China Tourism Group Duty Free Corporation Limited
中國旅遊集團中免股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1880)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The board (the "**Board**") of directors of China Tourism Group Duty Free Corporation Limited (the "**Company**") is pleased to announce the audited annual results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2024. This announcement, containing the full text of the 2024 annual report of the Company (the "**Annual Report**"), complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results.

The Group's annual results for the year ended December 31, 2024 have been reviewed by the audit and risk management committee of the Board.

This announcement will be published on the websites of Hong Kong Exchanges and Clearing Limited ("**HKEX**") (www.hkexnews.hk) and the Company (www.ctgdutyfree.com.cn). The Annual Report will be published on the aforesaid websites of HKEX and the Company in due course.

By order of the Board
China Tourism Group Duty Free Corporation Limited
Mr. FAN Yunjun
Chairman of the Board

Beijing, the PRC
March 28, 2025

As at the date of this announcement, the members of the Board comprise Mr. FAN Yunjun and Ms. LIU Kun as the non-executive directors, Mr. CHANG Zhujun, Mr. WANG Yuehao and Mr. WANG Xuan as the executive directors and Mr. GE Ming, Ms. WANG Ying and Mr. WANG Qiang as the independent non-executive directors.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Directors

Mr. FAN Yunjun (范雲軍先生) *(Chairman)*
Ms. LIU Kun (劉昆女士) *(Vice Chairlady)*

Executive Directors

Mr. CHANG Zhujun (常築軍先生)
Mr. WANG Yuehao (王月浩先生)
Mr. WANG Xuan (王軒先生)

Independent Non-executive Directors

Mr. GE Ming (葛明先生)
Ms. WANG Ying (王瑛女士)
Mr. WANG Qiang (王強先生)

JOINT COMPANY SECRETARIES

Mr. CHANG Zhujun (常築軍先生)
Ms. ZHANG Xiao (張瀟女士)

AUTHORISED REPRESENTATIVES

Mr. WANG Xuan (王軒先生)
Ms. ZHANG Xiao (張瀟女士)

SUPERVISORS

Mr. LIU Defu (劉德福先生) *(Chairman)*
Ms. LI Hui (李輝女士)
Ms. DOU Xiaoqiong (斜曉瓊女士)

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. GE Ming (葛明先生) *(Chairman)*
Ms. WANG Ying (王瑛女士)
Mr. WANG Qiang (王強先生)

REMUNERATION AND EVALUATION COMMITTEE

Ms. WANG Ying (王瑛女士) *(Chairlady)*
Mr. GE Ming (葛明先生)
Mr. WANG Qiang (王強先生)

STRATEGY AND SUSTAINABILITY COMMITTEE

Mr. FAN Yunjun (范雲軍先生) *(Chairman)*
Ms. LIU Kun (劉昆女士)
Mr. CHANG Zhujun (常築軍先生)
Mr. WANG Xuan (王軒先生)
Mr. WANG Qiang (王強先生)

NOMINATION COMMITTEE

Mr. WANG Qiang (王強先生) *(Chairman)*
Mr. CHANG Zhujun (常築軍先生)
Mr. WANG Yuehao (王月浩先生)
Mr. GE Ming (葛明先生)
Ms. WANG Ying (王瑛女士)

REGISTERED OFFICE AND HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MAINLAND CHINA

8/F, Building A
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Dongcheng District
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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG SAR

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PRINCIPAL BANKS

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Dongcheng District
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PRC

Industrial and Commercial Bank of China Limited,
Beijing East Chang'an Avenue Sub-Branch
1/F, Tower E3, Oriental Plaza
NO. 1 East Chang'an Avenue
Dongcheng District
Beijing
PRC

China Merchants Bank Co., Ltd.,
Beijing Dongsanhuan Sub-Branch
West Gate, 1/F, Huijia Building
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Chaoyang District
Beijing
PRC

AUDITORS

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Corporate Information

HONG KONG SAR LEGAL ADVISER

Jia Yuan Law Office
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MAINLAND CHINA LEGAL ADVISER

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158 Fuxing Men Nei Street
Xicheng District
Beijing
PRC

A SHARE REGISTRAR AND TRANSFER OFFICE

China Securities Depository and Clearing Corporation Limited
Shanghai Branch Company
188 Yanggao South Road
Pudong New District
Shanghai
PRC

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Computershare Hong Kong Investor Services Limited
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Hopewell Centre
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Wanchai
Hong Kong SAR

STOCK CODE

A Share: 601888 (Shanghai Stock Exchange)
H Share: 1880 (Hong Kong Stock Exchange)

COMPANY'S WEBSITE

www.ctgdutyfree.com.cn

CHAIRMAN'S STATEMENT

INSIGHT

LEADERSHIP

REFORMATION

COHESION

Mr. FAN Yunjun

Chairman of the Board of Directors of China Tourism Group Duty Free Corporation Limited

Chairman's Statement

DEAR SHAREHOLDERS,

Greeting to all!

On behalf of the Board of Directors, I hereby present to you the 2024 annual report of CTG DUTY-FREE, and express my heartfelt gratitude to our friends from all sectors who have long supported and cared about CTG DUTY-FREE!

Looking back, 2024 marked a year of profound transformation in the global consumer market. It also marked a pivotal milestone for cdf as it celebrated its 40th anniversary, as well as a year for setting its strategic goals and making pioneering innovations and breakthroughs. During the year, guided by our corporate mission of "sharing the joy of shopping and extending the enjoyment of travel", we worked together in unity and dedication to seek progress while maintaining stability and made all-out efforts in advancing high-quality development of the Company.

During the year, we remained steadfast in our original aspiration to serve the people's needs for a better life. By steadfastly advancing the creation of a demonstration point of "trusted business operation and excellent services", Sanya International Duty-Free Shopping Complex was recognized as a "worry-free consumption in Hainan" Five-Star Store. We created a new development ecosystem that deeply integrates "culture, commerce, sports, and tourism", and hosted over 30 joint marketing campaigns with a focus on cultural tourism and art, conventions and exhibitions, sports events, and celebrity performances, introducing a new "duty-free+" shopping experience. Expanding our product portfolio, we introduced more than 200 domestic and foreign well-known brands and collaborated with multiple labels to launch 19 series of cdf exclusive products and limited-edition products, covering over 500 categories of products. By strengthening online and offline coordination, we delivered cost-effective products, convenient services, and premium experiences to consumers, with the number of cdf members exceeding 38 million.

During the year, we forged ahead by maintaining efforts in strengthening our presence and charting our blueprint for the future development. We consolidated our advantages in port channels, and won the bids for the operating rights of 10 airport and port duty-free store projects, driving significant sales growth in domestic arrival and departure duty-free stores. Internationally, we expanded our overseas footprint, opening boutiques at Singapore Changi Airport and Hong Kong International Airport, a duty-free brand jewelry counter in Ginza, Tokyo, Japan, and a duty-free store in Sri Lanka. Domestically, we optimized the layout of our downtown stores, winning the bids for 6 new downtown duty-free store projects in Shenzhen, Guangzhou, Xi'an, Fuzhou, Chengdu and Tianjin. Aligning with the strategy for global expansion of China Chic brands, we successfully organized special promotional events for China Chic brands and launch events for China Chic sportswear brands, facilitating the global expansion of China Chic brands. We actively explored duty-paid business operations, signed duty-paid business operating lease agreements with Shanghai Hongqiao Airport and Harbin Taiping Airport, and actively explored emerging duty-paid business areas such as catering.

During the year, we broke new ground and empowered our growth through innovation-driven transformation. By promoting the implementation of the reform deepening and enhancement initiative, and steadfastly advancing the Central SASAC's Reform Deepening and Enhancement Action and the "Dual Hundred Enterprises" Action, we earned a "good" rating in the special assessment of the "Dual Hundred Enterprises" Action. We promoted management reforms with key achievements achieved in the pilot and promotion of the "One Inventory" project in Hainan, customer service system development, marketing and promotion management mechanism, store grading and classification, data-sharing services and core systems development. We further propelled digital transformation by accelerating the development of our core systems such as the digital procurement platform and supply chain fulfillment platform, leveraging our capabilities of data center platform to empower business growth.

Looking ahead to 2025, we foresee a landscape where challenges and opportunities coexist. We will firmly center our efforts around the principles of "Insight, Leadership, Reformation, and Cohesion", anchoring our course amidst uncertainties and forging resilience through challenges. By "gaining insights into markets, consumers, and partners", we will capture new market opportunities. By "leading changes, demands, and industry trends", we will discover new growth trajectories. By "reforming strategic capabilities, ecosystem of people, goods, and place, and talent", we will drive the comprehensive enhancement of core capabilities. By "cohering consensus, confidence, and resolve", we will guide high-quality corporate development.

As the spring breeze heralds renewal, now is the time to set sail and forge ahead. In 2025, we will anchor our course through insight, define excellence through leadership, unleash vitality through reformation, and gather strength through cohesion. We will relentlessly advance towards our vision of becoming a world-class travel retail operator with global competitiveness and influence. We also look forward to continuing to partner with all shareholders on the journey of high-quality development, joining hands to write a new chapter together!

Mr. FAN Yunjun
Chairman of the Board
March 2025

FINANCIAL HIGHLIGHTS

	For the year ended December 31		
	2024 RMB million	2023 RMB million	Change RMB million
Operating results			
Revenue	56,474	67,540	(11,066)
Gross profit	17,347	20,853	(3,506)
Net profit attributable to equity shareholders of the Company	4,324	6,790	(2,466)
Profitability			
Gross profit margin	30.72%	30.88%	decreased by 0.16 percentage points
Net profit margin attributable to equity shareholders of the Company	7.66%	10.05%	decreased by 2.39 percentage points
Earnings per share (RMB)			
– Basic	2.0899	3.2820	(1.1921)
– Diluted	2.0899	3.2820	(1.1921)

	As of December 31		
	2024 RMB million	2023 RMB million	Change RMB million
Financial position			
Total assets	76,108	78,662	(2,554)
Equity interest attributable to equity shareholders of the Company	54,966	53,646	1,320
Total liabilities	15,312	19,688	(4,376)
Cash and cash equivalents	34,773	31,752	3,021
Equity-liability ratio (total liabilities/net assets)	25.19%	33.38%	decreased by 8.19 percentage points

FINANCIAL SUMMARY

	For the year ended December 31				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Operating results					
Revenue	56,473,848	67,540,105	54,432,851	67,675,515	52,597,807
Gross profit	17,346,798	20,852,815	14,860,327	22,294,226	20,468,474
Profit for the year	4,917,554	7,347,937	6,271,830	12,441,251	7,109,363
Net profit attributable to equity shareholders of the Company	4,323,643	6,790,027	5,113,962	9,726,557	5,931,348
Profitability					
Gross profit margin	30.72%	30.88%	27.30%	32.94%	38.92%
Profit margin for the year	8.71%	10.88%	11.52%	18.38%	13.52%
Earnings per share (RMB)					
Earnings per share – basic	2.0899	3.2820	2.5697	4.9817	3.0379
Earnings per share – diluted	2.0899	3.2820	2.5697	4.9817	3.0379

	As of December 31				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	76,108,344	78,662,313	75,618,784	55,101,329	45,863,816
Total liabilities	15,312,034	19,687,770	21,780,188	20,682,332	20,127,400
Non-controlling interests	5,830,551	5,328,073	5,529,014	5,147,598	3,842,330
Equity interest attributable to equity shareholders of the Company	54,965,759	53,646,470	48,309,582	29,271,399	21,894,086
Equity-liability ratio (total liabilities/net assets)	25.19%	33.38%	40.45%	60.09%	78.21%


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MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

I. DISCUSSION AND ANALYSIS ON BUSINESS OPERATION

In 2024, facing a complex and challenging business environment, by adhering to the overarching principle of seeking progress while maintaining stability, the Company anchored its strategic focus, deepened reforms and innovation, and closely followed evolving consumer needs to solidly advance its various initiatives.

(I) Implementing the strategy to deepen presence in Hainan and revitalizing the Hainan market

The Company actively advanced the creation of a demonstration point of "trusted business operation and excellent services" at Sanya International Duty-Free Shopping Complex. The Company has established a new service system comprising 1 service value proposition, 8 major service-supporting frameworks and 98 policies and standards. During the "One Street, One City, One Belt" worry-free consumption demonstration site development campaign in Sanya, Sanya International Duty-Free Shopping Complex was recognized as a "worry-free consumption in Hainan" Five-Star Store. The Company continued to develop the "first-store economy", launching COACH's first two-story flagship store tailored to the travel retail sector in China, Estée Lauder's world's first two-story flagship store and LANCOME's world's first Domaine de la Rose concept flagship store at Sanya International Duty-Free Shopping Complex, as well as the first innovative immersive whisky museum MALT & MORE WHISKY by cdf in China at Haikou International Duty-Free Shopping Complex. Additionally, key brand stores such as Prada boutique and Gucci boutique at Haikou International Duty-Free Shopping Complex made their debut, offering consumers a novel and immersive shopping experience. The Company created a new development ecosystem that deeply integrates "culture, commerce, sports, and tourism" with a focus on cultural tourism and art, conventions and exhibitions, sports events, and celebrity performances, introducing a new "duty-free+" shopping experience, and innovatively launched cdf member exclusive club IP to continuously enhance the appeal of shopping. During the Reporting Period, the Company's dominant position in the Hainan offshore duty-free market was further strengthened, with its market share increasing by nearly 2 percentage points year-on-year.

(II) Actively expanding channel resources and optimizing business layout

In terms of port channels, the Company successfully won bids for the operating rights of 10 airport and port duty-free store projects including the departure duty-free store at Terminal 1 of Guangzhou Baiyun International Airport, the departure duty-free store at Kunming Changshui International Airport, and the departure duty-free store at Shandong Port Qingdao Cruise Home Port Passenger Transport Center, further consolidating the Company's channel advantages in medium and large-sized airports and ports in China. Additionally, benefiting from the expansion of visa-free countries, optimized transit visa-free policies, and continuous increase in international passenger flights, the Company's domestic arrival and departure duty-free stores achieved significant sales growth. In terms of downtown store channels, the Company vigorously promoted the transformation and upgrading of existing downtown duty-free stores. It signed operating agreements for 6 stores in Beijing, Shanghai, Sanya, Dalian, Qingdao and Harbin, reopened the Dalian downtown duty-free store with a fresh look, and won the bids for the operating rights of 6 new downtown duty-free stores in Guangzhou, Shenzhen, Xi'an, Fuzhou, Chengdu and Tianjin. In terms of overseas channels, the Company systematically advanced its overseas business layout, opening boutiques at Singapore Changi Airport and Hong Kong International Airport, a duty-free brand jewelry counter in Ginza, Tokyo, Japan, and a duty-free store in Sri Lanka, and won the bid for the operating rights of the duty-free store on the H1509 cruise ship under China State Shipbuilding Corporation, achieving breakthroughs in key markets. Furthermore, the Company actively promoted the global expansion of China Chic brands. In collaboration with the Jinjiang Municipal People's Government and leading domestic sportswear companies, the Company successfully organized the "Riding the Wave, Sailing Abroad" (潮起盛會　揚帆出海) launch event for China Chic sportswear brands, continuously expanding upstream brand and downstream channel resources to vigorously support the development of China Chic brands in overseas markets.

(III) Steadily advancing key projects and actively exploring duty-paid business operations

During the Reporting Period, the Company was committed to supporting the construction of the Hainan Free Trade Port and solidly promoted the development of key projects. For the hotel project on Plot 2 of Phase I of Sanya International Duty-Free Shopping Complex, the Company overcame technical challenges in steel structure construction, completing the topping-out of the main structure of the Indigo Hotel. Phase III of Sanya International Duty-Free Shopping Complex advanced the underground structure construction, with certain sections achieving ground floor level. Plot 1 of the Haikou International Duty-Free Shopping Complex Project completed the finishing work of various specialized construction tasks, while Plot 4 of the project completed the topping-out of the hotel's main structure. Additionally, the Company actively explored development models for duty-paid business. It collaborated with Gansu Civil Aviation Airport Group Co., Ltd. (甘肅省民航機場集團有限公司) to jointly advance the travel retail commercial project at T3 Terminal of Lanzhou Zhongchuan International Airport. The Company also partnered with SIPG Ruitai Development Co., Ltd. (上港集團瑞泰發展有限責任公司) to advance the Long Beach Commercial Complex Project near the Shanghai Wusongkou International Cruise Terminal. Furthermore, the Company signed duty-paid business operating lease agreements with Shanghai Hongqiao Airport and Harbin Taiping Airport, actively exploring emerging duty-paid business areas such as catering.

(IV) Focusing on sound business development and making every effort to enhance operation quality and efficiency

Firstly, the Company continued to optimize the product sales mix, increase the proportion of high-margin products, improve the mechanism of sales promotion management, and optimize product pricing and discount strategies. Secondly, the Company continuously expanded its product boundaries, increased the supply of best-selling products, and enriched China Chic brands covering perfume & cosmetics, home appliances, food & healthcare, sports & leisure, and digital electronics, to enhance the supply-demand matching of products and consumption needs and realize a positive sales growth. In 2024, the Company introduced a total of more than 200 domestic and foreign well-known brands, including more than 20 cdf exclusive brands; and more than 150 new brands were introduced to the stores in Hainan throughout the year. Thirdly, the Company strengthened the construction of the supply chain system, enhanced product grading management, and optimized the product ordering and distribution mechanism. The Company refined inventory management and formulated standardized operating procedures for the entire supply chain to enhance operational efficiency. Fourthly, the Company strengthened online and offline coordination by focusing on resources such as market, products, and members, and improved the conversion rate and the repeated purchase rate through the integrated construction of private sectors and the refined operation of memberships, with the number of cdf members exceeding 38 million. Fifthly, the Company optimized the store grading and classification management system, and strengthened retail terminal control guidance to continuously improve the refined operation level of the stores.

