16,489,132.74	16,814,683.50
Procurement	5,590,163.23	7,909,236.38	8,017,917.98	8,098,097.16	8,209,560.96
Maintenance (Note: The repair and maintenance of equipment and buildings)	4,244,345.36	5,342,620.77	5,448,747.60	5,503,235.07	5,612,559.60
Commission (Note: It was generated during the marketing process and was related to selling revenue)	2,287,461.37	4,855,531.76	4,911,117.64	4,967,470.49	5,024,117.76
Depreciation and amortization	52,390,954.02	70,264,993.95	70,012,153.16	69,345,101.25	69,089,963.80
Others (Note: Including all other costs such as property costs, washing, car rental, activity fees, etc)	5,105,066.97	11,866,676.96	12,045,898.77	12,230,210.66	12,415,716.85
Total	92,202,736.37	139,779,934.02	140,528,067.85	140,637,269.67	141,410,664.98
Gross profit margin	22.47% <i>(Note 2)</i>	43.06% <i>(Note 2)</i>	43.64%	44.42%	44.92%
	2030	2031	2032	2033	2034
Labour	24,486,503.14	24,731,368.17	24,978,681.85	25,228,468.67	25,480,753.36
Energy conservation	16,982,830.34	17,235,843.31	17,408,201.74	17,667,980.60	17,844,660.41
Procurement	8,291,656.57	8,399,019.71	8,483,009.91	8,593,024.86	8,678,955.11
Maintenance	5,668,685.20	5,750,857.01	5,808,365.58	5,892,703.84	5,951,630.87
Commission	5,081,065.32	5,110,416.13	5,139,866.76	5,170,079.47	5,200,394.62
Depreciation and amortization	74,302,347.01	74,202,653.46	82,188,635.48	81,791,342.76	81,352,564.37
Others	12,603,907.59	12,753,129.31	12,903,289.84	13,056,894.71	13,211,474.10
Total	147,416,995.17	148,183,287.09	156,910,051.15	157,400,494.92	157,720,432.84
Gross profit margin	43.40%	43.51%	40.61%	40.85%	41.16%

	2035	2036	2037	2038	2039
Labour	25,735,560.89	25,735,560.89	25,735,560.89	25,735,560.89	25,735,560.89
Energy conservation	18,111,391.90	18,111,391.90	18,111,391.90	18,111,391.90	18,111,391.90
Procurement	8,791,690.11	8,791,690.11	8,791,690.11	8,791,690.11	8,791,690.11
Maintenance	6,038,194.68	6,038,194.68	6,038,194.68	6,038,194.68	6,038,194.68
Commission	5,230,813.51	5,230,813.51	5,230,813.51	5,230,813.51	5,230,813.51
Depreciation and amortization	77,485,025.77	73,591,830.36	66,023,597.43	58,853,383.95	57,915,488.11
Others	13,369,954.79	13,486,213.46	13,604,228.85	13,726,086.66	13,848,897.07
Total	154,762,631.64	150,985,694.90	143,535,477.36	136,487,121.68	135,672,036.26
Gross profit margin	42.68%	44.08%	46.84%	49.45%	49.75%

Note 2: The gross profit margin from April to December 2025 (22.47%) was relatively low, as it was an off-season period from March to November, and the monthly revenue was relatively less. The depreciation and amortization were provided on a monthly basis, and they were more even on a monthly basis, resulting in a lower gross profit margin from April to December 2025 and a higher gross profit margin from January to March 2025. From a full-year perspective, the gross profit in 2026 (43.6%) will be a relatively small increase compared to that in 2025 (40.97%).

