

FINANCIAL REVIEW

The Group Summary of Financial Performance

| | 2025 HK\$ million | 2024 HK\$ million | Favourable/(Unfavourable) Change | |
|---|----------------------|----------------------|-------------------------------------|--------|
| | | | HK\$ million | % |
| Revenue | 8,442.7 | 8,215.4 | 227.3 | 2.8 |
| Other net income | 135.8 | 112.4 | 23.4 | 20.8 |
| Operating expenses | (7,890.9) | (7,916.2) | 25.3 | 0.3 |
| Profit from operations | 687.6 | 411.6 | 276.0 | 67.1 |
| Change in fair value of investment properties and investment property under development | (141.8) | (78.2) | (63.6) | (81.3) |
| Finance costs | (61.3) | (98.3) | 37.0 | 37.6 |
| Share of profit of joint venture and associates | 8.8 | 9.2 | (0.4) | (4.3) |
| Profit before taxation | 493.3 | 244.3 | 249.0 | 101.9 |
| Income tax expense | (95.3) | (57.0) | (38.3) | (67.2) |
| Profit for the year ("Reported profit") | 398.0 | 187.3 | 210.7 | 112.5 |
| Underlying profit (Reported profit excluding the effect of change in fair value of investment properties and investment property under development) | 539.8 | 265.5 | 274.3 | 103.3 |
| Reported earnings per share (HK\$) | 0.77 | 0.37 | 0.40 | 108.1 |
| Underlying earnings per share (HK\$) | 1.04 | 0.53 | 0.51 | 96.2 |

Review of 2025 Financial Performance

The Group's Results for the Year

The Group's underlying profit attributable to equity shareholders for the year ended 31 December 2025, excluding the effect of the change in fair value of investment properties and investment property under development, amounted to HK\$539.8 million, compared to HK\$265.5 million last year. Underlying earnings per share was HK\$1.04, compared to HK\$0.53 last year. The increase in underlying profit was mainly attributable to the improvement in the financial performance of the franchised public bus operations.

Reported profit and reported earnings per share attributable to equity shareholders were HK\$398.0 million and HK\$0.77 respectively, compared to HK\$187.3 million and HK\$0.37 last year. The reported profit for 2025 included a decrease in fair value of investment properties and investment property under development of HK\$141.8 million, compared to a decrease of HK\$78.2 million in the previous year.

The revenue and profit generated by the Group's four Divisions for the year ended 31 December 2025 are shown below:

| HK\$ million | Revenue | | Profit before taxation | |
|--|----------------|---------|------------------------|--------|
| | 2025 | 2024 | 2025 | 2024 |
| Franchised Public Bus Operations Division | 8,053.3 | 7,849.3 | 513.8 | 281.0 |
| Non-franchised Transport Operations Division | 281.6 | 267.5 | 35.7 | 24.6 |
| Property Holdings and Development Division | 107.8 | 98.6 | (59.7) | 11.8 |
| Chinese Mainland Transport Operations Division | – | – | –* | 0.6 |
| | 8,442.7 | 8,215.4 | 489.8 | 318.0 |
| Finance costs | | | (61.3) | (98.3) |
| Unallocated net operating income | | | 64.8 | 24.6 |
| Profit before taxation | | | 493.3 | 244.3 |
| Income tax expense | | | (95.3) | (57.0) |
| Profit for the year | | | 398.0 | 187.3 |

* The amount represents amount less than HK\$0.1 million.