(V) Gearing up for empowerment from various aspects and driving the Company to grow bigger and stronger

Firstly, the Company strengthened marketing and promotion by creating the IP "C-LOONG" for the Year of Dragon and launching a variety of marketing activities, such as the 4th cdf Watch Carnival, the 6th cdf Hainan Duty-Free Shopping Festival, the cdf Global Season of Special Offers and the cdf Annual Shopping Gala, with an aim to create new immersive, experiential, and interactive shopping scenarios and unique shopping experience tags to ignite consumer enthusiasm for duty-free shopping. Secondly, the Company strengthened brand promotion. In addition to deeply participating in industry events such as the China International Consumer Goods Fair, the TFWA Asia Pacific Exhibition & Conference and the Trinity Forum, the Company also organized the 2024 Annual Procurement Conference and the Seminar on the Development of the Duty-Free Industry in China. The cdf's "Mystery" series brand image advertisement won the 2024 German National Design Award. CDFG was awarded the "2024 Influential Enterprise of Cultural and Tourism Brand Value Communication" by Xinhuanet. Accordingly, the Company's brand image and influence were further enhanced. Thirdly, the Company strengthened digitalization construction by integrating the cdf data center, which successfully standardized the data warehouse, data standards and data security management, thus supporting the Company's refined management and operations, pushing the construction of the core supply chain system and empowering its business.

II. INDUSTRY IN WHICH THE COMPANY OPERATES

(1) Tourism Industry

1. Global International Tourism Industry

The global international tourism industry continued to recover strongly in 2024. According to the latest World Tourism Barometer released by the United Nations World Tourism Organization (the "UNWTO"), there were 1.445 billion international tourists in 2024, which represented a year-on-year increase of 11%, recovering to 99% of that in 2019; the overall income of international tourism industry reached US$1.6 trillion in 2024, representing a year-on-year increase of 3%, and 104% of that in 2019; and the global tourism spending per capita reached US$1,100 in 2024, up from US$1,000 per capita before the pandemic. In particular, the tourism market in the Asia-Pacific region recovered to 87% of the pre-pandemic level, and continued to maintain a rapid recovery momentum, representing an increase of 33% as compared to last year. The UNWTO forecasted that the number of international tourists is expected to achieve a year-on-year growth of 3%-5% in 2025.

2. Domestic Tourism Industry

In 2024, China's tourism market recovered fully, and the inbound and outbound tourism market achieved rapid growth. As shown on the official website of the Ministry of Culture and Tourism, according to the results of the domestic tourism sample survey, the number of domestic tourists was 5.615 billion in 2024, representing a year-on-year increase of 14.8%; the total expenditure of domestic tourists was RMB5.75 trillion in 2024, representing a year-on-year increase of 17.1%. According to the information released by the National Immigration Administration, in 2024, the immigration administration authorities in China processed a total of 610 million entries and exits throughout the year, representing a year-on-year increase of 43.9%.

(2) Duty-free & Travel Retail Industry

1. Global Duty-free & Travel Retail Industry

In 2024, the global duty-free & travel retail market was still in the process of recovery. According to the forecast data of Generation Research in November 2024, the global duty-free & travel retail market was expected to achieve sales of US$73.73 billion (approximately RMB530.0 billion) in 2024, representing a year-on-year increase of 2.5% in terms of US dollars, recovering to 86.2% of that in 2019. In particular, the duty-free & travel retail market in Asia Pacific was expected to achieve sales of US$32.31 billion (approximately RMB232.3 billion) in 2024, representing a year-on-year increase of 0.8% in terms of US dollars, accounting for 43.8% of the global sales. In terms of channels, in 2024, sales from airport shops was expected to increase by 4.5% year on year, sales from other shops (including downtown duty-free shops) to decrease by 0.3% year on year, sales from ferries channel to increase by 2.7% year on year, and sales from airlines channel to increase by 7.4% year on year. In terms of categories, in 2024, sales of fragrances & cosmetics was expected to decrease by 0.3% year on year, sales of wines & spirits to increase by 5.6% year on year, sales of fashion & accessories to increase by 1.3% year on year, sales of tobacco goods to increase by 7.5% year on year, sales of watches, jewellery & fine writing to increase by 1.9% year on year, sales of electronics, gifts & others to increase by 4.4% year on year, and sales of confectionery & fine food to increase by 4.9% year on year.

Management Discussion and Analysis

Table: Duty-free & travel retail worldwide sales in 2024

Unit: million Currency: US$

Duty-free & travel retail worldwide sales by region

By region	2024E		2023		Year-on-year change
	Sales	Market share	Sales	Market share	
Asia Pacific	32,311.6	43.8%	32,063.0	44.6%	0.8%
Europe	22,559.2	30.6%	21,559.0	30.0%	4.6%
Americas	11,483.8	15.6%	11,193.5	15.6%	2.6%
Middle East	6,538.5	8.9%	6,315.9	8.8%	3.5%
Africa	840.7	1.1%	781.0	1.1%	7.6%

Duty-free & travel retail worldwide sales by channel

By channel	2024E		2023		Year-on-year change
	Sales	Market share	Sales	Market share	
Airport Shops	40,517.4	55.0%	38,774.2	53.9%	4.5%
Other Shops	29,625.5	40.2%	29,715.5	41.3%	-0.3%
Ferries	1,862.8	2.5%	1,813.3	2.5%	2.7%
Airlines	1,728.2	2.3%	1,609.4	2.2%	7.4%

Duty-free & travel retail worldwide sales by category

By category	2024E		2023		Year-on-year change
	Sales	Market share	Sales	Market share	
Fragrances & Cosmetics	25,702.1	34.9%	25,785.2	35.9%	-0.3%
Wines & Spirits	11,551.4	15.7%	10,935.9	15.2%	5.6%
Fashion & Accessories	11,501.5	15.6%	11,357.3	15.8%	1.3%
Tobacco Goods	8,097.4	11.0%	7,533.1	10.5%	7.5%
Watches, Jewellery & Fine Writing	6,329.4	8.6%	6,211.8	8.6%	1.9%
Electronics, Gifts & Others	5,636.5	7.6%	5,401.3	7.5%	4.4%
Confectionery & Fine Food	4,915.5	6.7%	4,687.7	6.5%	4.9%

Source: Generation Research; other shops include downtown duty-free shops.

2. Hainan Offshore Duty-free Industry

According to the 2025 Hainan Provincial Government Work Report, the sales of offshore duty-free operating entities in Hainan were RMB47.03 billion in 2024. According to the statistics of Haikou Customs, in 2024, the offshore duty-free sales in Hainan amounted to RMB30.94 billion, representing a year-on-year decrease of 29.3%; the number of shoppers was 5.683 million, representing a year-on-year decrease of 15.9%; the number of duty-free items was 33.082 million, representing a year-on-year decrease of 35.5%. The pressure on offshore duty-free sales in Hainan was related to factors such as the natural disaster caused by Typhoon Yagi, the diversion of outbound consumption, the squeezing out of duty-free market share by domestic brands, and customers' pursuit of more cost-effective products. Meanwhile, Hainan Province has adopted various measures, including optimizing policies, guiding differentiated operations, accelerating the integrated development of "duty-free + cultural tourism", distributing consumption vouchers, and conducting promotional activities, which have played a positive role in revitalizing the offshore duty-free market.

3. Development of Domestic Duty-free Industry-related Policies

On August 27, 2024, in order to further stimulate consumption vitality, expand domestic demand, and guide the return of consumption, five ministries and commissions, including the Ministry of Finance, the Ministry of Commerce, the Ministry of Culture and Tourism, the General Administration of Customs, and the State Taxation Administration jointly issued the "Notice on Improving the Policy for Downtown Duty-Free Stores《關於完善市內免稅店政策的通知》" (the "Notice"). According to the Notice, 13 foreign exchange goods duty-free stores in Beijing, Shanghai, etc. shall be transformed into downtown duty-free stores within three months, and a duty-free store will each be opened in eight cities, namely Guangzhou, Chengdu, etc. In the future, with the rapid growth of inbound and outbound tourists in the PRC and the continuous enhancement in the downtown duty-free store operations, these stores will play a significant role in promoting consumption among inbound and outbound tourists and guiding the return of consumption.

III. BUSINESS OF THE COMPANY

The Company is principally engaged in duty-free travel retail business, including wholesale and retail of duty-free products such as tobacco and wine, perfume and cosmetics, accessories, clothing and electronic products. In addition, the Company is also engaged in the investment and development of commercial complexes with duty-free business as its core. CDFG and CDF Investment, wholly-owned subsidiaries of the Company, are responsible for the Company's duty-free business and the investment and development of tourism destination commercial complexes, respectively.

During the Reporting Period, the business model of the Company is as follows: after CDFG purchases duty-free products from suppliers, it wholesales all kinds of duty-free products to duty-free stores under CDF system through the distribution center, which will then be sold by duty-free stores under CDF system to inbound and outbound tourists, or offshore tourists in Hainan province. Some duty-free stores located far from the distribution centers have their products directly delivered by suppliers for transportation cost and other reasons, and then the commodities are sold by duty-free stores under CDF system to inbound and outbound tourists, or offshore tourists in Hainan province.

In addition to offline sales channels, the Company has also fully developed its online business by creating an integrated online platform, and innovatively developed a digital marketing model to realize the effective joining of online and offline sales channels and efficiently empower enterprises to improve quality and efficiency.

IV. FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from sales of merchandise and provision of related services through its travel retail business. Other sources of revenue of the Group include rental income from leasing of investment properties.

The Group's revenue decreased by 16.38% year-on-year from RMB67.540 billion for the year ended December 31, 2023 to RMB56.474 billion for the year ended December 31, 2024.

	2024 RMB'000	2023 RMB'000	Year-on-year change
Sales of merchandise			
– duty-free	38,665,529	44,231,211	-12.58%
– duty-paid	17,094,964	22,344,477	-23.49%
Others	494,316	793,100	-37.67%
Revenue from other sources	56,254,809	67,368,788	-16.50%
Rental income from investment properties	219,039	171,317	27.86%
	56,473,848	67,540,105	-16.38%

During the Reporting Period, the year-on-year decrease in the Group's revenue and revenue from sales of merchandise was mainly due to the impact of slowing consumer demand and industry cyclicality during the Reporting Period.

Other income

The Group's other income (comprising interest income, exchange gains or losses and government grants) increased by 0.20% from RMB1,493 million for the year ended December 31, 2023 to RMB1,496 million for the year ended December 31, 2024, which was mainly due to the year-on-year decrease in exchange gains during the Reporting Period.

Cost of sales

The Group's cost of sales decreased by 16.19% from RMB46.687 billion for the year ended December 31, 2023 to RMB39.127 billion for the year ended December 31, 2024, which was mainly due to the year-on-year decrease in sales revenue during the Reporting Period.

Gross profit

The Group's gross profit decreased by 16.81% from RMB20.853 billion for the year ended December 31, 2023 to RMB17.347 billion for the year ended December 31, 2024, which was mainly due to the year-on-year decrease in sales revenue during the Reporting Period.

Selling and distribution costs

The Group's selling and distribution costs decreased by 6.39% from RMB10.742 billion for the year ended December 31, 2023 to RMB10.056 billion for the year ended December 31, 2024, which was mainly due to the decrease in licensing fees, operating & administrative expenses, and advertising & promotion expenses during the Reporting Period.

Administrative expenses

The Group's administrative expenses decreased by 10.05% from RMB2.597 billion for the year ended December 31, 2023 to RMB2.336 billion for the year ended December 31, 2024, which was mainly due to the year-on-year decrease in operating expenses and employee remuneration during the Reporting Period.

Research and development expenses

The Group's research and development expenses decreased by 65.99% from RMB58.42 million for the year ended December 31, 2023 to RMB19.87 million for the year ended December 31, 2024, which was mainly due to the year-on-year decrease in expenditure on research and development activities during the Reporting Period.

Staff costs

The Group's staff costs decreased by 5.74% from RMB3.609 billion for the year ended December 31, 2023 to RMB3.402 billion for the year ended December 31, 2024, which was mainly due to the year-on-year decrease in the sales of the Company resulting in the corresponding decrease in staff costs during the Reporting Period.

Finance costs

The finance costs of the Group mainly comprised interest expenses on interest-bearing loans and interest expenses on lease liabilities. The Group's finance costs decreased by 31.88% from RMB298 million for the year ended December 31, 2023 to RMB203 million for the year ended December 31, 2024, which was mainly due to the significant decrease in lease liabilities as compared to the previous period and the decrease in LPR, and a corresponding decrease in interest expenses on corporate borrowings during the Reporting Period.

Reversal of impairment of trade and other receivables

The Group's reversal of impairment of trade and other receivables increased by 3.31% from RMB2.5772 million for the year ended December 31, 2023 to RMB2.6624 million for the year ended December 31, 2024, mainly due to the decrease in the balance of accounts receivable and a corresponding decrease in the provision for bad debts during the Reporting Period.

Profit from operations

The Group's profit from operations decreased by 28.12% from RMB89.497 billion for the year ended December 31, 2023 to RMB64.333 billion for the year ended December 31, 2024, which was mainly due to the year-on-year decrease in sales revenue during the Reporting Period.

Profit for the year

The Group's profit for the year decreased by 33.07% from RMB7.348 billion for the year ended December 31, 2023 to RMB4.918 billion for the year ended December 31, 2024, which was mainly due to the year-on-year decrease in sales revenue, coupled with relatively smaller decreases in expenses such as selling and distribution costs and staff costs during the Reporting Period.

Total equity attributable to equity shareholders

The Group's total equity attributable to equity shareholders increased by 2.46% from RMB53.646 billion as of December 31, 2023 to RMB54.966 billion as of December 31, 2024, which was mainly due to the Company's operating profit during the Reporting Period.

Trade and other receivables

The Group's trade and other receivables decreased by 29.52% from RMB6.037 billion as of December 31, 2023 to RMB4.255 billion as of December 31, 2024, which was mainly due to the decrease in the value-added tax (VAT) credit refund and time deposits with the banks during the Reporting Period.

Trade and other payables

The Group's trade and other payables decreased by 31.58% from RMB12.299 billion as of December 31, 2023 to RMB8.415 billion as of December 31, 2024, which was mainly due to the decrease in payables for procurement of goods, construction work and licensing fees during the Reporting Period.

Liquidity and capital resources

The Group meets its working capital and other capital requirements primarily through cash generated from the operation of travel retail business, borrowings from related parties, bank borrowings, together with the net proceeds from issuance of shares under H Share initial public offering.

As of December 31, 2024, the Group had cash and cash equivalents of approximately RMB34.773 billion (as of December 31, 2023: RMB31.752 billion), primarily representing deposits in Hong Kong dollars and RMB.

As of December 31, 2024, the Group's borrowings amounted to RMB3.111 billion (as of December 31, 2023: RMB3.188 billion), which were mainly borrowings in RMB, among which RMB319 million adopted fixed interest rates. The decrease in borrowings of the Group was mainly as a result of the repayment of borrowings during the Reporting Period.

The Directors are of the view that the Group will be able to have sufficient working capital to fund its future financing needs and working capital based on the following: (a) the Group is expected to be profitable and therefore will continue to generate operating cash flows from future business operations; and (b) the Group has maintained long-term business relationship with its principal banks.

Capital expenditure

The Group's capital expenditures relate primarily to construction. As of December 31, 2024, the total amount of capital expenditure contracted by the Group but not yet provided was RMB470 million.

Gearing ratio

	As of December 31	
	2024 RMB100 million	2023 RMB100 million
Total debts (including lease liabilities and interest-bearing borrowings)	53.12	55.31
Total equity	607.96	589.75
Gearing ratio[(1)]	8.74%	9.38%

Note:

(1) Gearing ratio equals total debts (including lease liabilities and interest-bearing borrowings) divided by total equity.

Contingent liabilities

As of December 31, 2024, the Group did not have any significant contingent liabilities.

Investment

As of December 31, 2024, the Group's interests in associates and joint ventures amounted to RMB3.670 billion, representing an increase of RMB1,470 million or 66.82% as compared to the end of last year. The increase in the Group's interests in associates and joint ventures mainly represents the increase in capital contributions to associates and joint ventures.

As of December 31, 2024, each individual investment held by the Group did not constitute 5% or more of the Group's total assets.

Material acquisitions and disposals and future plans for material investments or acquisition of capital assets

As of December 31, 2024, there was no material acquisitions and disposals. In the future, the Group shall focus on acquisition opportunities of upstream brands and duty-free operators, and proceed with relevant capital operations in a timely manner according to market conditions.

Pledge on assets

As of December 31, 2024, the book value of fixed assets, intangible assets and investment properties pledged as security amounted to RMB1.625 billion, RMB412 million and RMB1.216 billion, respectively.

V. DISCUSSION AND ANALYSIS OF THE COMPANY ON THE FUTURE DEVELOPMENT

(1) Industry Landscape and Trend

According to the report titled "New Growth Points in the Global Travel Retail Industry" jointly released by the Duty Free World Association and Kearney, the common challenges encountered in the industry include the global travel retail industry's growth rate underperforming the growth in tourist sources, consumer price comparison and incomplete product categories. Technological innovation serves as an important driver for the travel retail industry, and the future of the industry will depend on the application of new technologies, stakeholder engagement, and profound understanding of travel trends.

According to the estimates of China Tourism Academy, the tourism economy will see more optimistic expectations and higher quality development in 2025. Key indicators such as the number of domestic trips, total expenditure of tourists, holiday travel distances, destination stay durations, newly employed persons, new fixed asset investments, the number of tourism market operators such as tourist attractions, resorts, travel agencies, star-rated hotels, and graded homestays, as well as the number of inbound and outbound tourists and foreign exchange earnings from tourism, are expected to hit a new high. During the 8-day Spring Festival holiday in 2025, the number of domestic trips, inbound trips, and outbound trips as well as the spending per capita in China increased significantly.