	2040	2041	2042	2043	2044
Labour	25,735,560.89	25,735,560.89	25,735,560.89	25,735,560.89	25,735,560.89
Energy conservation	18,111,391.90	18,111,391.90	18,111,391.90	18,111,391.90	18,111,391.90
Procurement	8,791,690.11	8,791,690.11	8,791,690.11	8,791,690.11	8,791,690.11
Maintenance	6,038,194.68	6,038,194.68	6,038,194.68	6,038,194.68	6,038,194.68
Commission	5,230,813.51	5,230,813.51	5,230,813.51	5,230,813.51	5,230,813.51
Depreciation and amortization	57,592,407.87	57,246,830.16	56,779,259.63	56,778,870.03	56,752,979.37
Others	13,974,145.53	14,101,851.46	14,232,010.31	14,364,666.71	14,499,841.30
Total	135,474,204.48	135,256,332.69	134,918,921.02	135,051,187.82	135,160,471.75
Gross profit margin	49.82%	49.91%	50.03%	49.98%	49.94%
	2045	2046	2047	2048	2049
Labour	25,735,560.89	25,735,560.89	25,735,560.89	25,735,560.89	25,735,560.89
Energy conservation	18,111,391.90	18,111,391.90	18,111,391.90	18,111,391.90	18,111,391.90
Procurement	8,791,690.11	8,791,690.11	8,791,690.11	8,791,690.11	8,791,690.11
Maintenance	6,038,194.68	6,038,194.68	6,038,194.68	6,038,194.68	6,038,194.68
Commission	5,230,813.51	5,230,813.51	5,230,813.51	5,230,813.51	5,230,813.51
Depreciation and amortization	54,001,485.19	53,768,419.57	53,768,419.57	52,723,434.23	52,530,175.97
Others	14,638,997.11	14,779,247.15	14,922,920.87	15,070,641.49	15,220,989.73
Total	132,548,133.37	132,455,317.80	132,598,991.52	131,701,726.79	131,658,816.78
Gross profit margin	50.91%	50.94%	50.89%	51.22%	51.24%
	2050	2051	2052	2053	2054
Labour	25,735,560.89	25,735,560.89	25,735,560.89	25,735,560.89	25,735,560.89
Energy conservation	18,111,391.90	18,111,391.90	18,111,391.90	18,111,391.90	18,111,391.90
Procurement	8,791,690.11	8,791,690.11	8,791,690.11	8,791,690.11	8,791,690.11
Maintenance	6,038,194.68	6,038,194.68	6,038,194.68	6,038,194.68	6,038,194.68
Commission	5,230,813.51	5,230,813.51	5,230,813.51	5,230,813.51	5,230,813.51
Depreciation and amortization	52,530,175.97	52,741,473.91	52,492,609.67	39,082,220.67	36,078,043.07
Others	15,373,988.77	15,529,637.99	15,687,985.95	15,850,499.28	16,015,761.10
Total	131,811,815.82	132,178,762.98	132,088,246.69	118,840,371.03	116,001,455.24
Gross profit margin	51.18%	51.05%	51.08%	55.99%	57.04%

	2055	2056	2057	2058	2059
Labour	25,735,560.89	25,735,560.89	25,735,560.89	25,735,560.89	25,735,560.89
Energy conservation	18,111,391.90	18,111,391.90	18,111,391.90	18,111,391.90	18,111,391.90
Procurement	8,791,690.11	8,791,690.11	8,791,690.11	8,791,690.11	8,791,690.11
Maintenance	6,038,194.68	6,038,194.68	6,038,194.68	6,038,194.68	6,038,194.68
Commission	5,230,813.51	5,230,813.51	5,230,813.51	5,230,813.51	5,230,813.51
Depreciation and amortization	34,514,819.71	33,616,042.17	33,612,411.83	33,554,028.36	33,554,028.36
Others	16,184,638.16	16,357,757.58	16,533,703.95	16,713,946.49	16,897,070.95
Total	114,607,108.95	113,881,450.83	114,053,766.86	114,175,625.92	114,358,750.39
Gross profit margin	57.55%	57.82%	57.76%	57.71%	57.65%
	2060	2061	2062	2063	January to June 2064
Labour	25,735,560.89	25,735,560.89	25,735,560.89	25,735,560.89	13,947,966.36
Energy conservation	18,111,391.90	18,111,391.90	18,111,391.90	18,111,391.90	18,111,391.90
Procurement	8,791,690.11	8,791,690.11	8,791,690.11	8,791,690.11	8,791,690.11
Maintenance	6,038,194.68	6,038,194.68	6,038,194.68	6,038,194.68	6,038,194.68
Commission	5,230,813.51	5,230,813.51	5,230,813.51	5,230,813.51	3,243,958.58
Depreciation and amortization	33,554,028.36	33,554,028.36	33,554,028.36	35,163,869.51	17,599,654.76
Others	17,083,105.67	17,273,521.54	17,467,747.08	17,666,413.26	12,739,271.36
Total	114,544,785.11	114,735,200.98	114,929,426.51	116,737,933.85	80,472,127.73
Gross profit margin	57.58%	57.51%	57.43%	56.76%	53.69%