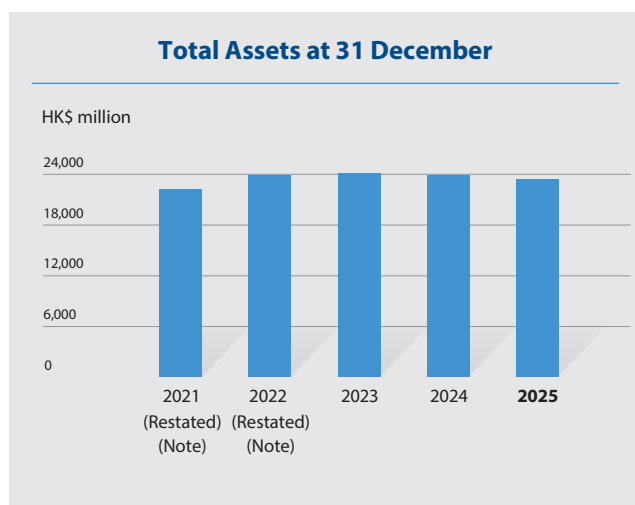
Segment information on the Group's main businesses is set out in note 12 to the financial statements on pages 220 to 222 of this Annual Report.

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

Total revenue for 2025 amounted to HK\$8,442.7 million, an increase of HK\$227.3 million or 2.8% compared with HK\$8,215.4 million for 2024. The increase was mainly due to the increase in revenue of HK\$204.0 million and HK\$14.1 million from the Group's franchised public bus operations and non-franchised transport operations; and the increase in rental income arising from the Group's investment properties of HK\$9.2 million.

Other net income increased by HK\$23.4 million from HK\$112.4 million in 2024 to HK\$135.8 million in 2025, which included an expected credit losses of HK\$86.5 million recognised on certain listed debt securities, compared to HK\$171.0 million last year. The breakdown of other net income is set out in note 4 to the financial statements on page 213 of this Annual Report.

FINANCIAL REVIEW



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

Total operating expenses for 2025 amounted to HK\$7,890.9 million, a decrease of HK\$25.3 million compared to HK\$7,916.2 million for 2024. The decrease was driven by favourable external conditions, including a reduction in fuel and oil costs, driven by reduced fuel prices together with a decrease in toll charges, but largely offset by the increase in staff costs due to pay rises.

The Group's share of profits from both associates and a joint venture for 2025 was similar to that of 2024.

Income tax expense for the year amounted to HK\$95.3 million (2024: HK\$57.0 million). The breakdown of the income tax expense is set out in note 6 to the financial statements on page 215 of this Annual Report.

More detailed information in respect of the Group's individual business units is set out on pages 114 to 119 of this Annual Report.

Dividend

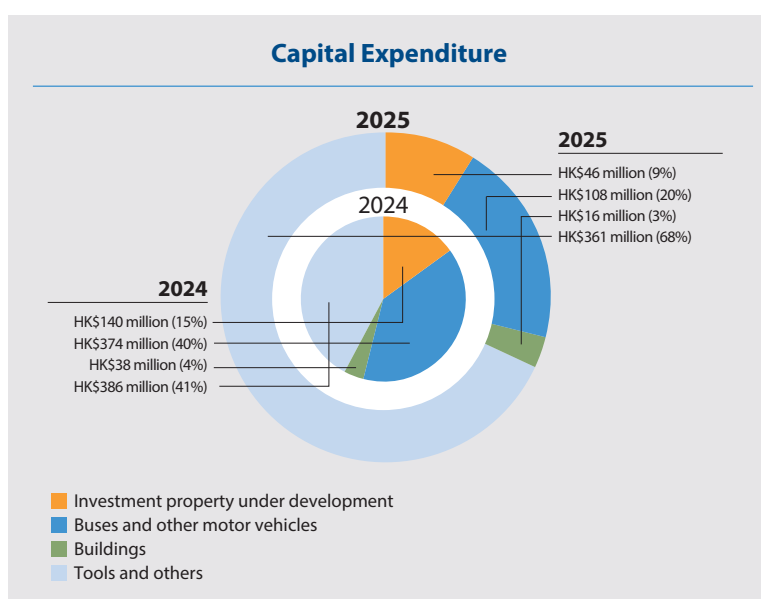
The Board has recommended an ordinary final dividend of HK\$0.50 per share (2024: HK\$0.50 per share). Together with the interim dividend of HK\$0.30 per share (2024: Nil), total dividends for the year will amount to HK\$0.80 per share (2024: HK\$0.50 per share), subject to the approval of the shareholders at the Annual General Meeting of the Company to be held on 14 May 2026 or at any adjournment thereof.