According to the "2024 China Luxury Market Report" released by Bain & Company, the sales of the personal luxury market in Mainland China are expected to decline by 18%-20% in 2024. Bain & Company is of the opinion that the luxury market in Mainland China will continue to be subdued in the first half of 2025, but holds a cautiously optimistic attitude towards the market outlook for the second half of the year, and expects the overall performance in 2025 will be flat as compared to 2024. Despite such headwinds, the attractiveness of luxury brands in the Mainland China market will not be dampened. In the long run, the large luxury consumer base in China remains a key growth driver for global luxury consumption.

In 2024, China's economic growth rate stood at 5%, which was achieved under the complicated environment of heightened external pressures and increased internal challenges, underscoring the resilience and adaptability of the Chinese economy. With the further implementation of a series of government policies aimed at stabilizing growth, promoting reform, making structural adjustments, and improving people's lives, the momentum of economic recovery will be further consolidated and boosted. The Central Economic Work Conference, in deploying key tasks for 2025, prioritized expanding domestic demand, with a focus on "vigorously boosting consumption and investment returns and stimulating domestic demand across the board". It also proposed that the cultural tourism industry shall "innovate on diversified consumption scenarios, expand service consumption, and facilitate the development of the cultural tourism industry", highlighting the important position and far-reaching significance of the cultural tourism industry under the current economic environment. Looking forward to 2025, underpinned by the further advancement of major national strategies such as the construction of the Hainan Free Trade Port and the Guangdong-Hong Kong-Macao Greater Bay Area, as well as the implementation of various policies to promote consumption and tourism, the domestic duty-free industry and duty-free enterprises will usher in more development opportunities.

(2) Development Strategies of the Company

We will focus on the travel retail business, enhance the value chain with duty-free business as the core, extend and upgrade the industrial chain with travel retail as the extension, raise our international standards and market competitiveness, and build a world-class travel retail operator with global competitiveness and influence.

(3) Operation Plan

In 2025, the Company will continue to deeply study and follow the important instructions of General Secretary Xi Jinping, practically implement the spirit of the Third Plenary Session of the Twentieth Central Committee of the CPC, focus on enhancing core functions and core competitiveness, spare no effort to achieve all the goals under the "14th Five-Year Plan", and create a new situation of high-quality development on the new journey.

1. Focusing on the duty-free principal business while optimizing existing business and expanding new business

Firstly, we will expand the market layout in Hainan. Adhering to the philosophy of "trusted business operation and excellent services", we will consolidate and promote the experience of Sanya International Duty-Free Shopping Complex as a demonstration point, enhance service improvement, and launch innovative service offerings and products to accurately match the needs of different tourist groups, enhance the matching of supply and demand of products, and satisfy consumers' pursuit of quality life. In addition, we will enhance consumers' shopping experience through various means, such as the joint marketing of "culture, commerce, sports and tourism" and new media publicity and traffic attraction.

Secondly, we will improve the layout of domestic port stores and downtown stores. We will strengthen the refined operation and management of existing port duty-free stores, adjust the category structure according to the changes in inbound and outbound consumption needs, and explore win-win development strategies with airports for business development and passenger service improvement. We will practically make overall planning for bidding projects and strive to win the bid for the operation rights of duty-free stores in key channels. We will seize the policy opportunity for new downtown stores to vigorously carry out the expansion and operation of new downtown stores, and effectively give full play to the benefits of the policy and the function of serving international travelers.

Thirdly, we will expand our overseas business presence. We will strengthen capital operation capabilities, give full play to the "A+H" dual capital platform, and safeguard the capital needs of major projects. We will seize the development opportunities arising from the Belt and Road Initiative and pay attention to expansion opportunities in key countries to continuously improve our international standards. We will promote China-Chic products, focus on exploring China-Chic brands with development potentials and expand the cooperation model to drive Chinese brands going global.

Fourthly, we will promote the sound development of online business. According to consumer demand, we will enrich the product categories and brands, improve the functions of the online platform and business system, enhance the data analysis and application capabilities, and strengthen the precise member reach, the integrated operation of private sectors, and personalized and precise product pushing, to further enhance the efficiency of online operations.

Fifthly, we will solidly promote the construction of key projects. We will thoroughly implement the major decisions and arrangements of the central government, and assist in the development of key regions. We will also promote the construction of various land parcels of Haikou International Duty-Free Shopping Complex Project, the hotel portion on Plot 2 of Phase I of Sanya International Duty-Free Shopping Complex and Phase III of Sanya International Duty-Free Shopping Complex Phase as planned.

2. Enhancing core capabilities, consolidating the foundation and improving quality and efficiency

Firstly, we will improve the ability to provide high-quality services, enhance customer insight, build a sound production introduction mechanism based on customer insight, formulate a full lifecycle of membership operation strategies, and strengthen membership operation capabilities to promote customer satisfaction with high-quality services.

Secondly, we will enhance the supply chain management capability, promote the profound change in the supply chain system, and realize the efficient operation of the supply chain through the synergy of procurement, supply and marketing, process re-engineering, resource integration and business digitization.

Thirdly, we will improve our digital operation capability and deepen the application of procurement, contract fulfillment and other core systems in the supply chain to support business operations. We will also strengthen the practical application of scientific and technological innovations to enhance operational efficiency through digital and intelligent empowerment.

(4) Potential Risks

1. Policy risk

With the relaxation of the duty-free operation permits, the operating entities for the port arrival and departure duty-free stores shall be determined by way of bidding, the operating entities for the the offshore duty-free stores in Hainan shall be determined by way of competitive negotiation, and the operating entities for the downtown duty-free stores shall be determined through competitive bidding mechanism. The duty-free industry in China has entered an orderly competition stage. In the face of increasingly fierce market competition, the Company will focus on the duty-free main business, major projects and key markets, strive to improve core business capabilities, strengthen refined management, continuously enhance endogenous and exogenous development momentum, and comprehensively create a new pattern for the development of travel retail.

2. Investment risk

Risk of investment in strategic projects falling short of expectation. The Company will focus on its strategic objectives, strengthen the management of mid- to long-term planning and annual investment proposal, control the scale and the pace of investment from an overall and macro perspective, and maintain an overall objective understanding and vigilance of investment risks. The Company will also continue to strengthen project investment estimation and budget review, and scientifically control the total project investment, while making efforts in project establishment, approval, scientific feasibility study, file management and other tasks, maintaining good communication with governments at all levels, and striving for project progress according to schedule. The Company will strengthen team building with the ability in developing travel retail commercial complex projects and comprehensively operating composite industries to improve the capabilities of investment management, risk control, promotion management and project operation.

3. Financial risk

As international business is mostly settled in foreign currencies, the increased fluctuation in the exchange rate of RMB against foreign currencies, exchange differences and other factors lead to exchange losses, which affects the realization of the Company's business objectives. The Company will continue to pay attention to exchange rate fluctuations and strengthen research, sort out and analyze the risk exposure of assets, liabilities, income, expenses and other foreign currency businesses, combining with the changes of relevant currency exchange rates, interest rates and other trends. The Company will develop systematic management plans in accordance with the principle of coordinated allocation of different domestic and foreign monetary assets and liabilities, taking into account both income and risk to achieve objectives of exchange rate control, while paying close attention to the trend of currency exchange rate and interest rate changes and striving to improve the currency matching of assets and liabilities after considering the impact of interest rate factors on financial resource allocation.

4. Market risk

The competition in the industry has become increasingly fierce. Many domestic enterprises have applied for duty-free operation permits, and foreign duty-free giants want to take a share from the duty-free market in China. The intensifying market competition has brought uncertainties to the Company's sustainable development. The Company will fully deepen its existing advantages to create a competitive advantage of online and offline integration, continue to promote centralized procurement to enhance the bargaining power in product procurement. The Company will actively develop new product lines and form a new driving force to consolidate and enhance its competitive advantages by leveraging its existing advantages; give full play to and implement its expertise in services to strengthen its market competitiveness by leveraging its brand advantages, so as to further consolidate the in-depth layout of cross-sector cooperation, open up mutual assistance, and cooperate for mutual benefit for better adaptability in the changing market.

5. Project management risk

In respect of major construction projects, deviations in tender and bidding, project budget and final accounts, construction process and project acceptance may lead to delay in the construction period of the project, loss of cost control and potential quality and safety issues. The Company will manage the project from the source, make efforts on project approval and bidding management in accordance with the management regulations of relevant construction projects; manage the construction process properly and hold progress seminars in a timely manner to boost the progress. With the strictly control of construction budget, the Company will well manage the final accounts of projects to ensure safe and reliable delivery of projects.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. FAN Yunjun, aged 52, is currently a non-executive Director and the chairman of the Board, and a director and the general manager of CTG. Mr. FAN Yunjun served as the director and the vice general manager of China Mobile Group Beijing Company Limited (中國移動通信集團北京有限公司), the chairman and the chief executive officer of CMPak Limited, the chairman of China Mobile Hong Kong Company Limited, the chairman and the chief executive officer of China Mobile International Limited (中國移動國際有限公司), the chairman and the general manager of China Mobile Group Beijing Company Limited (中國移動通信集團北京有限公司), the executive vice president of China United Network Communications Group Co., Ltd. (中國聯合網絡通信集團有限公司), the senior vice president of China United Network Communications Limited (中國聯合網絡通信股份有限公司) (stock code: 600050.SH), the executive director and the senior vice president of China Unicom (Hong Kong) Limited (stock code: 00762.HK) and the executive vice president of China Satellite Network Group Co., Ltd. (中國衛星網絡集團有限公司).

Mr. FAN Yunjun graduated from Beijing University of Posts and Telecommunications (北京郵電大學) majoring in signal and information processing and obtained a doctor's degree in engineering, and is a senior engineer.

Ms. LIU Kun, aged 55, is currently a non-executive Director and the vice chairlady of the Board, and the vice general manager of CTG and the chairman of CTG Digital Technology (Shenzhen) Corporation Limited (中旅數智科技(深圳)有限公司). Ms. LIU Kun served as the general manager of China General Consulting & Investment Co., Ltd. (中國通用諮詢投資有限公司), the director and general manager of China Xinxing Group Co., Ltd (中國新興集團有限責任公司)., the executive director of General Technology Group Pharmaceutical Holding Limited (通用技術集團醫藥控股有限公司), the chairman of General Technology Group Medical Health Co., Ltd., (通用技術集團醫療健康有限公司) and held various positions in China General Technology (Group) Holding Co., Ltd. (中國通用技術(集團)控股有限責任公司), such as the general manager of the medical and healthcare department, the general manager of the collaborative development department and the assistant to the general manager.

Ms. LIU Kun graduated from Jilin University (吉林大學) majoring in political economy and obtained a master's degree in economics, and is a certified senior economist.

Mr. CHANG Zhujun, aged 51, is currently an executive Director, president, Board secretary and joint company secretary of the Company, as well as concurrently the board chairman of Sanya CDF Seaside Investment & Development Company Limited (三亞中免棠畔投資發展有限公司) since September 2022. In the Company, Mr. CHANG Zhujun served as vice president from November 2019 to January 2023, as executive vice president from January 2023 to April 2024, as Board secretary since January 2020, as joint company secretary since August 2022, as president since April 2024, and as an executive Director since May 2024. At CDFG, Mr. CHANG Zhujun served as director of Fashion & Beauty Merchandising Department from May 2007 to November 2014, as director of Beauty & Confectionary Merchandising Department from November 2014 to December 2018, as director of Imported Tobacco, Liquor and Food Sales & Marketing Department from January 2017 to December 2018, as assistant to president of CDFG from December 2018 to November 2019, and as general manager of CDF International from August 2018 to April 2023.

Mr. CHANG Zhujun was awarded a bachelor's degree in economics from Beijing Wuzi University (北京物資學院) in July 1996 and obtained an EMBA degree from The University of Hong Kong in December 2024.

Mr. WANG Yuehao, aged 50, is currently an executive Director and vice president of the Company. Mr. WANG Yuehao served as the director of the policy research division and the director of the regulations division in the policy and regulations department of China National Tourism Administration, the assistant to the director and the deputy director of the board office/general office of CTG and the deputy secretary of the party committee of the Company.

Mr. WANG Yuehao graduated from China University of Political Science and Law (中國政法大學) majoring in economic law and obtained a bachelor's degree in law.

Mr. WANG Xuan (former name: WANG Dayong), aged 56, is currently an executive Director. Mr. WANG Xuan served as our vice president from August 2019 to April 2021, as our executive vice president from April 2021 to January 2023, has served as our executive Director since May 2021, and served as president of the Company from January 2023 to April 2024 and chairman of the Board from October 2023 to October 2024. At CDFG, Mr. WANG Xuan served as supervisor of the investment management department from March 2005 to July 2009, as assistant to the general manager from June 2008 to May 2009, and as deputy general manager from May 2009 to August 2019. Prior to joining the Company, Mr. WANG Xuan served as deputy general manager of the enterprise management department of China Yuanwang Group General Company (中國遠望(集團)總公司) from December 1996 to September 1999.

Mr. WANG Xuan obtained a bachelor's degree in engineering and economics from the Beijing University of Technology (北京工業大學) in July 1992 and an MBA degree from the University of Science and Technology Beijing (北京科技大學) in June 2002. Mr. WANG Xuan obtained senior economist qualification from the Beijing Senior Professional Technical Qualifications Evaluation Committee in December 2003.

Mr. GE Ming, aged 73, is currently an independent non-executive Director. Mr. GE Ming served as chairman and principal accountant of Ernst & Young Hua Ming LLP (安永華明會計師事務所) from July 1995 to August 2012 and then as partner from August 2012 to September 2014, and as a member of the second session of the Listed Companies Mergers and Acquisitions Expert Consultation Committee of CSRC from May 2012 to May 2015. He served as an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司, stock code: 02318.HK and 601318.SH) from June 2015 to August 2021, and as an independent non-executive director of Focus Media Information Technology Co., Ltd. (分眾傳媒信息技術股份有限公司, stock code: 002027.SZ) from January 2016 to November 2021. He has served as an independent non-executive director of AsiaInfo Technologies Limited (亞信科技控股有限公司, stock code: 01675.HK) since December 2018 and as an independent non-executive director of Hubei Sanonda Co., Ltd. (安道麥股份有限公司, stock codes: 000553.SZ and 200553.SZ) since November 2020.

Mr. GE Ming graduated from the Beijing Normal College (北京師範學院) in July 1975, majoring in English and obtained a master's degree in economics from Chinese Academy of Fiscal Sciences (中國財政科學研究院) in July 1982. He obtained the qualification of certified public accountant of China from the Ministry of Finance in October 1983 and the qualification of certified public account from CPA Australia in August 2015.

Ms. WANG Ying, aged 51, is currently an independent non-executive Director. Ms. WANG Ying has been serving at Minzu University of China (中央民族大學) since September 2005 and her current position is a professor (doctoral supervisor). In addition, Ms. WANG Ying has been an independent director of China CSSC Holdings Limited (中國船舶工業股份有限公司, stock code: 600150.SH) since May 2021. From March 2020 to May 2020, she served as a non-executive director of China Development Bank Financial Leasing Co., Ltd. (stock code: 01606.HK). From August 2019 to December 2021, she served as an independent non-executive director of 7Road Holdings Limited (stock code: 00797.HK). From June 2016 to October 2022, she served as an independent director of Luoniushan Co., Ltd. (羅牛山股份有限公司, stock code: 000735.SZ). From May 2017 to May 2023, she served as an independent director of Piesat Information Technology Co., Ltd. (航天宏圖信息技術股份有限公司) (formerly known as Beijing Piesat Information Technology Co., Ltd. (北京航天宏圖信息技術股份有限公司), stock code: 688066.SH).

Ms. WANG Ying received her bachelor's degree in law and master's degree in economic law from Zhongnan University of Economics and Law (中南財經政法大學) in July 2000 and July 2005, respectively. She later received her doctoral degree in international law from the University of International Business and Economic (對外經濟貿易大學) in July 2009. She was granted the Chinese Law Practice Qualification Certificate by the Ministry of Justice of the People's Republic of China in February 2005.

Mr. WANG Qiang, aged 52, is currently an independent non-executive Director. Mr. WANG Qiang has been serving at the Business School of Renmin University of China (中國人民大學) since July 2002 and is currently an associate professor (doctoral supervisor). He also concurrently serves as the deputy secretary-general of the China Distribution 30 Member Forum (中國流通 30 人論壇), the deputy secretary-general of the New Retail Forum 50 (新零售 50 人論壇), the vice president of the Commerce Economy Association of China, and the consumption planning expert of the 14th Five-Year Plan of the National Development and Reform Commission.

Mr. WANG Qiang obtained a master's degree in economics from Henan Institute of Finance and Economics (河南經濟學院) (now known as Henan University of Economics and Law (河南財經政法大學)) in June 1998 and a doctoral degree in economics from Renmin University of China in July 2002. He was qualified as an accountant by the Ministry of Finance of the People's Republic of China in May 1996 and an economist by Beijing Intermediate Specialized Technique Qualification Evaluation Committee in October 2000.

SUPERVISORS

Mr. LIU Defu, aged 55, is currently the chairman of our Supervisory Committee. Mr. LIU is primarily responsible for supervising our Board and our senior management. Mr. LIU Defu served as manager of the audit department of China Travel Service (Holdings) Hong Kong Limited from January 2006 to March 2008, as deputy general manager of the internal audit department of China Travel International Investment Hong Kong Limited from April 2008 to January 2010, as deputy general manager of the audit department of China Travel Service (Holdings) Hong Kong Limited from December 2011 to December 2016, and as chairman of the board of supervisors of CTS International Logistics Corporation Limited (港中旅華貿國際物流股份有限公司, stock code: 603128.SH) from November 2015 to October 2017. Mr. LIU Defu has also served as chairman of the board of supervisors of CTG Finance since December 2014, as general manager of the audit department of CTG since December 2016 and as its supervisor from December 2017 to December 2024.