The specific costs of main operating costs^(Note 3) are divided into labor, energy consumption, procurement costs, maintenance costs, marketing expenses and rebates, other operating costs, depreciation and amortization, etc. This valuation involves separate calculations for labour costs based on actual employee remuneration by valuers. For the energy consumption, procurement costs, maintenance costs, marketing expenses and rebates, and other operating costs, projections are made based on the proportion of historical data to revenue and taking into account the possible actual expenses that may occur in the future. Depreciation and amortization are based on the future depreciation and amortization of the enterprise. This valuation is based on the assets required for production, operation and management of the enterprise on the reference date, and the depreciation rate and annual amortization amount are determined according to the type of assets, original value, depreciation and amortization method. The valuers take the original carrying value of assets of the enterprise on the reference date as the basis for asset depreciation and amortization, and calculated the depreciation and amortization amount for the detailed forecast period by taking into account the updated investment expenditure and new asset expenditure necessary to maintain the operating capacity projected by the enterprise.

Historical gross profit is as follows:

	2022	2023	2024	January to March 2025
Gross profit margin	43.42%	44.87%	46.20%	59.00%

The capital expenditure in the forecast period mainly includes the renewal expenditure of existing fixed assets and the renewal expenditure of incremental fixed assets.

The profit forecasts made in this valuation is based on the existing scale and productivity of operating fixed assets maintained by enterprises, combined with the economic useful life of various assets, and the updated forecast of the existing operating fixed assets that have reached the economic life during the forecast period will be made according to the replacement value of the assets. As the assets will be damaged when the current useful life exceeds the economic life of assets, the valuation will be updated after the expiration of the use of the assets according to the economic life of each asset (Note: The update is that the equipment will be scrapped after reaching the end of the economic life and will be repurchased according to the appraised original value, and the depreciation will be provided after the purchase, which will have an impact on future profits.).

Note 3: The main operating costs do not include administrative expenses and selling expenses. The selling expenses are estimated based on the historical proportion of each expense to the revenue, with an average of approximately 4.19% of selling expenses to the revenue from 2023 to the first quarter of 2025. Administrative expenses are based on the accounting method of the enterprise, by analyzing the situation of expenses in previous years to determine a reasonable amount of expenses, and forecasting at an annual growth rate of 1% with the consideration of factors such as industry development trends.

The forecast results of capital expenditure are summarized as follows:

Unit: RMB0'000

Item	April to December 2025	2026	2027	2028	2029	2030	2031	2032
Total capital expenditure	3,453.11	113.36	149.37	172.11	57.36	12,784.50	104.87	17,825.73
Item	2033	2034	2035	2036	2037	2038	2039	2040
Total capital expenditure	315.17	420.27	15,395.99	242.35	237.15	70.49	282.43	928.33
Item	2041	2042	2043	2044	2045	2046	2047	2048
Total capital expenditure	443.05	188.33	386.04	172.14	1,858.61	70.18	134.61	447.65
Item	2049	2050	2051	2052	2053	2054	2055	2056
Total capital expenditure	278.59	881.39	12,289.48	7,500.65	17,785.37	9,770.02	16,758.14	90.35
Item	2057	2058	2059	2060	2061	2062	2063	January to June 2064
Total capital expenditure	462.77	246.29	202.39	1,500.86	377.10	97.91	7,123.30	78.71