Key Changes to Financial Position

Capital Expenditure

As at 31 December 2025, the carrying values of the Group's investment properties, interest in leasehold land and other property, plant and equipment (comprising buildings, buses and other motor vehicles, buses under construction, tools and others) amounted to HK\$14,883.3 million (2024: HK\$15,679.4 million, included investment property under development). None of the assets was pledged or charged as at 31 December 2025. During the year ended 31 December 2025, additions to investment properties, interest in leasehold land and other property, plant and equipment totaled HK\$531.2 million (2024: HK\$937.6 million), which were used for fleet enhancement and the development of The Millennity and Scramble Hill.

The breakdown of the capital expenditure is shown in note 13 to the financial statements on pages 223 to 225 of this Annual Report.



Intangible Assets and Goodwill

As at 31 December 2025, the Group's intangible assets and goodwill amounted to HK\$573.9 million (2024: HK\$529.1 million) and HK\$84.1 million (2024: HK\$84.1 million) respectively. The intangible assets mainly comprise passenger service licences and transport operating rights of the Group's non-franchised transport operations.

Current Assets and Current Liabilities

The Group's total current assets as at 31 December 2025 amounted to HK\$2,909.0 million (2024: HK\$3,188.5 million), mainly comprising liquid funds of HK\$1,780.8 million (2024: HK\$1,930.0 million) and accounts receivable of HK\$848.9 million (2024: HK\$998.5 million). The Group's liquid funds as at 31 December 2025 were mainly denominated in Hong Kong dollars.

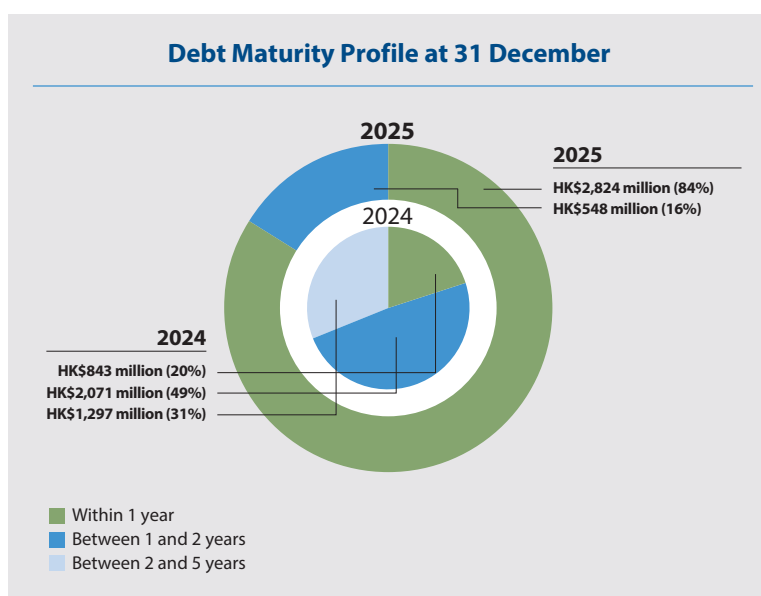
Total current liabilities as at 31 December 2025 amounted to HK\$4,294.3 million (2024: HK\$2,518.5 million), which mainly included accounts payable and accruals, and the current portion of bank loans.

Taking into consideration the Group's available facilities, its history of obtaining external financing, and the expected cash flows from operations, it is believed that there are sufficient financial resources available to enable the Group to meet its liabilities as they fall due.