Mr. LIU Defu obtained a bachelor's degree in economic information management from the Shandong Economic University (山東經濟學院) (now known as the Shandong University of Finance and Economics (山東財經大學)) in July 1994 and a master's degree in information economics from the Northern Jiaotong University (北方交通大學) (now known as the Beijing Jiaotong University (北京交通大學)) in October 1997.

Ms. LI Hui, aged 50, is currently an employee representative Supervisor and general manager of the human resources department/head of Organization Department of Party Committee. Ms. LI Hui has served as our Supervisor since August 2019, primarily responsible for supervising our Board and our senior management, and as general manager of the human resources department from September 2019. At CDFG, Ms. LI Hui served as head of the office for discipline inspection and supervision from April 2017 to September 2018 and as supervisor of the human resources department from October 2018 to September 2019. Prior to joining the Company, Ms. LI Hui held various positions at Beijing Capital Airport Aviation Security Co., Ltd. (北京首都機場航空安保有限公司), including as manager responsible for compensations and benefits at the human resources department from May 2006 to June 2007, as deputy manager of the security inspection department of the western area from November 2007 to June 2008, as general manager of the human resources department from May 2012 to March 2017, and as head of the general manager's office from May 2012 to April 2013.

Ms. LI Hui obtained a master's degree in retail management from the NEOMA Business School in France in September 2019.

Ms. DOU Xiaoqiong, aged 50, is currently an employee representative Supervisor, the general manager of audit department and a supervisor of certain subsidiaries of the Company. Ms. DOU Xiaoqiong has served as the general manager of audit department since September 2019 and our Supervisor since May 2020, primarily responsible for supervising our Board and our senior management. At CDFG, Ms. DOU Xiaoqiong served as finance supervisor of the settlement department from July 1997 to August 2002, as deputy general manager of Shanghai CDF downtown duty free store（上海市內免稅店）from September 2002 to October 2003, concurrently as manager of the business development department and manager of the finance department from October 2003 to November 2004, as deputy supervisor of the finance department from January 2006 to July 2009, as deputy supervisor of the audit department from July 2009 to July 2010 and as supervisor of the audit department from July 2010 to September 2019. Ms. DOU Xiaoqiong also served as senior manager of the financial information department of CITS Group (中國國旅集團) from November 2004 to December 2005.

Ms. DOU Xiaoqiong obtained a bachelor's degree in accounting from Central University of Finance and Economics (中央財經大學) in July 1997 and an MBA degree from The Chinese University of Hong Kong in December 2006. Ms. DOU Xiaoqiong obtained medium-level accountant qualification from the Beijing Personnel Bureau (北京市人事局) (now known as the Beijing Bureau of Human Resources and Social Security (北京市人力資源和社會保障局)) in September 2000.

SENIOR MANAGEMENT

Mr. CHANG Zhujun, is currently the president of the Company. For details regarding Mr. CHANG Zhujun's profile, please refer to the subsection headed "Directors" in this section.

Mr. WANG Yuehao, is currently the vice president of the Company. For details regarding Mr. WANG Yuehao's profile, please refer to the subsection headed "Directors" in this section.

Ms. ZHAO Feng, aged 54, is currently the vice president of the Company. Ms. ZHAO Feng has served as our vice president since August 2019, and concurrently the director and general manager of CDF International from April 2023. At CDFG, Ms. ZHAO Feng served as assistant to the general manager, concurrently as director of the human resources department and director of sales from October 2004 to March 2005, as director of the liquor and tobacco sales and marketing department from March 2005 in April 2008, as assistant to general manager from October 2004 to May 2006 and as deputy general manager from May 2006 to August 2019.

Ms. ZHAO Feng obtained a bachelor's degree in law from the Mudanjiang Teachers College (牡丹江師範學院) in July 1994, a master's degree in law from the Beijing Normal University (北京師範大學) in July 1997 and an EMBA degree from the Cheung Kong Graduate School of Business in March 2006.

Profiles of Directors, Supervisors and Senior Management

Mr. WANG Yanguang, aged 56, is currently the vice president of the Company. Mr. WANG Yanguang has served as our vice president since August 2019. At CDFG, Mr. WANG Yanguang served as the deputy general manager from July 2015 to June 2017 and from September 2018 to August 2019. At China International Travel Services Limited, Head Office (中國國際旅行社總社有限公司) (formerly known as China International Travel Services, Head Office (中國國際旅行社總社)), Mr. WANG Yanguang served as, assistant to the general manager of the outbound tourism headquarter and supervisor of the business travel department from February 2005 to August 2005, as assistant to the general manager from October 2010 to January 2013 and deputy general manager from February 2013 to July 2015. In addition, Mr. WANG Yanguang served as general manager of China International Travel Service Group (Shanghai) Corporation (中國國旅集團上海有限公司) from October 2010 to August 2011.

Mr. WANG Yanguang obtained a bachelor's degree in literature from the Peking University in China in July 1989, and the economist (經濟師) qualification from the PRC Ministry of Personnel (now known as the PRC Ministry of Human Resources and Social Security) in November 1997.

Mr. GAO Xujiang, aged 44, is currently the vice president of the Company. Mr. GAO Xujiang served as the assistant to our president from October 2019 to April 2021, and has served as our vice president since April 2021, where he was also concurrently the executive director and general manager of CDFG Sanya Downtown Duty Free Store Co., Ltd. (中免集團三亞市內免稅店有限公司), chairman of the board of CDF Phoenix Airport Duty Free Merchandise Co., Ltd. (中免鳳凰機場免稅品有限公司), director of Hainan Duty Free Merchandise Co., Ltd. (海南省免稅品有限公司) and executive director of CDF (Haikou) International Duty Free Complex Co., Ltd. (中免(海口)國際免稅城有限公司), etc. from September 2019 to November 2022. At CDFG, Mr. GAO Xujiang served as manager of the duty-free division of the brand agency department from December 2005 to May 2007, as manager responsible for imported liquor sales at the liquor and tobacco sales and marketing department from May 2007 to August 2012, as manager responsible for business development at the shopping tax refund project team from August 2012 to November 2012, as head of the general manager's office from June 2017 to December 2018 and as assistant to the general manager from December 2018 to September 2019. He has also served as deputy head of the general manager's office of CDF Investment from November 2013 to April 2015.

Mr. GAO Xujiang obtained a college graduation diploma in commanding in July 2002 and a master's degree in engineering in June 2015 from the Chinese People's Liberation Army Equipment Academy (中國人民解放軍裝備學院).

Mr. ZHOU Lingjun, aged 47, is currently the vice president of the Company, concurrently an executive director of CDFG Sanya Downtown Duty-Free Store Co., Ltd. (中免集團三亞市內免稅店有限公司) and general manager of the Hainan branch of China Tourism Group Co., Ltd. (中國旅遊集團有限公司海南分公司). Mr. ZHOU Lingjun has served as our vice president since January 2023. At the Hainan regional headquarter and Hainan branch of China Tourism Group Co., Ltd., Mr. ZHOU Lingjun served as deputy general from December 2019 to August 2022, and has served as general manager since August 2022. Prior to joining the Company, Mr. ZHOU Lingjun served as deputy magistrate, member of standing committee and deputy party secretary etc. of the People's Government of Chengmai County, Hainan Province from December 2011 to December 2019.

Mr. ZHOU Lingjun obtained a bachelor's degree in arts from Anqing Normal University (安慶師範學院) in July 2001 and a master's degree in law from Anhui University (安徽大學) in July 2004.

Mr. YANG Hongyi, aged 48, is currently the general accountant of the Company, and concurrently serves as the general accountant of CDFG Sanya Downtown Duty Free Store Co., Ltd. Mr. YANG Hongyi previously held various positions including accountant and finance manager at Beijing Double-Crane Pharmaceutical Co., Ltd. (北京雙鶴藥業股份有限公司); finance manager at CDFG; deputy director (acting) and director of the finance department at CITS Group Corporation (中國國旅集團有限公司); chief financial officer and deputy general manager of Sunrise China; deputy general manager of CDFG Beijing Capital International Airport Duty Free Merchandise Co., Ltd. (中免集團北京首都國際機場免稅品有限公司); deputy general manager of CDFG Beijing Daxing International Airport Duty Free Merchandise Co., Ltd. (中免集團北京大興國際機場免稅品有限公司); and general accountant of CDF (Haikou) International Duty Free Complex Co., Ltd.（中免(海口)國際免稅城有限公司）.

CORPORATE GOVERNANCE REPORT

MALT & MORE WHISKY by cdf

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in this annual report (the "**Corporate Governance Report**").

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of our Shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in the CG Code as contained in Appendix C1 to the Hong Kong Listing Rules as the Company's own code of corporate governance practices.

The Board is of the view that during the Reporting period, the Company has complied with all the code provisions as set out in Part 2 of the CG Code, and satisfied substantially all of the recommended best practices requirements as set out in the Part 2 of the CG Code, except for the deviation from code provision C.2.1. For details, please refer to the section headed "Chairman of the Board of Directors and Chief Executive Officer" in this annual report. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

CORPORATE CULTURE

The Company is a world-class travel retail operator. "Courageous, professional, teamwork, innovative" as its core values, the mission of the Company is to share the joy of shopping and extend the enjoyment of travel. The Company focuses on the customer-centered and market-oriented business philosophies, which enables the Company to achieve long-term sustainable development and fulfil its responsibilities as a corporate citizen.

CORPORATE CULTURE

DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Hong Kong Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Supervisors who, because of their office or employment, are likely to possess inside information in relation to the Company or the Company's securities.

The Company has also formulated the Administrative System for the Shares Held by Directors, Supervisors and Senior Management of the Company and their Movements to ensure compliance with the Model Code. In particular, the Company will notify all Directors and Supervisors the blackout period before the commencement of such blackout period, reminding the Directors and Supervisors not to deal in the Company's securities during the blackout periods before the announcement of results. The Board is of the view that the guidelines and procedures for the Directors' and the Supervisors' dealings of securities in the Company are adequate and effective.

The Company had made specific enquiry of all Directors and Supervisors and all Directors and Supervisors have confirmed that they were in strict compliance with the standards as set out in the Model Code during the Reporting Period.

CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the CG Code stipulates that the roles of chairman of the board of directors and chief executive should be separate and should not be performed by the same individual.

From October 19, 2023 to April 2, 2024, taking into account the strengths of Mr. WANG Xuan in strategic guidance, industry experience, decision-making and leadership, Mr. WANG Xuan concurrently served as the chairman of the Board and the president of the Company.

On April 2, 2024, due to work adjustment, Mr. WANG Xuan resigned from his position as the president of the Company. On the same day, upon approval by the Board, Mr. CHANG Zhujun was appointed as the president of the Company, with the term of office ending until the expiration of the term of the fifth session of the Board. Since the change of the Company's president mentioned above, the Company has met the requirements of code provision C.2.1 in Part 2 of the CG Code.

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as safeguarding the interests of our Shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in the CG Code as contained in Appendix C1 to the Hong Kong Listing Rules as the Company's own code of corporate governance practices.

The Board is of the view that during the Reporting Period, save as disclosed above, the Company has complied with all the code provisions as set out in Part 2 of the CG Code, and satisfied substantially all of the recommended best practices requirements as set out in the Part 2 of the CG Code. The Board will continue to review and monitor its code of corporate governance practices of the Company with an aim to maintain a high standard of corporate governance.

BOARD OF DIRECTORS

The Company is headed by an effective Board which plays the role of "formulating strategies, making decisions and preventing risks" and oversees the Company's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board also regularly reviews the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

The Board directly, or indirectly through its committees, leads and provides direction to senior management by laying down strategies and overseeing their implementation, monitors the Company's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

The rules of procedure of the committees under the Board specify that the Directors may invite experts, scholars, intermediary agencies and relevant personnel to attend the meetings to explain and describe the issues to be discussed at the meetings if necessary. Such invitations are at the Company's expense to ensure that the Directors are given independent views and opinions. The Board has reviewed these mechanisms to ensure their effective implementation.

Board Composition

As of the date of this annual report, the Board comprised eight Directors, consisting of two non-executive Directors, three executive Directors and three independent non-executive Directors. As of the date of this annual report, the board composition of the Company is as follows:

Non-executive Directors

Mr. FAN Yunjun *(Chairman)*
Ms. LIU Kun *(Vice Chairlady)*

Executive Directors

Mr. CHANG Zhujun
Mr. WANG Yuehao
Mr. WANG Xuan

Independent Non-executive Directors

Mr. GE Ming
Ms. WANG Ying
Mr. WANG Qiang

The biographical information of the Directors is set out in the section headed "Profiles of Directors, Supervisors and Senior Management" of this annual report.

The Directors do not have financial, business, family or other material/relevant relationships with one another.

Responsibilities of the Directors

The non-executive Directors shall carefully study the Company's development strategy and business strategy, keep abreast of the Company's operation and management status and make prudent decisions through research and exchange, demonstrating their strong sense of responsibility.

The executive Directors shall earnestly perform the dual responsibilities of decision-making and implementation, actively implement the decisions of the general meeting and the Board, and effectively play the role of a bond between the Board and the management.

The independent non-executive Directors shall be responsible for ensuring a high standard of financial reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations. The independent non-executive Directors shall also carefully study the Company's development strategy and business strategy, keep abreast of the Company's operation and management status and make scientific and prudent decisions through research, discussion and exchange, and play the role of participating in decision-making, providing oversight and checks, and offering professional advice in the Board.

During the Reporting Period, the independent non-executive Directors participated in three special topic briefing meetings, three audit communication meetings and three on-site research sessions. They clearly understood the adjustments to the Company's structure, the interim adjustment to the "14th Five-Year Plan" and other matters through special reports; they obtained a deep understanding of the offshore duty-free operations and key construction projects of the Company in Hainan and the operation of stores in Beijing Daxing International Airport through field research. Through auditing communication meetings and in-depth communication with the external auditors, the independent non-executive Directors of the Company gained an understanding of the audit of the Company's financial and internal control.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. The management is responsible for implementing the decisions of the Board, guiding and coordinating the daily operation and management of the Company.

Requirements of Independent Non-executive Directors

During the Reporting Period, the Board at all times fulfilled the requirements of the Hong Kong Listing Rules relating to the appointment of at least three independent non-executive directors representing at least one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Directors (including executive Directors, non-executive Directors and independent non-executive Directors) shall be elected at the general meeting for a term of three years. The Board is eligible for re-election upon expiry of the term of office. In particular, independent non-executive Directors shall not serve for a consecutive term of more than six years.

Permitted indemnity provision

During the Reporting Period, the Company has arranged appropriate insurance coverage on Directors', Supervisors' and senior management's liabilities in respect of any legal actions taken against Directors, Supervisors and senior management arising out of corporate activities.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive and tailored training on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Hong Kong Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Talks, seminars and relevant training for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, all Directors attended training sessions on obligations of the directors. In addition, relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying.

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors during the Reporting Period is summarized as follows:

Directors	Types of Training[Note]
Non-executive Directors	
Mr. FAN Yunjun	A, B
Ms. LIU Kun	A, B
Executive Directors	
Mr. CHANG Zhujun	A, B
Mr. WANG Yuehao	A, B
Mr. WANG Xuan	A, B
Independent Non-Executive Directors	
Mr. GE Ming	A, B
Ms. WANG Ying	A, B
Mr. WANG Qiang	A, B

Note:

Types of Training

A: Attending training sessions, including but not limited to, talks, seminars and relevant training

B: Reading relevant training materials, news alerts, newspapers, journals, magazines and relevant publications

In addition, Mr. FAN Yunjun and Ms. LIU Kun (being non-executive Directors), and Mr. CHANG Zhujun and Mr. WANG Yuehao (being executive Directors) have obtained legal advice as described in Rule 3.09D of the Hong Kong Listing Rules on October 16, 2024, October 16, 2024, May 22, 2024 and October 16, 2024, respectively, and they have confirmed their understanding of their responsibilities as a Director, the requirements under the Hong Kong Listing Rules that are applicable to them, and the possible consequences of making a false declaration or giving false information to the Hong Kong Stock Exchange.

Board Diversity Policy

The Board has adopted a board diversity policy in order to enhance the effectiveness of the Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in nominating and selecting candidates to the Board based on the principle of employing talents, and considers a series of diversification categories with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Directors have a balanced mix of knowledge and skills. They obtained degrees in various areas and with experience from different industries and sectors. As at the date of this annual report, the Board comprises eight Directors, including two non-executive Directors, three executive Directors and three independent non-executive Directors. By professional background, the Directors have strong professional quality and extensive practical experience in travel retail, duty-free business, corporate management, financial audit, legal risk control, new retail, digital transformation, network communication, environmental protection, etc. By educational background, 3 Directors have doctorate degree, 4 have master's degree and 1 has bachelor's degree. By gender, 6 Directors are male and 2 Directors are female. By age, 1 Director is aged 60 and above and 7 Directors are aged below 60.

The Nomination Committee is of the view that the current Board fully demonstrates diversity in terms of skills, experience, knowledge, independence, gender, age, etc., and the Board satisfies the Board Diversity Policy. The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness.

Nomination Policy

The Company has adopted a nomination policy which sets out the objectives, selection criteria and nomination procedures for identifying and recommending candidates for appointment or reappointment of Directors. The Board and any Shareholders individually or collectively holding 1% or more of the shares of the Company shall have the right to nominate candidates for non-independent Directors who are not employee representatives. The Board and any Shareholders individually or collectively holding 1% or more of the shares of the Company shall have the right to nominate candidates for independent non-executive Directors. The nominators shall provide the resume and basic information of the candidates for Directors (including but not limited to educational background, work experience, relationship with the Company and its Controlling Shareholders and de facto controllers, shareholding of the Company, and whether they have been disciplined by relevant government departments). In accordance with the relevant laws, administrative regulations, regulatory documents of China, the listing rules of the stock exchange where the Company's securities are listed and the relevant regulatory rules and the Articles of Association, the personal information of the nominated candidates for Directors shall be disclosed in due course for the Shareholders' consideration and voting at the general meeting.