Note 4: The value of buildings and structures and other assets with a longer useful life was 0 after depreciation. Other assets still need to be renewed after their useful life, so there was a subsequent increase. According to the increase in assets at the beginning of 2030 with the amortization over 20 years, the depreciation will increase by RMB5.46 million per year. If the increased assets at the beginning of 2032 will be amortized for 20 years, the depreciation will increase by RMB8.41 million per year, and the depreciation in each of 2030, 2031 and beyond will increase compared with its previous year. The land use right will be renewed when it will expire in 2052, and the west expansion project was carried out to undertake engineering construction and significant equipment purchases in 2024-2025, and it will need to be repurchased in 2055 according to the 30-year economic life, resulting in larger capital expenditures in 2055. The Prince Hotel and Zhan Yun Hotel will need to be renovated in 2051 and 2053 respectively, based on their renovation cycles, incurring significant expenditures. At the same time, a large number of buildings will be depreciated in 2052, and the depreciation will begin to decrease, being offset each other for the two items. As existing assets are more than new assets, resulting in a decrease in the amount of depreciation after 2055.

II. Values of Key Input Parameters of the Valuation and Method of Their Determination

Determination of discount rate

(1) Determination of risk-free rate of return

Treasury bond yields are generally considered risk-free, as the risk of non-payment upon maturity for holding such bond is minimal and negligible. According to the information disclosed by WIND information system, the annual yield to maturity of 10-year treasury bonds as at the valuation reference date is 1.81%, and this asset valuation report adopts 1.81% as the risk-free rate of return.

(2) Determination of systematic risk coefficient of equity

The formula for calculating the systematic risk coefficient of equity of the subjects under appraisal is as follows:

$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_u$$

Where: β_L : Systematic risk coefficient of equity with financial leverage;
 β_u : Systematic risk coefficient of equity without financial leverage;
 t : Income tax rate of the subjects under appraisal;
 D/E : Targeted capital structure of the subjects under appraisal.

Based on the business characteristics of the subjects under appraisal, the valuers checked the β_L of three comparable listed companies on the Shanghai and Shenzhen A-share markets as of 31 March 2025 through the WIND information system, and then translated them into the β_u based on income tax rates and capital structures of the comparable listed companies, with the average of 0.7065 as the β_u of the subjects under appraisal. The detailed information is shown in the following table:

No.	Stock code	Abbreviation	D/E	β_u
1	603099.SH	Changbai Mountain	0.0159	0.9555
2	000888.SZ	Emeishan A	0.0715	0.5159
3	603199.SH	Jiuhuashan Tourism	0.0001	0.648
Average of β_u				0.7065

Note: The basis for selection of the above three listed companies is the same as the Target Company A, which also rely on mountainous terrains and have a large amount of revenue from tickets, ropeway tickets, etc. The three companies, Changbai Mountain, Emeishan A and Jiuhuashan Tourism, are all listed companies in the tourism industry, each covering multiple aspects including scenic area operations and tourism services. They are not only responsible for the maintenance of scenic spots and infrastructure construction in the scenic area, but also provide a series of tourism supporting services such as catering and accommodation, which are quite comparable.

According to the analysis on operating characteristics of the enterprises, the targeted capital structure of this valuation is based on the average D/E of the capital structure of the subjects under appraisal, which is 2.91%, and the enterprise income tax rate is calculated based on the predicted income tax of each company annually during the forecast period. The income tax rate implemented by the subjects under appraisal on the valuation reference date is 25%.

By substituting the above determined parameters into the formula of systematic risk coefficient of equity, the systematic risk coefficient of equity of the subjects under appraisal is arrived.

$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_u$$

(3) Determination of market risk premium

Market risk premium is the difference between the market rate of return on investment and the risk-free rate of return. In particular, the market rate of return on investment on the valuation reference date is determined by comprehensively analysing the weighted average of the annualised weekly rates of return from 1992 to the valuation reference date selected on the basis of the indices of stock trading prices on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. As calculated, the market rate of return on investment is 8.31% as of the valuation reference date. Where the yield to maturity of 10-year treasury bonds of 1.81% as of the valuation reference date (31 March 2025) has been taken as the risk-free rate of return, the market risk premium is 6.50%.

(4) Determination of specific risk-adjusted coefficient of an enterprise

The specific risk-adjusted coefficient of an enterprise is comprehensively determined based on the analysis of the company's risks and countermeasures in terms of operating risks, market risks, management risks, and financial risks. Considering the impact of the subjects under appraisal's business scale, historical operating performance, industry status, operating capabilities, competitiveness, internal control, etc. on the enterprise risk, the company's specific risk-adjusted coefficient of an enterprise is determined to be 1.5%.