FINANCIAL REVIEW

Bank Loans

As at 31 December 2025, bank loans, all unsecured, amounted to HK\$3,371.8 million (2024: HK\$4,210.9 million). The maturity profile of the bank loans of the Group as at 31 December 2025 and 31 December 2024 is shown in the chart below:



As at 31 December 2025, the Group had undrawn banking facilities totalling HK\$5,200.0 million (2024: HK\$2,870.0 million).

Capital Commitments

The Group's capital commitments as at 31 December 2025 amounted to HK\$91.7 million (2024: HK\$171.8 million). These commitments were mainly in respect of the purchase of major motor vehicle components, which are to be financed by bank borrowings and from the Group's internal resources. A summary of the capital commitments is set out below:

| | 2025 HK\$ million | 2024 HK\$ million |
|---|-----------------------------|----------------------|
| Development of The Millennity | – | 32.3 |
| Purchase of buses and other motor vehicles | 5.9 | 5.9 |
| Purchase of other properties, plant and equipment | 85.8 | 133.6 |
| Total | 91.7 | 171.8 |

As at 31 December 2025, the Group did not have new buses on order for delivery in 2026 (2024: Nil).

Funding and Financing

Financial Liquidity and Resources

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

Net Cash/(Net Borrowing) and Liquidity Ratio

As at 31 December 2025, the Group's net borrowing (i.e. total borrowings less cash and deposits at banks) decreased by 30% and amounted to HK\$1,591.0 million (2024: HK\$2,281.0 million). The gearing ratio, calculated based on the net borrowings to total equity attributable to equity shareholders of the Company, was 9.3% (2024:13.7%). The details of the Group's net cash/net borrowing position by currency are set out as follows:

| Currency | Cash and deposits at bank in foreign currency million | Cash and deposits at bank HK\$ million | Bank loans HK\$ million | Net cash/(Net borrowing) HK\$ million |
|-----------------------|---|--|-------------------------|---------------------------------------|
| At 31 December 2025 | | | | |
| Hong Kong dollars | | 1,059.4 | (3,371.8) | (2,312.4) |
| United States dollars | 91.3 | 710.5 | – | 710.5 |
| Other currencies | | 10.9 | – | 10.9 |
| Total | | 1,780.8 | (3,371.8) | (1,591.0) |
| At 31 December 2024 | | | | |
| Hong Kong dollars | | 1,055.2 | (4,210.9) | (3,155.7) |
| United States dollars | 111.1 | 863.3 | – | 863.3 |
| Other currencies | | 11.4 | – | 11.4 |
| Total | | 1,929.9 | (4,210.9) | (2,281.0) |

Finance Costs

The finance costs incurred by the Group for the year ended 31 December 2025 were HK\$61.3 million, a decrease of HK\$37.0 million compared with HK\$98.3 million for 2024. The decrease was mainly due to the decrease in average bank borrowings of the Group and the decrease in average interest rate from 4.49% per annum for 2024 to 2.95% per annum for 2025.

Net Cash Flow

For the year ended 31 December 2025, the Group recorded a net increase in cash and cash equivalents of HK\$6.8 million, compared with a net increase of HK\$146.6 million in the prior year. The movement in cash flows across operating, investing, and financing activities is summarised as follows:

| | 2025 HK\$ million | 2024 HK\$ million |
|------------------------------------|----------------------|----------------------|
| Net cash generated from/(used in): | | |
| • Operating activities | 1,646.3 | 1,515.3 |
| • Investing activities | (622.4) | (824.6) |
| • Financing activities | (1,017.1) | (544.1) |
| Net cash inflow | 6.8 | 146.6 |

FINANCIAL REVIEW

Operating activities continued to be the primary source of cash inflow, with net cash generated increasing to HK\$1,646.3 million in 2025 from HK\$1,515.3 million in 2024. This growth was mainly driven by the franchised public bus operations, which contributed HK\$1,432.5 million (2024: HK\$1,344.1 million), reflecting improved operational performance.