BOARD COMMITTEES

The Board has established four committees, namely, the Audit and Risk Management Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy and Sustainability Committee, which are responsible for specific affairs of the Company respectively, and providing consultation or recommendations in relation to decision-making of the Board.

All Board committees of the Company are established with rules of procedure containing specific terms of reference which clearly defines their authority and duties. The rules of procedure of each of the Board committees are posted on the Company's website and the HKEX's website and are available to Shareholders.

Audit and Risk Management Committee

The Audit and Risk Management Committee consists of three independent non-executive Directors, namely Mr. GE Ming, Ms. WANG Ying and Mr. WANG Qiang. Mr. GE Ming is the chairman of the Audit and Risk Management Committee.

The terms of reference of the Audit and Risk Management Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

The primary duties and responsibilities of the Audit and Risk Management Committee include but are not limited to:

- To supervise and evaluate external audit work;
- To supervise and evaluate internal audit work;
- To review the financial information of the Company and its disclosures;
- To supervise and evaluate the construction of the internal control, risk management and compliance management system of the Company;
- To coordinate communication among the management, internal audit department and the relevant departments with the external audit firm; and
- Other matters as authorized by the Board and other matters involved in the laws and regulations as well as the relevant regulations of the securities.

The Audit and Risk Management Committee held six meetings during the Reporting Period, at which 17 resolutions regarding, among others, the regular reports and quarterly results, the final financial report, the internal control work report, the internal control evaluation report, the reappointment of the auditors of the Company, the determination of audit fees and the provision for asset impairment were considered and approved. At such meetings, the Audit and Risk Management Committee listened to reports including the Special Inspection Report on the Implementation of Key Matters for H1 2024 of the Company, the Work Plan for Accountability Investigation for Non-compliant Business and Investment Operations for 2024 of the Company, and the Self-assessment Report on the Accountability Investigation System for Non-compliant Business and Investment Operations.

The attendance records of the Audit and Risk Management Committee are set out under "Attendance Record of Directors and Committee Members".

Remuneration and Evaluation Committee

The Remuneration and Evaluation Committee consists of three independent non-executive Directors, namely Ms. WANG Ying, Mr. GE Ming and Mr. WANG Qiang. Ms. WANG Ying is the chairlady of the Remuneration and Evaluation Committee.

The terms of reference of the Remuneration and Evaluation Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

The primary duties and responsibilities of the Remuneration and Evaluation Committee include but are not limited to:

- to formulate the appraisal standards for Directors and senior management and conduct appraisal, formulate and review the remuneration policies and plans for Directors and senior management, and make recommendations to the Board on the following matters: (1) remuneration of Directors and senior management; (2) formulation or change of the equity incentive plan and employee share ownership plan, and the grant of incentives to the incentive participants and fulfilment of conditions for exercising the rights by the participants; and (3) the share ownership plan for the Directors and senior management in its subsidiaries to be spun off;

- to make recommendations to the Board on the Company's policy and structure for all Directors and senior management and on the establishment of formal and transparent procedures to formulate the remuneration policy;

- to review and approve the remuneration proposals of the management with reference to the corporate goals and objectives set by the Board;

- to consider the remuneration paid by similar companies, the time to be devoted by and responsibilities of Directors and the senior management, the employment conditions of other positions in the Company;

- to study and review the Company's payroll management system, payroll budget and implementation;

- to review and approve the payment of compensation to executive Directors and senior management for loss or termination of employment or appointment so as to ensure that such compensation conforms with the contractual terms or is otherwise fair and reasonable and not excessive;

- to review and approve the compensation arrangements in relation to the dismissal or removal of Directors as a result of misconduct so as to ensure that such arrangements conform with the contractual terms or is otherwise reasonable and appropriate;

- to ensure that no Director or any of his/her associates (as defined in the Hong Kong Listing Rules) is involved in determining his/her own remuneration;

- to review and/or approve matters relating to share schemes as described in Chapter 17 of the Hong Kong Listing Rules; and

- other duties and powers as conferred by laws, regulations, departmental rules, relevant regulatory rules of the securities regulatory authority and the stock exchange at the place where the securities of the Company are listed, the Articles of Association and the Board.

The Remuneration and Evaluation Committee held four meetings during the Reporting Period, at which four resolutions were considered and approved, involving matters such as the remuneration standards of the Company's senior management newly appointed, the remuneration of Directors in 2023, the remuneration assessment results in 2023 and labor cost budget in 2024 of the Company, and the amendments to the rules of procedure of the Remuneration and Evaluation Committee.

The attendance records of the Remuneration and Evaluation Committee are set out under "Attendance Record of Directors and Committee Members".

Details of the remuneration of the senior management by band for the year ended December 31, 2024 are set out below:

Remuneration band (RMB)	Number of person(s)
Nil to 1,000,000	1
1,000,001 to 2,000,000	0
2,000,001 to 3,000,000	6

Nomination Committee

The Nomination Committee consists of five Directors, namely Mr. CHANG Zhujun and Mr. WANG Yuehao, as executive Directors, and Mr. WANG Qiang, Mr. GE Ming and Ms. WANG Ying, as independent non-executive Directors. Mr. WANG Qiang is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

The primary duties and responsibilities of the Nomination Committee include but are not limited to:

- to formulate the selection criteria and procedures for Directors and senior management, select and review the candidates for Directors and senior management and their qualifications, and make recommendations to the Board of Directors on the following matters: (1) nomination, appointment and removal of Directors and succession planning for directors (especially the chairman of the Board of Directors and the general manager); and (2) appointment or dismissal of senior management;

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors at least annually and make recommendations on any proposed changes to the Board of Directors to complement the corporate strategy;

- to formulate measurable objectives and ensure the diversity of the Board of Directors based on the actual situation of the Company and taking into account factors such as gender, age, cultural and education background or professional experience;

- to assess the independence of independent non-executive Directors; and

- other functions and powers conferred by laws, administrative regulations, departmental rules, relevant regulatory rules of the securities regulatory authority and stock exchange where the Company's securities are listed and the Articles of Association or the Board of Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee shall expand and discuss on measurable objectives for achieving diversity on the Board every year, monitor the progress of achieving such measurable objectives, and recommend them to the Board for adoption to ensure the continuous effectiveness of the diversity policy and the Board.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's gender, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity before making recommendations to the Board.

The Nomination Committee has reviewed the structure, size and composition (including the skills, knowledge and experience) and diversity policy of the Board and considered an appropriate balance of diversity perspectives of the Board is maintained. During the Reporting Period, the Nomination Committee held five meetings, at which eight resolutions regarding, among others, the appointment of Directors, the chairman of the Board and the vice chairlady of the Board, the appointment of senior management of the Company, the assessment of the independence of the independent non-executive Directors, and the amendments to the rules of procedure of the Nomination Committee were considered and approved.

The attendance records of the Nomination Committee are set out under "Attendance Record of Directors and Committee Members".

Strategy and Sustainability Committee

The Strategy and Sustainability Committee consists of five members including two non-executive Directors, namely Mr. FAN Yunjun and Ms. LIU Kun, two executive Directors, namely Mr. CHANG Zhujun and Mr. WANG Xuan, and one independent non-executive Director, namely Mr. WANG Qiang. Mr. FAN Yunjun is the chairman of the Strategy and Sustainability Committee.

The terms of reference of the Strategy and Sustainability Committee are in compliance with the relevant laws and regulations of the PRC.

The primary duties and responsibilities of the Strategy and Sustainability Committee include but are not limited to:

- to study and make recommendations on the medium and long-term development strategies of the Company;
- to study and make recommendations on matters such as major business restructuring, merger, division and dissolution of the Company;
- to study and make recommendations on material investments, material property rights transactions and material financing plans which are subject to the approval of the Board of Directors as stipulated in the Articles of Association;
- to study and make recommendations on major capital operation and asset operation projects which are subject to the approval of the Board of Directors as stipulated in the Articles of Association;
- to conduct research and make recommendations on matters relating to the Company's sustainable development and ESG work, including but not limited to vision, goals and policies;
- to study the Company's ESG development strategy and the substantive issues that stakeholders are concerned about and put forward corresponding suggestions;

- to track and inspect the implementation and improvement of ESG work to ensure that the management and decision-making mechanism of important sustainable development issues, including but not limited to environment, anti-corruption, occupational safety and health, comply with the requirements of relevant laws and regulations;

- to review the Company's reports on sustainable development and ESG matters and report to the Board of Directors;

- to study and make recommendations on other major matters affecting the development of the Company;

- to track and inspect the implementation of the above matters; and

- other functions and powers conferred by the Articles of Association and the Board of Directors.

During the Reporting Period, the Strategy and Sustainability Committee held four meetings, at which five resolutions regarding, among others, interim adjustment of "14th Five-Year Plan", annual investment proposal, additional investment, annual ESG report, and amendments to the rules of procedure of the Strategy and Sustainability Committee were considered and approved. At such meetings, the Strategy and Sustainability Committee listened to reports including the Materiality Assessment on Sustainability Topics of the Company and the Research on the Company's 15th Five-Year Plan.

The attendance records of the Strategy and Sustainability Committee are set out under "Attendance Record of Directors and Committee Members".

Corporate Governance Functions

The Board is responsible for performing the functions set out in the CG Code.

During the Reporting Period, the Board had formulated and reviewed the Company's corporate governance policies and practices, reviewed and monitored the training and continuous professional development of directors and senior management, reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, reviewed and monitored the compliance of the Model Code by the staff and Directors and the Company's compliance with the CG Code, and reviewed the information disclosed in this Corporate Governance Report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director during their tenure of office at the Board and Board Committees meetings and the general meetings of the Company during the Reporting Period is set out in the table below:

	Attendance/Number of Meetings						
Name of Director	Board	Audit and Risk Management Committee	Remuneration and Evaluation Committee	Nomination Committee	Strategy and Sustainability Committee	Annual General Meeting	Other General Meetings
Mr. FAN Yunjun(3)	4/4	N/A	N/A	N/A	1/1	N/A	N/A
Ms. LIU Kun(3)	4/4	N/A	N/A	N/A	1/1	N/A	N/A
Mr. CHANG Zhujun(1)	9/9	N/A	N/A	2/2	1/1	N/A	1/1
Mr. WANG Yuehao(3)	4/4	N/A	N/A	0/0	N/A	N/A	N/A
Mr. WANG Xuan(3)	15/15	N/A	N/A	4/4	3/3	1/1	1/1
Mr. GE Ming	15/15	6/6	4/4	5/5	N/A	1/1	1/1
Ms. WANG Ying	15/15	6/6	4/4	5/5	N/A	1/1	1/1
Mr. WANG Qiang	14/14	6/6	4/4	5/5	4/4	1/1	1/1
Mr. CHEN Guoqiang(2) *(resigned)*	10/10	N/A	N/A	N/A	3/3	1/1	N/A

Notes:

(1) On May 23, 2024, Mr. CHANG Zhujun was appointed as an executive Director, a member of the Nomination Committee and a member of the Strategy and Sustainability Committee.

(2) On September 19, 2024, Mr. CHEN Guoqiang resigned as the vice chairman of the Board, an executive Director and a member of the Strategy and Sustainability Committee.

(3) On October 17, 2024, Mr. WANG Xuan resigned as the chairman of the Board, the chairman of the Strategy and Sustainability Committee and a member of the Nomination Committee. On the same day, Mr. FAN Yunjun was appointed as a non-executive Director, the chairman of the Board and the chairman of the Strategy and Sustainability Committee; Ms. LIU Kun was appointed as a non-executive Director, the vice chairlady of the Board and a member of the Strategy and Sustainability Committee; Mr. WANG Yuehao was appointed as an executive Director and a member of the Nomination Committee.

The chairman of the Board held one meeting with the independent non-executive Directors without the presence of other Directors during the Reporting Period, in order to discuss the contributions and opinions of the Directors and the work plan of the Company of next year.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company considers that risk management is critical to the success of our business. The key operational risks faced by us in the course of our business are set out in the section headed "Management Discussion and Analysis" in this annual report. In order to meet these challenges, our Audit and Risk Management Committee is responsible for reviewing and supervising our financial reporting process, risk management and internal control system.

The Company has formulated the Comprehensive Risk Management Measures and the Reporting and Management Regulations on Major Operational Risk Events, established an effective comprehensive risk management system and mechanism, improved risk prevention and management, clarified the collection, consolidation and reporting of major operational risk events, and ensured the stable operation and sustainable development of the Company.

The Company conducts major risk assessments on an annual basis by evaluating both the probability and the extent of impact, to make judgment on the next year's risks.

Firstly, the Company studies and establishes the risk classification of various businesses, fully applies the results of risk loss event analysis and internal control supervision and inspection, quantifies the relevant standards of risk analysis, and forms a panoramic risk list of various businesses through the bottom-up level summary of risks.

Secondly, in order to further deepen and expand the research on risk early warning indicators, we select key business areas, study the selection of industry indicators and the design of early warning threshold from both quantitative and qualitative aspects, and form the overall risk early warning indicators applicable to the Company. We continuously optimize and refine the setting of our risk early-warning indicators and thresholds on top of the existing risk early-warning indicator system. Meanwhile, through integration with the risk management system, we have realized routine and visualized management of the operational risks across all significant business fields of the Company.

Thirdly, according to the specific risks in the risk database, the possibility of occurrence and the degree of impact of risks are evaluated on a case-by-case basis. The targets subject to evaluation cover the Company's management, all departments and key subsidiaries. Based on the comprehensive evaluation, the risk profile for the following year is determined and a response plan is formulated with respect to the top 10 risks where risk responses are monitored and tracked on a quarterly basis to improve the risk response capability.

The Company has established and improved its assessment and reporting mechanism to bolster the foundation of risk management. By providing guidance on the objectives, methods, and tools for risk management and reporting, the Company has, for the first time, required its key subsidiaries to prepare their own risk management reports based on annual risk assessments. Such risk management reports have become a vital instrument for comprehensively summarizing, evaluating and supervising the risk management practices of all key subsidiaries. Through such measures, the Company has progressively formed a risk management framework characterized by "highlighting key areas, tiered management, and comprehensive prevention and control".

To further enhance its quantitative risk assessment capabilities, the Company has also improved the scientific rigor and applicability of its risk early-warning indicator design. Moreover, to effectively prevent and mitigate the significant operational risks across the Company and its subsidiaries, the Company conducted a comprehensive potential risk identification exercise in the year, which involved thorough and in-depth investigations into risk events within the business fields of the headquarters and subsidiaries, an in-depth analysis of the root causes of the risks and the formulation of measures for risk addressing and mitigation, with a view to ensuring proper prevention and mitigation of significant operational risks and continuously improving the Company's operations management capabilities.

Additionally, the Company also provides specialized quarterly training sessions on risk and compliance for all employees to strengthen their awareness of risk control and compliance.

Internal Control

The Board of the Company is responsible for establishing and maintaining an effective internal control system. During the Reporting Period, we have regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

We have adopted various measures and procedures regarding each aspect of our operations, such as protection of intellectual property, environmental protection and occupational health and safety. We provide periodic training on these measures and procedures to our employees as part of our employee training program. We also regularly monitor the implementation of those measures and procedures through our on-site internal control team for each stage of the provision of service process.

The Board, with assistance from our legal advisors, will periodically review our compliance status with relevant laws and regulations.

- We have established the Audit and Risk Management Committee which shall (i) to review the financial information of the Company and its disclosures; (ii) to supervise and evaluate internal and external audit work; and (iii) to supervise and evaluate the construction of the internal control, risk management and compliance management system of the Company.

- We require all of our Directors, Supervisors, senior management and employees of the Company to behave at all times with honesty, ethics and within the confines of applicable law and in full compliance with our code of conduct. Our code of conduct outlines the types of impermissible conduct to minimize the risk of corruption.

- We will continue to seek advice from law firms in jurisdictions where we currently operate or may operate in the future to keep us abreast of applicable local laws and regulations. We will continue to arrange various trainings to be provided from time to time by external legal advisors and/or any appropriate accredited institution to update our Directors, Supervisors, senior management, and relevant employees of the Company on the latest laws and regulations in the jurisdictions in which we currently operate or may operate in the future.

The Company has developed its disclosure policy which provides a general guide to the Directors, Supervisors, senior management and relevant employees of the Company in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. The Company has established the Major Information Internal Reporting System to strengthen the communication and coordination of major information disclosure matters among the Company's various departments, subsidiaries and key investing companies, and to ensure the rapid transmission, collection and effective management of major information within the Company, to ensure that the Company's information disclosure is true, accurate, complete, timely and fair. The Company has also established the Insider Management System to strengthen the confidentiality procedure of inside information, maintain the principle of fairness in information disclosure, and prevent insiders from abusing their right to know, leaking inside information, and engaging in insider trading. The Board is aware of its obligations to announce any inside information in accordance with the Hong Kong Listing Rules.

The Board confirms its responsibilities for risk management and internal control systems, and for reviewing the effectiveness of such risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failing to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has an internal audit and risk prevention and control function which aims at helping the Company to accomplish its objectives by applying a systematic, disciplined approach to evaluate and improve the effectiveness of the Company's risk management and internal control systems and to resolve material internal control defects.

The Board has reviewed the effectiveness of the internal audit system and the risk management and the internal control system of the Company, including the adequacy of resources, qualifications and experience of staff in the aforementioned systems and of the Company's accounting, internal audit and financial reporting functions and the adequacy of their training programs and budget.