(5) Determination of discount rate during the forecast period

(i) Calculation of equity-to-capital cost

Equity-to-capital cost of the subjects under appraisal is arrived after substituting the parameters determined above to the equity-to-capital cost formula.

$$\begin{aligned} K_e &= R_f + \beta \times \text{MRP} + R_c \\ &= 8.00\% \end{aligned}$$

(ii) Calculation of weighted average capital cost

When using the income approach for the valuation, the interest rate of the cost of debt capital in the discount rate is usually based on the short-term and long-term loan market quotation rates effective on the valuation reference date, plus the floating points of the loan interest rate corresponding to the subjects under appraisal, with a weighted average of the proportion of the amount of short-term and long-term loans.

Cost of debt capital = (short-term loan market quotation rate effective on the valuation reference date + floating points of the short-term loan interest rate of the subjects under appraisal) x short-term loan balance on the valuation reference date/loan balance on the valuation reference date + (long-term loan market quotation rate effective on the valuation reference date + floating points of the long-term loan interest rate of the subjects under appraisal) x long-term loan balance on the valuation reference date/loan balance on the valuation reference date.

On the valuation reference date, the People's Bank of China authorized the National Interbank Funding Centre to announce that the Loan Prime Rate (LPR) on 20 March 2025 is 3.60% (being LPR for more than 5 years).

The floating points of the loan interest rate of the subjects under appraisal depend on the comprehensive evaluation of the creditworthiness, solvency and other factors of the subjects under appraisal. When determining the floating points of the long-term and short-term loan interest rate of the subjects under appraisal, the floating points of the loan interest rate calculated relative to the loan market quotation rate for the time being can be calculated by referring to the loan interest rate calculated by the lending bank or the most major lending bank of the subjects under appraisal when it released a loan with a term of more than 5 years or a similar term on the most recent occasion from the valuation reference date to the subjects under appraisal.

The floating point of the long-term loan interest rate is calculated as -0.50% for loans released by the banks in China. As calculated, $K_d = 3.10\%$.

The average annual interest rate of the interest-bearing debts of the subjects under appraisal on the valuation reference date is 3.10%, and the above determined parameters are substituted into the formula of weighted average cost of capital to calculate the weighted average cost of capital of the subjects under appraisal.

$$\begin{aligned} \text{WACC} &= K_e \times \frac{E}{D+E} + K_d \times (1 - t) \times \frac{D}{D+E} \\ &= 7.84\% \end{aligned}$$

The perpetual growth rate is 0, because the abnormal growth will eventually return to the level as appraised in the industry or even 0. The subjects under appraisal fall under the traditional industry without permanent barriers, and the growth rate of 0 is closer to reality in the long-term based on the principle of prudence to avoid any overestimation of assets value.

III. Narrative Description of Discounted Cash Flow Model

(1) Model under income approach

The method of discounted free cash flow of an enterprise was used as the valuation model under the income approach.

The discounted cash flow approach within the income approach was used to appraise the total enterprise value, which will then serve as the basis for indirect determination of the value of the entire shareholders' equity.

The enterprise value comprises the value of operating assets generated through normal operations, and the value of non-operating assets not related to normal operations.

Total enterprise value = value of operating assets + value of surplus assets + value of non-operating assets and liabilities

$$\begin{aligned} &= (89,913.76+3,656.74+16,539.49) \text{ (RMB0'000)} \\ &= 110,109.99 \text{ (RMB0'000)} \end{aligned}$$

Value of entire shareholders' equity = total enterprise value – interest-bearing liabilities

$$\begin{aligned} &= (110,109.99-75,500.00) \text{ (RMB0'000)} \\ &= 34,609.99 \text{ (RMB0'000)} \end{aligned}$$

Interest-bearing debts refer to any debt on the book with interests required to be paid as of the reference date, including non-current liabilities due within one year and long-term borrowings.