The net cash used in investing activities narrowed to HK\$622.4 million from HK\$824.6 million in the prior year, primarily due to lower capital expenditure.

Net cash used in financing activities widened to HK\$1,017.1 million from HK\$544.1 million in 2024, reflecting higher repayments of bank loans during the year.

The increase in financing outflows, combined with the reduction in investing outflows, contributed to the overall moderation in net cash inflow compared with the previous year.

Details of the Group's cash flow movement for the year ended 31 December 2025 are set out in the consolidated cash flow statement on pages 192 to 193 of this Annual Report.

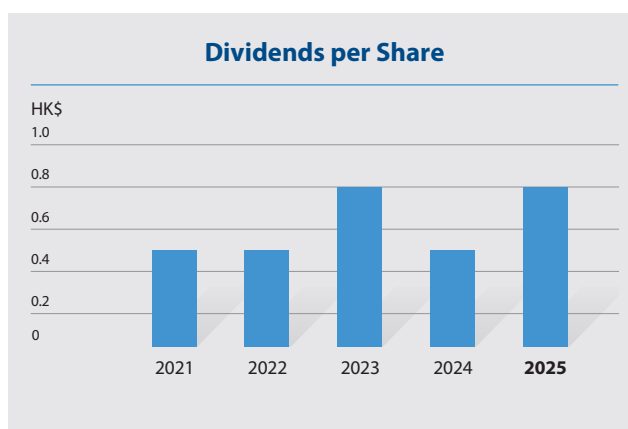
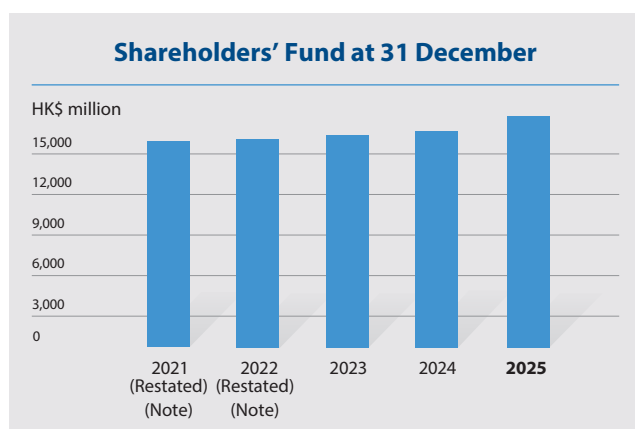
Treasury Risk Management

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

Foreign Currency Risk

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

As at 31 December 2025, the Group had outstanding GBP forward contracts totalling GBP0.6 million (2024: GBP3.0 million), which had maturities of less than one year after the end of the reporting period.



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

Interest Rate Risk

In view of the volatile financial markets and the prospect of interest rate hikes, the Group will continue to closely monitor the market conditions and devise suitable strategies to manage its exposure to interest rate risk in a prudent manner with different techniques and instruments, including natural hedges achieved by spreading loans over different rollover periods and maturity dates. Derivative financial instruments such as interest rate swaps, will be used when appropriate. As at 31 December 2025, all of the Group's borrowings were denominated in Hong Kong dollars and on a floating interest rate basis. The Group regularly reviews its strategy on interest rate risk management in the light of the prevailing market conditions.

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

Fuel Price Risk

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

Credit Risk

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

Cash Flow and Liquidity Risk

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

Employees and Remuneration Policies

Running a transport operation is a labour intensive business, and staff costs accounted for about 58% (2024: 56%) of the total operating expenses of the Group in 2025. The Group closely monitors its headcount and staff remuneration in line with productivity and the prevailing market trends. The Group's total remuneration excluding retirement costs and equity-settled share-based payment expenses for 2025 amounted to HK\$4,425.7 million (2024: HK\$4,244.2 million). As at 31 December 2025, the Group employed approximately 12,700 staff (2024: approximately 12,700 staff).