The Audit and Risk Management Committee of the Board attaches great importance to the internal control management of the Company, promotes the effective implementation of internal control measures by all departments and subsidiaries of the Company, urges the Company to seriously carry out assessment of internal control, and makes all departments and units to effectively implement internal control measures and risk management, ensuring the orderly performing of the Company's production and operation activities. The Company conducts annual review and evaluation on the risk management and internal control system for the Reporting Period. The 2024 Internal Control Evaluation Report of the Company has been reviewed and approved by the Audit and Risk Management Committee of the Board. According to the Company's criteria for determining material weaknesses in financial reporting internal control, as of the date of the internal control evaluation report, no material weaknesses in financial reporting internal control were identified. The Board believes that the Company has maintained effective internal control over financial reporting in all material aspects, in compliance with the corporate internal control framework and relevant regulations. In accordance with the Company's criteria for determining material weaknesses in non-financial reporting internal control, as of the date of the internal control evaluation report, no material weaknesses in non-financial reporting internal control were identified. The Company has complied with the code provisions in relation to risk management and internal control. In the process of internal control audit and evaluation, the Audit and Risk Management Committee of the Board carefully listens to the report on the evaluation of internal control, and communicates with the auditors on the audit of internal control. No significant or important defects have been found regarding the internal control of the Company.

The Company also carried out special work on the development of the compliance system. The special work focused on eight areas, including listed company supervision, state-owned assets supervision (investment and M&A, etc.), customs supervision, bidding and tendering, engineering construction, labor and employment, tax management, and data security.

During the Reporting Period, the Board, through a review covering all material controls, including financial, operational and compliance controls for the year ended December 31, 2024, considered that the risk management and internal control system of the Company was effective and adequate. The Board will conduct annual review on the risks management and internal control system of the Company.

Gender Diversity and Equal Opportunities Policy

We respect the gender, age and ethnicity of each person. As of December 31, 2024, approximately 58% of our full-time employees (including senior management) were female. We will continue to focus on embracing diversity within our Company and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. To this end, we have adopted policies on compensation, dismissal, equal opportunities, diversity and antidiscrimination. Accordingly, our Company gives each job applicant an equal job opportunity and we have an internal policy in place to ensure that there is no discrimination as to gender, age and ethnicity. In addition, we have stipulated in our internal guidelines that decision in relation to human resource management, which include but not limited to promotion, salary increment and dismissal within our Company would be based solely on the employee's performance, experience and capability. While we strive to provide equal career opportunity for everyone, we will also continue to promote work-life balance and create a happy culture in our workplace for all of our employees.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024.

To the knowledge of the Directors, there are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report.

AUDITORS' REMUNERATION

The following table sets forth the types of services provided by and the fees for the domestic and international external auditors of the Group in 2024:

Services rendered by Ernst & Young Hua Ming LLP and Ernst & Young and other Ernst & Young member firms	Fees paid/payable RMB'000
Audit services[(1)]	6,930
Non-audit services[(2)]	10,076
Total	17,006

Notes:

(1) The audit services include audit of financial reporting, audit of internal control, special audit, etc.

(2) The non-audit services include tax advisory, comprehensive management advisory, etc.

JOINT COMPANY SECRETARIES

Mr. CHANG Zhujun and Ms. ZHANG Xiao acted as joint company secretaries of the Company. For the biography of Mr. CHANG Zhujun, please refer to the section headed "Profiles of Directors, Supervisors and Senior Management" of this annual report.

Ms. ZHANG Xiao, the vice president of SWCS Corporate Services Group (Hong Kong) Limited, was appointed as one of the joint company secretaries of the Company in August 2022. The key contact person between Ms. ZHANG Xiao and the Company is Mr. CHANG Zhujun. During the Reporting Period, Mr. CHANG Zhujun and Ms. ZHANG Xiao have both complied with Rule 3.29 of the Hong Kong Listing Rules by taking no less than 15 hours of the relevant professional training.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices related matters.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, all resolutions put forward at general meetings will be voted on by poll pursuant to the Hong Kong Listing Rules and poll results will be posted on the websites of the Company and of the HKEX after each general meeting.

Convening Shareholders' General Meetings

An annual general meeting is required to be held once every year within six months following the end of the previous financial year. An extraordinary general meeting is required to be held within two months subsequent to the occurrence of any of the following:

- when the number of Directors is less than the minimum number required by the Company Law, or is less than two thirds of the number stipulated in the Articles of Association;
- when the unrecovered losses of the Company amount to one third of the total paid-up share capital;
- when Shareholders severally or jointly holding more than 10% Shares request in writing to hold such meeting;
- when the Board deems it necessary to convene the meeting;
- when the Supervisory Committee proposes to convene the meeting; and
- any other circumstances as stipulated by laws, administrative regulations, departmental rules, regulatory documents and the rules for stock exchanges where the Company's Shares are listed or the Articles of Association.

General meetings shall be presided over by the chairman of the Board. In the event that the chairman of the Board is incapable of performing or is not performing his/her duties, the meeting shall be presided over by the vice chairman of the Board. In the event that the vice chairman of the Board is incapable of performing or is not performing his/her duties, a Director jointly nominated by half or more of the Directors shall preside over the meeting.

A general meeting convened by the Supervisory Committee shall be chaired by the chairman of the Supervisory Committee. When a general meeting is held and the presider violates the Articles of Association or the rules of procedure for general meetings, making it impossible for the general meeting to continue, a person may be elected at the general meeting to act as the presider, subject to the approval of more than half of the attending shareholders with voting rights.

A general meeting convened by the Shareholders themselves shall be presided over by a representative elected by the convener. If for any reason, the Shareholder is unable to elect a representative as a presider to preside over the meeting, the Shareholder holding the most voting shares among the Shareholders (including shareholder proxy (other than HKSCC Nominees)) shall act as the preside to preside over the meeting.

Putting Forward Proposals at General Meetings

Shareholders who individually or collectively hold over 1% of the Shares may submit written provisional proposals to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of general meeting within 2 days upon receipt of the proposals and announce the contents of the proposals on the agenda.

The contents of such proposals shall fall with the functions and powers of the general meeting, shall feature definite topics and specific issues for resolution, and shall be in compliance with relevant requirements of laws, administrative regulations, relevant listing rules for stock exchanges where the Shares are listed and the Articles of Association.

For procedures of nomination of candidates for directorship by Shareholders, please refer to the Company's website (www.ctgdutyfree.com.cn).

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may supervise the operations of the Company, and to make suggestions and enquiries accordingly.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the Company at 16/F, Everbright Centre, 108 Gloucester Road, Wan Chai, Hong Kong SAR (For the attention of the Board/Company secretary).

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice, statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

SHAREHOLDERS' COMMUNICATION POLICY/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations management and investor understanding of the Company's business performance and strategies. For this purpose, the Company has set up a website (www.ctgdutyfree.com.cn), where relevant latest information, the up-to-date state of the Company's business operation and development, the Company's financial information and corporate governance practices and other data are available to the public.

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the general meeting, Directors and senior management are available to meet Shareholders and answer their enquiries to help them understand the operations of the Company.

During the Reporting Period, the Company revised the Investor Relations Management Regulations to continuously improve the communication mechanisms and engagement practices with investors. The Company actively expanded the communication channels with investors, and maintained good communication and engagement with investors through various means such as results briefings, operation tracking exchange meetings, research sessions and offline exchange activities, brokerage strategy meetings, and domestic and overseas roadshows. In addition, the Company promptly responded to investors' questions through the investor hotline, investor email and the SSE e-interaction platform, and submitted actionable suggestions to the management in a timely manner; the Company also disseminated the latest information and developments of the Company to investors through "cdf Investor Relations" WeChat public account and mini program in a timely manner.

The Company has in place a Shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness. The Board has reviewed the above policy, and believes that Shareholders have sufficient means and channels to express their opinions to the Company, and the Company's shareholders' communication policy was effectively implemented and executed during the Reporting Period.

Changes to the Articles of Association

During the Reporting Period, the Company made amendments to the Articles of Association once. For details, please refer to the announcement of the Company dated April 23, 2024 and the circular of the Company dated April 30, 2024.

An up-to-date version of the Company's Articles of Association is also available on the Company's website and the HKEX's website.

Dividend Policy

The Company has adopted a policy on payment of dividends pursuant to the CG Code taking into consideration of various factors including but not limited to, the characteristics of the industry in which the Company operates, the stage of development, its own business model, profitability, debt repayment ability, whether there are major capital expenditure arrangements and investor returns. The policy sets out the factors in consideration, procedures, methods and intervals of the payment of dividends with an objective to provide the Shareholders with continuing, stable and reasonable returns on investment while taking into account the long-term interests of the Company, the overall interests of Shareholders as a whole, and the sustainable development of the Company.

The Company may distribute profits in the form of cash, shares or a combination of cash and shares or other forms permitted by the laws and regulations, and shall give priority to cash dividends when the conditions for cash dividends are met. The objective of the Company's cash dividend policy is to achieve stable dividend growth.

Corporate Governance Report

The management of the Company shall put forward reasonable profit distribution suggestions based on factors such as the Company's share capital scale, profitability, cash flow, capital needs and shareholders' return plan, and formulate scientific and reasonable profit distribution plans to be submitted to the Board of Directors for consideration. The Board of Directors shall carefully study and discuss the timing, conditions and minimum ratio of the Company's cash dividend distribution, the conditions for adjustment and the procedure requirements for decision-making, etc. The profit distribution plan shall be considered and approved by the Board of Directors before submission to the general meeting for consideration and approval. In addition, the Supervisory Committee shall supervise the implementation of the cash dividend policy and shareholders' return plan by the Board of Directors, and whether the corresponding decision-making procedures and information disclosure have been performed.

If the Company records profit in the current year and the accumulated undistributed profit is positive, the Company shall distribute profits in the form of cash dividend. The accumulated profit to be distributed in cash by the Company in the last three years shall not be less than 30% of the average annual distributable profit realized in such three years.

2024 Selected Awards Showcase

DIRECTORS' REPORT

The Board is pleased to present this directors' report together with the audited consolidated financial statements of the Company during the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is a joint stock limited liability company established under the laws of the PRC on March 28, 2008. The Company completed its initial public offering and listing of its A Shares on the Main Board of the Shanghai Stock Exchange (stock code: 601888) in 2009. The Company completed its public offering and listing of its H Shares on the Main Board of the Hong Kong Stock Exchange, (stock code: 1880) on August 25, 2022. The Group is principally engaged in duty-free travel retail business, including wholesale and retail of duty-free products such as tobacco and wine, perfume and cosmetics, accessories, clothing and electronic products. In addition, the Group is also engaged in the investment and development of commercial complexes with duty-free business as the core.

The activities and particulars of the Company's principal subsidiaries are shown under note 16 of notes to financial statements. An analysis of the Company's revenue and operating profit for the year ended December 31, 2024 by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

BUSINESS REVIEW

A review of the Group's business during the year ended December 31, 2024, which includes a discussion of the principal risks and uncertainties faced by the Company, an analysis of the Company's performance using financial key performance indicators, particulars of important events affecting the Company during the year ended December 31, 2024, and an indication of likely future developments in the Company's business, could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. The review and discussion form part of this Directors' Report.

RESULTS AND DIVIDEND

The consolidated results of the Group during the Reporting Period are set out on pages 86 to 87 of this annual report.

The Board proposed to declare a final dividend of RMB1.05 (inclusive of tax) per share (representing an aggregate amount of RMB2,172.30 million (inclusive of tax) based on the total issued Shares of the Company as at the end of the Reporting Period) for the year ended December 31, 2024.

The aforesaid dividend distribution proposed is subject to the consideration and approval at the annual general meeting of the Company (the "**AGM**"). If the distribution proposal is approved at the AGM, it is expected that the final dividend for the year ended December 31, 2024 will be paid within 2 months after the AGM to the Shareholders. Please refer to 2024 AGM circular of the Company to be published on the HKEX's website for the details regarding the closure of the register of members of the Company and declaration and payment of dividends.

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the current financial year and the last five financial years is set out on page 9 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property and equipment of the Group during the Reporting Period are set out in notes 11, 12 and 13 of notes to financial statements on pages 133 to 140 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment.

The Company has established detailed internal rules regarding environmental protection, in particular, the discharge of air, water and solid waste and noise control. During the year ended December 31, 2024, we did not incur any additional costs specifically attributable to environmental compliance.

Further details of the Company's environmental policies and performance will be disclosed in the 2024 environmental, social and governance report of the Company to be published.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in note 28(c) of notes to financial statements on page 158 of this annual report.

RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 90 to 91 of this annual report. Details of the movement in the reserves of the Company during the Reporting Period is set out in note 28(a) of notes to financial statements on page 157 of this annual report.

DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company's distributable reserves, calculated in accordance with PRC rules and regulation, were RMB5,241.15 million.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares) during the Reporting Period. During the year ended December 31, 2024, the Company did not hold any treasury shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the PRC, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

USE OF NET PROCEEDS FROM THE ISSUE OF H SHARES

The total net proceeds from the issue of H Shares by the Company in its listing on the Hong Kong Stock Exchange amounted to approximately HK$18,012.01 million, after deducting the underwriting commission and other estimated expenses payable by the Company in connection with the global offering of the Company. For the unutilized net proceeds of approximately HK$9,787.26 million as at the end of the Reporting Period, the Company intends to use them in the same manner and proportions as described in the Prospectus and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

The amount of proceeds actually used by the Company during the Reporting Period, the unutilized net proceeds as at the end of the Reporting Period and the expected timeline for utilizing the remaining unutilized net proceeds are as follows:

Unit: million Currency: HK$

	Net proceeds intended to be distributed according to the Prospectus	Proceeds utilized as at December 31, 2023	Actual use of proceeds during the Reporting Period	Net proceeds unutilized as at the end of the Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
To reinforce our domestic channels, including the construction of duty-free stores at traditional ports for entry and exit, the construction of key airport duty-free stores, the investment in city stores, the development of duty-paid travel retail projects at transportation hubs, etc.	9,805.78	3,656.53	1,354.62	4,794.63	To be utilized before end of 2027
To expand overseas channels, including the layout of stores in overseas cities, the layout in key overseas airports, the construction of cruise duty-free stores, the investment in mergers and acquisitions of overseas travel retail operators, etc.	3,493.65	767.09	31.68	2,694.88	To be utilized before end of 2027
To improve supply chain efficiencies, including the construction of distribution centers, the upgrading of supply chain and the reinforcement of upstream procurement system	2,096.19	232.91	0	1,863.28	To be utilized before end of 2027
To upgrade our information technology system and boost the digitalization construction	232.91	232.91	–	–	Fully utilized
For marketing and further improve our customer loyalty program	582.28	93.72	130.95	357.61	To be utilized before end of 2027
For working capital and other general corporate purposes	1,801.20	1,724.34	0	76.86	To be utilized before end of 2027
Total	18,012.01	6,707.50	1,517.25	9,787.26	

Notes:

(1) The total net proceeds of HK$18,012.01 million from the issuance of H Shares by the Company from its listing on the Hong Kong Stock Exchange consists of approximately HK$15,892.25 million of net proceeds received prior to the exercise of the over-allotment option and the additional net proceeds of approximately HK$2,119.76 million from the issue of over-allotment H Shares. Such over-allotment option was partially exercised on September 16, 2022.

(2) The expected timeline for utilizing the remaining unutilized net proceeds is based on the best estimation of the future market conditions made by the Company with reference to the prevailing market conditions, which may change subject to the changes in market conditions from time to time.

(3) Certain figures included in the above table have been rounded, and any difference is due to rounding.

DIRECTORS

During the Reporting Period and up to the date of this annual report, the Board consists of the following Directors:

Non-executive Directors

Mr. FAN Yunjun *(Chairman) (appointed on October 17, 2024)*
Ms. LIU Kun *(Vice Chairlady) (appointed on October 17, 2024)*

Executive Directors

Mr. CHANG Zhujun *(appointed on May 23, 2024)*
Mr. WANG Yuehao *(appointed on October 17, 2024)*
Mr. WANG Xuan *(resigned as the Chairman on October 17, 2024)*
Mr. CHEN Guoqiang *(former Vice Chairman) (resigned on September 19, 2024)*

Independent Non-executive Directors

Mr. GE Ming
Ms. WANG Ying
Mr. WANG Qiang

SUPERVISORS

During the Reporting Period and up to the date of this annual report, the Company has the following Supervisors:

Mr. LIU Defu *(Chairman)*
Ms. LI Hui
Ms. DOU Xiaoqiong

BIOGRAPHICAL DETAILS OF THE DIRECTORS, THE SUPERVISORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors, the Supervisors and the senior management of the Company as at the date of this annual report are set out on pages 30 to 35 in the section headed "Profiles of Directors, Supervisors and Senior Management" of this annual report.

On April 2, 2024, Mr. WANG Xuan resigned as the president of the Company and Mr. CHANG Zhujun resigned as the executive vice president of the Company due to work adjustments. On the same day, as considered and approved by the Board, Mr. CHANG Zhujun was appointed as the president of the Company. For details, please refer to the announcement of the Company dated April 2, 2024.

On May 23, 2024, as approved by the general meeting, Mr. CHANG Zhujun was appointed as an executive Director. On the same day, as considered and approved by the Board, Mr. CHANG Zhujun was appointed as a member of each of the Strategy and Sustainability Committee and the Nomination Committee of the fifth session of the Board. For details, please refer to the announcement of the Company dated May 23, 2024.

On September 19, 2024, Mr. CHEN Guoqiang resigned as an executive Director and the vice chairman of the Board, and ceased to be a member of the Strategy and Sustainability Committee due to his retirement. For details, please refer to the announcement of the Company dated September 19, 2024.