In which, operating assets refer to those assets and liabilities relating to the production and operations of the subjects under appraisal, and involved in the forecast of the free cash flow of an enterprise after the valuation reference date. The formula for the value of operating assets is as follows:

$$P = \sum_{t=1}^n \frac{F_t}{(1+r)^t}$$

Where:

- P : Value of operating assets of an enterprise as of the valuation reference date;
- F_t : Expected free cash flow of an enterprise for the i-th year after the valuation reference date;
- r : Discount rate (this represents the weighted average cost of capital, WACC);
- n : Forecast period;
- t : The t-th year of the forecast period.

In which, the formula for the free cash flow of an enterprise is as follows:

Free cash flow of an enterprise = profits before interest and taxes \times (1 – income tax rate) + depreciation and amortization – capital expenditures – increase in working capital + others

(2) Determination of forecast period

The forecast period for this valuation is from 1 April 2025 to 30 June 2064.

(3) Determination of income period

According to the “State-owned Land Use Right Lease Contract” signed between Jilin Songhua Lake Construction & Investment Co., Ltd.* (吉林市松花湖建設投資有限公司) and the subjects under appraisal on 15 August 2014: The Jilin Municipal People’s Government is responsible for handling the relevant procedures for approximately 170 hectares of land in the Songhua Lake Ski Resort in phases, changing the nature of the land use to cultural and sports purposes and investing in Jilin Songhua Lake Construction & Investment Co., Ltd. at a certain consideration, and authorizing Jilin Songhua Lake Construction & Investment Co., Ltd. to lease such land to the subjects under appraisal for use. The lease term is 50 years, commencing from 1 July 2014 to 30 June 2064. Specifically, the initial lease term of the land is 20 years, and after the expiration of the lease term, it will be automatically renewed for another 20 years, and then automatically renewed until the expiration of the 50-year lease term.

On 25 April 2023, Jilin Fengchuang State-owned Capital Investment & Operation Co., Ltd.* (吉林市豐創國有資本投資運營有限公司) signed the “Lease Contract for the Land Use Right of the Sub-Centre Project of the Westward Expansion of the Songhua Lake Resort” with the subjects under appraisal: Jilin Fengchuang State-owned Capital Investment & Operation Co., Ltd. leased land use rights for the area of 356,018.00 square meters located in Qingshan Village, Xiaobaishan Township, Fengman District, Jilin City, and Shuangdingzi Village, Kouqian Town, Yongji County, Jilin Province to the subjects under appraisal for the westward expansion project of the Songhua Lake, with a lease term with renewals for three times, totaling 50 years, commencing from 5 April 2023 to 5 April 2073. The initial lease term is 20 years, and after the expiration of the lease term, it is automatically renewed for another 20 years, and then automatically renewed for another 10 years upon expiration until the 50-year lease term in total expires.

As it is difficult for the westward expansion project to generate income separately after the expiration of the land lease of the Songhua Lake Ski Resort on 30 June 2064, and it is difficult for the management of the subjects under appraisal to predict whether the land lease of the Songhua Lake Ski Resort will be renewed after its expiration on 30 June 2064, the income period of this ski resort shall commence from 1 April 2025 to 30 June 2064. It is also expected that the income period of hotels and commercial real estate as supporting projects of the ski resort shall commence from 1 April 2025 to 30 June 2064.

(4) Determination of net cash flow

The free cash flow of an enterprise is used as the valuation model under income approach. The formula for free cash flow is as follows:

Free cash flow (for each year within the forecast period) = profits before interest and taxes \times (1 – income tax rate) + depreciation and amortization – capital expenditures – addition to working capital + others
= operating revenue – operating cost – taxes and surcharges – expenses for the period (administrative expenses, selling expenses) + net non-operating income and expenses – income tax + depreciation and amortization – capital expenditures – addition to working capital + others.

(5) Determination of discount rate

In accordance with the principle of consistency between income and discount rate, where the net cash flow of an enterprise is selected as the source of income for this valuation, the discount rate is determined using the WACC.

Formula:

$$WACC = K_e \times \left[\frac{E}{E+D} \right] + K_d \times (1 - T) \times \left[\frac{D}{E+D} \right]$$

Where, E : Market value of the equity;
 D : Market value of the debts;
 K_e : Cost of capital of the equity;
 K_d : Cost of capital of the debts;
 T : Income tax rate of the subjects under appraisal.