On September 23, 2024, as considered and approved by the Board, Mr. WANG Yuehao was appointed as the vice president of the Company. For details, please refer to the announcement of the Company dated September 23, 2024.

On October 17, 2024, Mr. WANG Xuan resigned as the chairman of the Board, the chairman of the Strategy and Sustainability Committee, and a member of the Nomination Committee of the Company due to work adjustments. On the same day, as approved by the general meeting, Mr. FAN Yunjun and Ms. LIU Kun were appointed as non-executive Directors, and Mr. WANG Yuehao was appointed as an executive Director; as considered and approved by the Board, Mr. FAN Yunjun was appointed as the chairman of the Board and the chairman of the Strategy and Sustainability Committee, Ms. LIU Kun was appointed as the vice chairlady of the Board and a member of the Strategy and Sustainability Committee, and Mr. WANG Yuehao was appointed as a member of the Nomination Committee. For details, please refer to the announcement of the Company dated October 17, 2024.

On November 26, 2024, Mr. YU Hui tendered his resignation as the general accountant of the Company due to work rearrangement. On February 26, 2025, upon the consideration and approval of the Board, Mr. YANG Hongyi was appointed as the general accountant of the Company. For details, please refer to the announcements of the Company dated November 26, 2024 and February 26, 2025.

Pursuant to Rule 13.51B of the Hong Kong Listing Rules, there is no other change in the information of Directors, Supervisors or the senior management of the Company except as disclosed in this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

The Company have entered into a contract with each of our Directors and Supervisors in respect of, among other things, (i) compliance of relevant laws and regulations; and (ii) observance of the Articles of Association.

Save as the above, none of the Directors or Supervisors has entered into any service contract with the Company or any of its subsidiaries, excluding contracts expiring or determinable by the Company within one year without payment of compensation, other than statutory compensation.

NON-COMPETE UNDERTAKINGS

In order to avoid any potential competition between CTG, our Controlling Shareholder, and our Company, CTG had provided non-compete undertakings in favor of our Company in July 2016 and September 2016 (the "**Non-compete Undertakings**"), among which, the non-compete undertaking made in September 2016 has been fulfilled. Details of the Non-compete Undertakings are set out in the section headed "Relationship with Controlling Shareholder" in the Prospectus.

CTG confirmed that they have complied with the ongoing Non-compete Undertakings during the Reporting Period. The independent non-executive Directors have conducted such review for the Reporting Period and also reviewed the relevant undertakings and are satisfied that the Non-compete Undertakings have been fully complied with.

CONTRACT WITH CONTROLLING SHAREHOLDERS

Given that the Services Procurement Framework Agreement expired on December 31, 2024, in order to meet the daily operation and development needs of the Group, the Board agreed to enter into the 2025 Framework Agreement with CTG at the twentieth meeting of the fifth session of the Board held on December 31, 2024 and such agreement was entered into on the same date. For details, please refer to the announcement of the Company dated December 31, 2024.

Save as disclosed in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of their respective subsidiaries during the Reporting Period, and no contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or any of their respective subsidiaries was entered into during the Reporting Period.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement and contract of significance to the business of the Company which the Company or any of its subsidiaries was a party, and in which a Director or Supervisor or any entity connected with such a Director or Supervisor had a material interest, whether directly or indirectly, subsisted during the Reporting Period.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The remuneration of Directors, Supervisors and senior management is determined with reference to factors including the salaries paid by comparable companies, time commitment and responsibilities of the Directors, Supervisors and senior management, employment conditions of other positions in our Company and the desirability of performance-based remuneration. Remuneration is determined based on the principle of linkage between performance and remuneration, taking into account various aspects such as job responsibilities, comprehensive quality and results of performance appraisal.

Directors who hold positions at shareholder entities shall receive compensation from such entities determined in accordance with their respective remuneration policies and shall not receive remuneration from the Company. For other directors, their remuneration shall be reviewed by the Board and then be submitted to the general meeting for approval. Directors who are concurrently senior management of the Company shall not receive remuneration for their directorship.

Supervisors who hold positions at shareholder entities shall receive compensation from such entities determined in accordance with their respective remuneration policies and shall not receive remuneration from the Company. Employee representative Supervisors shall not receive remuneration for their supervisorship.

The remuneration policy and packages for senior management shall be formulated and reviewed by the Remuneration and Evaluation Committee and determined by the Board.

The remuneration of independent non-executive Directors comprises annual basic remuneration and meeting allowance. Annual basic remuneration is the basic remuneration for independent non-executive Directors to participate in the work of the Board, which is paid annually in accordance with the prescribed standards, while meeting allowance is a subsidy for independent non-executive Directors to participate in the meetings of the Board and committees of the Board, which is paid monthly in accordance with the prescribed standards and the number of meetings attended.

Details of Directors' and Supervisors' emoluments and emoluments of the five highest paid individuals in the Company are set out in notes 8 and 9 of notes to financial statements on pages 130 to 132 of this annual report.

For the Reporting Period, no emoluments were paid by the Company to any Directors, Supervisors or any of the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office. None of the Directors or Supervisors has waived any emoluments for the year ended December 31, 2024.

Except as disclosed above, no other payments have been made or are payable, during the Reporting Period, by our Company to or on behalf of any of the Directors or Supervisors.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended December 31, 2024, none of the Directors or their respective close associates (as defined in the Hong Kong Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Company, other than being a Director of the Company and/or its subsidiaries.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE HONG KONG LISTING RULES

Save as disclosed in this annual report, during the Reporting Period, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Hong Kong Listing Rules.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into by the Company or in existence during the Reporting Period.

EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Company has not entered into any equity-linked agreement.

MATERIAL LEGAL PROCEEDINGS

The Company was not involved in any material legal proceeding during the Reporting Period.

LOAN AND GUARANTEE PROVIDED TO DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS OF THE COMPANY OR THEIR RESPECTIVE CONNECTED PERSONS

During the Reporting Period, the Company had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, Supervisors and senior management of the Company, the Controlling Shareholders of the Company or their respective connected persons.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at December 31, 2024, none of our Directors or Supervisors has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules to be notified to our Company, once the Shares are listed on the Hong Kong Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2024, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number and class of Shares*	Approximate percentage of shares in relevant class of Shares	Approximate percentage of the Company's issued share capital
CTG[1]	Beneficial owner	1,040,642,690 A Shares (L)	53.30%	50.30%
JPMorgan Chase & Co.	Beneficial owner, investment manager and person having security interest in shares	8,069,357 H Shares (L)	6.93%	0.39%
		2,956,849 H Shares (S)	2.54%	0.14%
	Approved lending agent	4,100,831 H Shares (P)	3.52%	0.20%
China State-Owned Enterprise Mixed Ownership Reform Fund Co., Ltd.	Beneficial owner	7,452,300 H Shares (L)	6.40%	0.36%
China Chengtong Holdings Group Co., Ltd.[2]	Interest in controlled corporation	7,452,300 H Shares (L)	6.40%	0.36%
Rui Life Insurance Co., Ltd.	Beneficial owner	5,820,000 H Shares (L)	5.00%	0.28%

* (L)-Long position; (S)-Short position; (P)-Lending pool

Notes:

(1) CTG is a state-owned enterprise under the control and supervision of the Central SASAC.

(2) China Chengtong Holdings Group Ltd. holds 34.23% equity interest in China State-owned Enterprises Mixed Ownership Reform Fund Co., Ltd. By virtue of the SFO, China Chengtong Holdings Group Ltd. is deemed to be interested in the shares held by China State-owned Enterprises Mixed Ownership Reform Fund Co., Ltd.

Save as disclosed above, to the best knowledge of the Company, as at December 31, 2024, no person (other than the Directors and chief executives) had informed the Company that he/she had interests or short positions in the Shares or underlying Shares of equity derivatives of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or held any interests or short position in 5% or more of the respective types of capital in issue of the Company.

ARRANGEMENTS FOR PURCHASE OF SHARES OR DEBENTURES

None of the Company, its holding company or any of its subsidiaries has entered into any arrangement at any time during the Reporting Period to the date of this annual report, so that the Directors would benefit from the purchase of Shares or debt securities (including debentures) of the Company or any other body corporate.

MAJOR SUPPLIERS AND CUSTOMERS

During the Reporting Period, the Company's largest customer accounted for 0.40% of the Company's total revenue. The Company's five largest customers accounted for 0.59% of the Company's total revenue. The Company did not rely on any single customer during the Reporting Period.

During the Reporting Period, the Company's largest supplier accounted for 21.95% of the Company's total purchase. The Company's five largest suppliers accounted for 47.60% of the Company's total purchase. The Company did not rely on any single supplier during the Reporting Period.

None of the Directors and Supervisors or any of their close associates (as defined under the Hong Kong Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Company's five largest suppliers or the Company's five largest customers.

TAX RELIEF AND EXEMPTION OF DIVIDEND INCOME OF HOLDERS OF LISTED SECURITIES

A Shareholders

(1) Individual Investors and Securities Investment Funds

Pursuant to the provisions of the Notice on Issues Concerning the Implementation of Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2012] No. 85)《關於實施上市公司股息紅利差別化個人所得税政策有關問題的通知》(財税[2012]85號) and the Notice on Issues Concerning the Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101)《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》(財税[2015]101號) issued by the Ministry of Finance (財政部), the State Administration of Taxation (國家税務總局) and the China Securities Regulatory Commission (中國證監會), for dividends and bonuses received by investors from listed companies, from the date when the investors obtain the shares of the companies to the record date, if the holding period exceeds one year, the individual income tax shall be temporarily exempted. If the holding period does not exceed one year (including one year), the listed companies shall not withhold and pay the individual income tax for the time being, and shall make the following adjustments when the investors transfer the shares in accordance with the requirements of the above notices: if the holding period is within 1 month (inclusive), the full amount of the dividends and bonuses shall be included in the taxable income and the actual tax liabilities shall be 20%; if the holding period is more than 1 month but less than 1 year (inclusive), 50% of the dividends and bonuses shall be included in the taxable income and the actual tax liabilities shall be 10%.

(2) Qualified Foreign Institutional Investors (QFII) Shareholders

For Qualified Foreign Institutional Investors (QFII), according to the Notice of the State Administration of Taxation on the Issues Concerning Withholding and Payment of Enterprise Income Tax on the Dividends, Bonuses and Interests Paid by Chinese Resident Enterprises to QFII (Guo Shui Han [2009] No. 47)《國家税務總局關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得税有關問題的通知》(國税函[2009]47號), listed companies shall withhold and pay enterprise income tax at a rate of 10%. QFII shareholders who wish to enjoy tax benefits under tax treaties (arrangements) for the dividend or bonus income received may apply to the competent tax authorities for tax rebates in accordance with the relevant regulations after receiving such dividends or bonuses.

(3) Shanghai-Hong Kong Stock Connect Investors

According to the Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on the Tax Policies Related to the Pilot Programme of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81)《財政部國家税務總局證監會關於滬港股票市場交易互聯互通機制試點有關税收政策的通知》(財税[2014]81號), for dividend and bonus income received by investors (including enterprises and individuals) in the Hong Kong SAR market from investing in A shares listed on the SSE, before Hong Kong Securities Clearing Company Limited is able to provide the identity, holding period and other detailed information of the investors to China Securities Depository and Clearing Corporation Limited, the differentiated tax policies based on the holding period of shares shall not be implemented for the time being. Listed companies shall withhold income tax at the rate of 10% and make withholding declaration to their competent tax authorities. For Hong Kong investors who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend and bonus tax rate of lower than 10%, such enterprises and individuals may apply to the competent tax authorities of the Company for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty shall be refunded.

(4) Other Institutional Investors and Corporate Shareholders

The Company shall not withhold the enterprise income tax, and the taxpayer shall make its own judgment as to whether it should pay the local enterprise income tax in accordance with the provisions of the tax law.

H Shareholders

(1) Individual Investors

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348)《國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》(國税函[2011]348號), dividend and bonus income received by overseas resident individual shareholders from the issuance of shares in Hong Kong SAR by domestic non-foreign invested enterprises shall be subject to the payment of individual income tax according to the item of "interest, dividend and bonus income", which shall be withheld by the withholding agents according to the law. The overseas resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong SAR are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties signed between the countries where they reside and the PRC and the tax arrangements between the Mainland China and Hong Kong SAR (Macau SAR). The relevant dividend tax rate under the relevant tax treaties and tax arrangements is generally 10%. For the purpose of simplifying tax administration, domestic non-foreign invested enterprises issuing shares in Hong Kong SAR may, when distributing dividends and bonuses, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for residents from countries under treaties to be entitled to tax rates lower than 10%, in accordance with the Administrative Measures for Non-resident Taxpayers to Enjoy Treatments under Tax Treaties (Announcement of the State Administration of Taxation [2019] No. 35)《非居民納税人享受協定待遇管理辦法》(國家税務總局公告2019年第35號), if the individual H shareholders are residents from countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate lower than 10%, such individual H shareholders shall voluntarily submit statements to the companies in order to enjoy the agreed treatment, and keep relevant materials for inspection. If the information provided is complete, the companies shall withhold the tax in accordance with the provisions of the PRC tax laws and treaties; (2) for residents of countries which have entered into tax treaties with the PRC stipulating a tax rate of more than 10% but less than 20%, the withholding agents shall withhold the individual income tax at the agreed effective tax rate when distributing dividends and bonuses, and are not obligated to file an application for approval; (3) for residents of countries without tax treaties or under other circumstances, the withholding agents shall withhold the individual income tax at a rate of 20% when distributing dividends and bonuses.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (Guo Shui Han [2006] No. 884)《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》(國税函[2006]884號) signed on August 21, 2006, the PRC government may impose tax on dividends payable by a PRC company to a Hong Kong SAR resident, but such tax shall not exceed 10% of the gross amount of dividends payable, and in the case where a Hong Kong SAR resident holds at least 25% of the equity interests in the PRC company, such tax shall not exceed 5% of the gross amount of dividends payable by the PRC company.

Pursuant to the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on the Tax Policies Related to the Pilot Programme of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Programme of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127)《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號), for dividends and bonuses received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the H-share companies shall withhold individual income tax at the rate of 20%.

(2) Enterprises

Pursuant to the Enterprise Income Tax Law of the People's Republic of China《中華人民共和國企業所得稅法》and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China《中華人民共和國企業所得稅法實施條例》, which came into effect on January 1, 2008, a non-resident enterprise is subject to a 10% enterprise income tax on PRC-sourced income, if it does not have an establishment or place of business in the PRC, or has an establishment or place of business but the dividends and bonuses received have no actual connection with such establishment or place of business. Such withholding tax may be reduced or exempted pursuant to an applicable double taxation avoidance treaty. Any H Shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees or trustees, other organizations or groups, shall be deemed as Shares held by non-resident enterprise Shareholders. The Company will distribute the final dividend to such non-individual Shareholders after withholding enterprise income tax at the rate of 10%.

Pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding and Paying the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Shareholders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897)《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號), a PRC resident enterprise, when distributing dividends for 2008 and for the years thereafter to H shareholders who are overseas non-resident enterprises, shall withhold and pay enterprise income tax at a uniform rate of 10%.

For dividends and bonuses received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, individual income tax shall be levied in accordance with the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on the Tax Policies Related to the Pilot Programme of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Programme of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127). For dividend and bonus income received by domestic enterprise investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the H-share companies shall not withhold income tax on dividends and bonuses, and the enterprises shall report and pay the income tax themselves.

For the non-resident enterprise Shareholders of the Company, pursuant to the provisions of the Enterprise Income Tax Law of the People's Republic of China amended in 2018 and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China amended in 2019 (hereinafter collectively referred to as the "Enterprise Income Tax Law"《企業所得稅法》) and other relevant laws and regulations, from January 1, 2008, where a PRC domestic enterprise distributes dividends to non-resident enterprise shareholders (i.e. legal person shareholders) for accounting periods beginning on January 1, 2008, the enterprise income tax shall be withheld and paid by the payer as the withholding agent. Therefore, the Company is required to withhold and pay 10% enterprise income tax when it distributes the 2023 final dividend to non-resident enterprise holders of H Shares whose names appear on the register of members of the Company on the record date. In respect of all H Shareholders whose names appear on the H Share register of members as at the record date who are not registered as individuals (including HKSCC Nominees Limited, other corporate nominees or trustees, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company shall distribute the 2023 final dividend after deducting 10% income tax.

Shareholders shall pay relevant taxes and/or enjoy tax relief in accordance with the above provisions.

HUMAN RESOURCES

The Group had 16,027 full-time employees as at December 31, 2024, among which, 58% are female and 42% are male. Our Company enters into written employment agreements with our direct employees to specify the employee's position, responsibilities, remuneration, benefits and grounds of termination pursuant to relevant labor laws and regulations. We also have employees under labor dispatch agreements.

The compensation package of the Group includes fixed pay and variable pay. Remuneration of the employees includes salary, bonus, awards and allowance elements. Fixed pay takes into full account the value of the employee's position, personal ability and work experience. Variable pay is associated with corporate performance, department performance and individual performance appraisal results. We also provide our employees with welfare benefits in accordance with applicable regulations and our internal policies.

The Group's training takes strategic development as core and is committed to establishing a comprehensive talent development and training mechanism, thus promoting construction of talent. Through integration of online and offline training modes, such training energizes the learning motivation and creates a good learning environment, providing talent guarantee for the long-term stable development of the Company in the future. In 2024, a total of approximately 830 key training programs were carried out, engaging 244,000 participants. 634,000 training hours were completed, representing an average of 40 training hours per capita.

For middle and senior management, we organized specialized training programs focused on corporate strategy, innovation and development, leadership and other key topics to enhance their managerial perspectives and broaden their international vision and strategic thinking.

For frontline business operations and management personnel, we organized centralized training programs through means including on-site visits to benchmark enterprises, thematic research, and presentations, enabling participants to gain an in-depth understanding of industry-leading corporate management models and operational strategies and accelerating the professional development of retail operations talents.