The cost of capital of the equity is arrived using the internationally recognized CAPM model. The formula:

$$K_e = r_f \times MRP \times \beta + r_c$$

Where, r_f : Risk-free interest rate;
 MRP : Market risk premium;
 β : Systematic risk coefficient of the equity;
 r_c : Specific risk-adjusted coefficient of an enterprise.

(6) Determination of value of surplus assets

Surplus assets refer to the assets which are beyond those required for the production and operation of an enterprise on the valuation reference date and not involved in the forecast of the free cash flow of an enterprise after the valuation reference date. Surplus assets of the subjects under appraisal primarily include monetary capital, net of minimum amount of cash on hand. The cost approach is used for this valuation.

Surplus funds = appraised value of monetary funds – cash holding,

Minimum cash holding mainly considers the personnel salary, administrative expenses after depreciation, selling expenses, etc. necessary for operations of an enterprise, and the minimum cash holding = monthly cash payment cost × turnover months

Monthly cash payment cost = annual cash payment cost/turnover months

Annual cash payment cost = main business cost + business tax and surcharge + selling expenses + administrative expenses + income tax – depreciation and amortization

The calculation process of surplus funds is as follows:

	Item	January to March 2025	Note
1	Annual cash payment cost	70,462,852.27	1=2+3+4+5+6-7
2	Main business cost	50,018,378.64	
3	Business tax and surcharge	673,287.33	
4	Selling expenses	4,301,053.74	
5	Administrative expenses	22,273,616.59	
6	Income tax	7,836,882.99	
7	Less: Depreciation and amortization	14,640,367.02	
8	Corresponding to the number of months	3	
9	Monthly cash payment cost	23,487,617.42	9=1/8
10	Turnover months	1.00	
11	Cash holding for cash payment turnover	23,487,617.42	11=9*10
12	Cash holding	23,487,617.42	12=10*11
13	Appraised value of monetary funds	60,055,016.60	
14	Surplus funds	36,567,399.18	14=13-12

(7) Value of the non-operating assets and liabilities

Non-operating assets and non-operating liabilities refer to those assets and liabilities not related to the production and operation of the subjects under appraisal and not involved in the forecast of the free cash flow of an enterprise after the valuation reference date. Non-operating assets and non-operating liabilities of the subjects under appraisal include other receivables, products under development, other current assets, deferred income tax assets, other non-current assets, accounts payable, other payables, etc. The cost approach is used for this valuation.

Non-operating assets and liabilities mainly include:

Item	Business content	Amount (RMB)
Other receivables	Clearing center deposits	137,868,819.37
Other receivables	Accounts receivable from related parties	259,729,063.75
Other receivables	Deposit and security deposit	245,041.46
Products development	Idle properties	2,657,300.00
Other current assets	Tax to be deducted	16,746,526.19
Deferred income tax assets	Deferred income tax assets	3,115,215.94
Other non-current assets	Frozen funds	105,000.00
Total assets		420,466,966.71
Accounts payable	Project funds	35,119,578.40
Other payables	Deposit and security deposit	4,795,695.43
Other payables	Accounts payable to related parties	215,156,774.21
Total liabilities		255,072,048.04
Net		165,394,918.67

IV. Value of Interest-bearing Debts

Interest-bearing debts refer to liabilities for which the subjects under appraisal are required to pay the interest on the valuation reference date. Interest-bearing debts of the subjects under appraisal include non-current liabilities due within one year and long-term borrowings.

Details are as follows:

Name of the lending bank (or institution)	Date of occurrence	Expiration date	Currency	Carrying value (RMB)
Shenzhen Branch of Bank of China	2022-11	2037-11	RMB	740,000,000.00
Shenzhen Branch of Bank of China	2022-11	2025-11	RMB	15,000,000.00
Total				755,000,000.00

By order of the Board
China Travel International Investment Hong Kong Limited
Wu Qiang
Chairman

Hong Kong, 25 February 2026

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Wu Qiang, Mr. Feng Gang and Mr. Li Pengyu; three non-executive Directors, namely Mr. Tsang Wai Hung, Mr. Zheng Jiang and Mr. Fan Zhishi; and three independent non-executive Directors, namely Mr. Song Dawei, Ms. Fang Xuan and Mr. Qian Jiannong.