For key technical positions such as "sales associate", we further standardized competency requirements and launched the first in-house "sales associate" vocational skill certification program, achieving a pass rate of 86%. By completing dual filing with higher-level authorities and local labor agencies, we effectively built an internal talent development + certification system, thereby further streamlining internal career progression pathways.

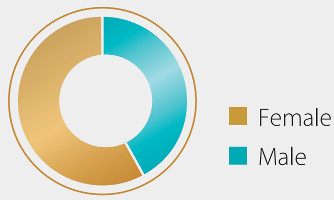
For internal full-time Directors, we launched the first training program tailored to their roles, for which we designed and completed the development of a curriculum system and arranged the development of online courses and an exam question bank, ensuring that all newly appointed full-time Directors completed the training and passed the exams on time and systematically enhancing their performance capabilities.

* The Group had

16,027

full-time employees

among which, 58% are female and 42% are male



* In 2024, the Group carried out approximately

830 key training programs

involving

244,000 participants

completed

634,000 training hours

Average training hours per capita

40 training hours

For new joiners, we organized onboarding programs to provide them an in-depth introduction on the duty-free industry, the Company's development history and key business overview, helping new employees quickly integrate into the Company. The Company attached great importance to the development of young talents by continuously carrying out management trainee training programs. And through "job rotation + subject research", the Company accelerated the growth of young talents and improved the core competitiveness of the organization.

We continued to advance the development of our team of internal lecturers. Through a series of teaching activities of "excellent teachers and excellent courses", the Company organized internal lecturers to give lectures on product knowledge, sales skills, office skills and other topics, so as to improve the comprehensive ability of internal lecturers through training.

The Group fully utilized the online training platform "China Duty-Free School" which is designed for all employees. The continuous improvement of the online courses provided abundant resources for employees to enrich their professional knowledge and improve their business capabilities. In 2024, we delivered 26 topic-based training courses and organized 13 live-streamed training sessions, engaging over 430,000 participants and achieving an average of approximately 8.2 training hours per employee. The login rate of the learning platform reached 90%.

The Group has also built a learning brand of "cdf Pioneer Lecture (中免先鋒講堂)" and invited experts and scholars with certain social influence in different fields such as politics, economy, history and culture to conduct in-depth interpretation, so as to help officers and employees to study and grasp new philosophy, new ideas and new strategies, understand the spirit and broaden their horizons. In 2024, we organized 4 training sessions, engaging over 8,000 participants and completing a total of 32,000 training hours.

RETIREMENT BENEFITS SCHEME

The employees of the Company's subsidiaries in the PRC are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The Group is obliged to make specified contributions to the retirement benefit scheme.

Details of the pension obligations of the Company are set out in note 6(b) of notes to financial statements in this annual report.

During the Reporting Period, no forfeited contributions had been used by the Company to reduce the existing level of contributions.

CONNECTED TRANSACTIONS

The Company has conducted the below partially-exempted or non-exempt continuing connected transactions during the year ended December 31, 2024.

Services Procurement Framework Agreement

We have entered into a Services Procurement Framework Agreement with CTG on August 11, 2022 for a term commencing from the Listing Date until December 31, 2024. Under the Services Procurement Framework Agreement, based on our actual operational needs, we procure property management, transportation, ticketing, promotional, IT support and other miscellaneous services from members of the CTG. The relevant parties will enter into separate agreements to set out the specific terms and conditions of the services procured according to the principles and within the parameters provided for under the Services Procurement Framework Agreement. CTG is our Controlling Shareholder, hence CTG is a connected person of the Company. Accordingly, transactions between the Company and CTG constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Pricing

- Property management services: Fees for property management services are generally charged on a per-interval or per-unit basis, as determined by both parties through arm's length negotiations with reference to: (i) historical fee rates; (ii) floor area of our properties; and (iii) cost of the relevant services.

- Transportation services: Fees for transportation services are generally charged on a per-unit basis, as determined by both parties through arm's length negotiations with reference to: (i) transportation distances; (ii) number of passengers; and (iii) frequency of transportation.

- Ticketing services: Fees for ticketing services are generally charged on a per-unit basis, as determined by both parties through arm's length negotiations on a cost-plus basis with reference to the cost of the relevant tickets.

- Promotional services: Fees for promotional services are generally charged based on the frequency and/or amount of spending of relevant customers, as determined by both parties through arm's length negotiations.

- IT support services: Fees for IT support services are generally charged with reference to the amount of relevant costs and/or revenue generated, as determined by both parties through arm's length negotiations.

Reasons for Transactions

When we procure such services in our ordinary and usual course of business, we select the most suitable service providers among those available for selection, which comprise connected persons and independent third parties, taking into account their fees, payment terms, experience, quality of services and other factors. We had selected members of CTG as our service providers during the Reporting Period in light of the suitability of the services they offered, the quality of their services and their experience in providing these services.

Historical Amount during the Reporting Period

For the year ended December 31, 2024, the transaction amount with respect to the continuing connected transactions under the Services Procurement Framework Agreement was RMB139.49 million.

Annual Caps

Our proposed annual caps for the years ended December 31, 2022, 2023 and 2024 transactions under the Services Procurement Framework Agreement were RMB128.8 million, RMB180.7 million and RMB200.0 million, respectively.

Financial Services Agreement

We have entered into a Financial Services Agreement with CTG Finance on June 9, 2022 for a term of three years commencing from June 9, 2022 to June 8, 2025, pursuant to which, CTG Finance provides us with certain financial services, including deposit, loan, settlement and other financial services. The annual caps for the Deposit Services under the Financial Services Agreement were renewed to June 8, 2025 upon the approval at the annual general meeting of the Company held on June 29, 2023. For further details of the Deposit Services and the renewal of the annual caps of the Deposit Services, please refer to the circular of the Company dated June 8, 2023. CTG Finance is a subsidiary of CTG, our Controlling Shareholder, and hence an associate of CTG and a connected person of the Company. Accordingly, the transactions between the Company and CTG Finance constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Pricing

1. Deposit Services

Interest rates applicable to the Group for its deposits with CTG Finance shall not be lower than the interest rates offered by major commercial banks for similar services during the same period and shall not be lower than interest rates offered by CTG Finance to other members of the CTG Group for similar services during the same period.

2. Loan Services

Interest rates applicable to the Group for loans granted by CTG Finance shall not be higher than the interest rates offered by major commercial banks for similar loans during the same period and shall not be higher than interest rates offered by CTG Finance to other members of the CTG Group for similar loans during the same period.

Service fees charged by CTG finance and applicable to the Group for other loan services (except loans) shall not be higher than the service fees offered by major commercial banks for similar services during the same period and shall not be higher than service fees offered by CTG Finance to other members of the CTG Group for similar services during the same period.

3. Settlement Services and Other Financial Services

CTG Finance shall not charge the Group any fees for provision of settlement and other financial services.

4. Cross-Border Cash Pooling Services

Service fees applicable to the Group for cross-border transmission and utilization of funds in currencies through the cross-border RMB and foreign currencies cash pooling of CTG Finance shall not be higher than the service fees offered by major commercial banks for similar services during the same period or and shall not be higher than service fees offered by CTG Finance to other members of the CTG Group for similar services during the same period.

Considering the close relationship between the Group and CTG Finance, CTG Finance has confirmed that it will not charge the Group any fees for the provision of cross-border cash pooling services for the Remaining Period.

5. Foreign Exchange Settlement and Sales Services

The exchange rate for the real-time foreign exchange settlement and sales business applicable to the Group shall be the latest quote obtained from the interbank foreign exchange market. CTG Finance shall not charge the Group any additional fee arising from exchange rate difference or handling fee.

Reasons for the Transaction

The non-banking financial business of CTG Finance is part of the national financial system, and is subject to continuing and strict regulation by the national regulatory authorities, including the PBOC and the CBIRC. CTG Finance provides financial services in accordance with and in compliance of the rules and operational requirements promulgated by these regulatory authorities including complying with capital risk guidelines and maintaining requisite capital adequacy ratios at all times. The regulation of non-bank finance companies by the CBIRC is more stringent than the regulation of commercial banks in the PRC in certain aspects, such as the requirement for finance companies to have a higher capital adequacy ratio. Pursuant to the Financial Services Agreement, the interest rates applicable to the Group for its deposits with CTG Finance shall not be lower than the interest rates offered by major commercial banks for similar services during the same period or interest rates offered by CTG Finance to other members of the CTG Group for similar services during the same period. The Financial Services Agreement further specifies that the pricing of the financial services provided by CTG Finance to the Group shall be determined with reference to the rate and fee standards promulgated by the PBOC or the CSRC and/or shall not be higher than the financial services rates or fees available from major commercial banks for the same period and nature. Through the Group's comparative pricing mechanism, CTG Finance is able to provide the Group with a more competitive interest rate as compared to other major commercial banks. Taking into account the agreements entered into between the Group and major commercial banks in the PRC, the interest rates provided by CTG Finance are generally more favourable than those provided by other major commercial banks. The Company therefore considers that the arrangements under the Financial Services Agreement would facilitate the Group to enrich deposits channels, increase deposit yield, reduce finance costs and risks, accelerate the turnover of capital and reduce trading costs and expenses, thus enhancing the profitability of the Group.

CTG Finance has been providing financial services to the Group under the Financial Services Agreement and has a thorough understanding of the industry, capital structure, business operations, capital requirements and cash flow patterns and development needs of the Group. Accordingly, it is expected that CTG Finance will deliver expedient and efficient service in terms of processing transaction for the Group than other major commercial banks given the close relationships between CTG Finance and the Group.

Historical Amounts during the Report Period

For the year ended December 31, 2024, the maximum daily deposit balance placed with CTG Finance in respect of the Deposit Services and the interest income from the Deposit Services were RMB15,588.36 million and RMB91.26 million, respectively.

Annual Caps

The annual caps for the Deposit Services under the Financial Services Agreement are set out below:

	From August 25, 2022 to June 29, 2023 (RMB million)	From June 29, 2023 to December 31, 2023 (RMB million)	For the year ended December 31, 2024 (RMB million)	From January 1, 2025 to June 8, 2025 (RMB million)
Maximum daily deposit balance placed with CTG Finance in respect of the Deposit Services	10,000	18,000	18,000	18,000

	From January 1, 2023 to June 29, 2023 (RMB million)	From June 29, 2023 to December 31, 2023 (RMB million)	For the year ended December 31, 2024 (RMB million)	From January 1, 2025 to June 8, 2025 (RMB million)
Interest income from the Deposit Services	105.0	244.0	660.0	275.0

Review by and Confirmation of Independent Non-executive Directors

The independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that such transactions were carried out in the ordinary and usual course of business of the Group and made on normal commercial terms. The terms of such transactions are fair and reasonable so far as the independent shareholders, and in the interests of the Company and its shareholders as a whole.

Review by and Confirmation of External Auditor of the Company

In accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised), "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA, Ernst & Young, the auditor of the Company, has sent a letter to the Board of the Company based on its review of the above-mentioned continuing connected transactions, expressing the following opinions in respect of the disclosed continuing connected transactions:

a. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group.

c. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

d. with respect to the aggregate amount of each of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the Reporting Period are set out in note 30 of notes to financial statements contained herein.

The related party transactions disclosed in note 30(b) of notes to financial statements were not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Hong Kong Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Hong Kong Listing Rules.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) in relation to the director's, supervisor's and senior management's liability insurance is currently in force and was in force during the Reporting Period.

DONATIONS

During the Reporting Period, the Group made donation a total amount of RMB13.87 million. The Group donated RMB13.87 million to Menglian County and Ximeng County in Yunnan Province, and Yongfu Village, Qifang Town, Baisha County, Hainan Province.

AUDITOR

During the Reporting Period, there was no change in the auditor of the Company. The consolidated financial statements for the Reporting Period have been audited by Ernst & Young, Certified Public Accountant.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Company is in compliance with the relevant laws and regulations that have a significant impact on the Company.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report and note 33 of notes to financial statements, no events after the Reporting Period need to be brought to the attention of the Shareholders.

On behalf of the Board
Mr. FAN Yunjun
Chairman

Beijing, the PRC, March 28, 2025

cdf Sanya International Duty-Free Shopping Complex

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report
To the shareholders of China Tourism Group Duty Free Corporation Limited
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China Tourism Group Duty Free Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 86 to 176, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

Impairment provision for inventories	
Key audit matter	**How the matter was addressed in our audit**
As at 31 December 2024, the carrying amount of inventories of the Group was RMB17,821 million, of which provisions for impairment amounting to RMB473 million. The inventories of the Group are mainly duty-free goods, including tobacco, alcohol, perfumes, cosmetics and luxury goods. Inventories are stated at the lower of cost and net realisable value. The Group estimates the selling price based on an inventory ageing analysis, sales data of different types of merchandise and existing inventory status. The provision for inventories is calculated based on the net realisable value, which is the amount of the estimated selling price less the estimated selling and distribution expenses and relevant taxes. We identified the impairment provision for inventories as a key audit matter due to the significant balance of inventories and significant management judgements and estimates involved in determining the valuation of inventories. Related disclosures are included in note 2(n), note 3 and note 19 to the consolidated financial statements.	Our audit procedures for assessing the impairment provision for inventories included the following: • understanding and evaluating the design, implementation and operating effectiveness of key internal controls over the impairment provision for inventories; • understanding and assessing whether the Group's policy on impairment provision for inventories was consistent with the prevailing accounting standards and consistently applied; recalculating the impairment provision for inventories based on the inventory ageing and other information in the Group's inventory provision policy at the end of the reporting period; • attending inventory count at the end of the reporting period, on a sampling basis, performing sample counts and evaluating the quantity and condition of the inventories at the end of the reporting period by checking the quantities and observing the condition of the selected inventories; • assessing, with the assistance of our internal IT specialists, the design, implementation and operating effectiveness of IT application controls, including access to modify the inbound date of an inventory, and the logic for automatic generation of an inventory ageing report; • selecting inventories and performing a retrospective review on the Group's inventory provision policy by analysing the actual sales of inventories for the sales of inventories that were impaired after the end of the reporting period; evaluating the inventory turnover rate by comparing with that in the previous year, and inquiring with management on any unusual changes identified; and • assessing the disclosures in the consolidated financial statements in respect of the impairment provision for inventories.

KEY AUDIT MATTERS (continued)

<table>
<tr><th colspan="2">Test for impairment of goodwill</th></tr>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As at 31 December 2024, the carrying amount of goodwill of the Group was RMB823 million, which is mainly relating to the acquisition of Sunrise Duty Free (Shanghai) Co. Ltd. ("Sunrise Shanghai") in 2018.

Management performs impairment test on goodwill annually or if events or changes in circumstances indicate that the carrying value may be impaired and compares the recoverable amount with the carrying value of the cash-generating unit, to determine whether to recognise a provision for impairment. The recoverable amount is based on the higher of value in use calculation and fair value less costs of disposal.

The calculation of recoverable amount involves significant management judgement and estimation required in forecasting the discounted cash flows, including expected growth rate, operating profit margin, lease payments to airports, airport contract renewal rate and the discount rate applied.

We identified the test for impairment of goodwill as a key audit matter due to the complicated valuation techniques and parameters used in assessing goodwill impairment. These parameters involve significant management judgements and estimations, which is inherently uncertain and possibly biased.

Related disclosures are included in note 2(h), note 2m(ii), note 3 and note 15 to the consolidated financial statements.</td><td>Our audit procedures for testing the impairment of goodwill included the following:

• understanding and evaluating the design, implementation and operating effectiveness of key internal controls over the test for impairment of goodwill;

• assessing whether the methodology applied by management when forecasting discounted cash flows is consistent with the prevailing accounting standards;

• based on our understanding, experience and knowledge of the industry in which the Group operates, and referring to relevant industry research reports, evaluating the appropriateness of the key assumptions adopted in the discounted cash flow forecast prepared by management relating to future operating income, gross profit margin, lease payments to airports, lease renewal rates with airports, discount rate, etc;

• with the assistance of our valuation specialists, evaluating the appropriateness of the discount rate the Group adopted in the discounted cash flow forecast by comparing with the range of discount rate used by other companies in the industry; discussing with the independent professional valuer engaged by management about the impairment assessment;

• evaluating the sensitivity analysis for the key assumptions, including the discount rate adopted by management, considering how changes in key assumptions (individually or collectively) could lead to different conclusions and if there is any indication of management's bias;

• comparing the estimates and assumptions adopted by management in preparing the discounted cash flow forecast in the previous year with the actual results of the current year, to consider the accuracy of historical forecasting by management; inquiring management on any significant difference identified and evaluating whether relevant elements are considered in the forecast of the current year; and

• assessing the disclosures in the consolidated financial statements in respect of the impairment of goodwill.</td></tr>
</table>

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheong Ming Yik.

Ernst & Young
Certified Public Accountants
Hong Kong

28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	4	56,473,848	67,540,105
Cost of sales		(39,127,050)	(46,687,290)
Gross profit		17,346,798	20,852,815
Other income and other net gains	5	1,496,291	1,492,584
Selling and distribution costs		(10,056,114)	(10,742,275)
Administrative expenses		(2,336,436)	(2,597,267)
Research and development expenses		(19,874)	(58,423)
Reversal of impairment of trade and other receivables		2,662	2,577
Other expenses		–	(274)
Profit from operations		6,433,327	8,949,737
Finance costs	6(a)	(202,501)	(297,894)
Share of profits and losses of:			
Joint ventures		(19,889)	(12,167)
Associates		13,747	109,564
Profit before taxation	6	6,224,684	8,749,240
Income tax	7	(1,307,130)	(1,401,303)
Profit for the year		4,917,554	7,347,937

	Notes	2024 RMB'000	2023 RMB'000
Other comprehensive income for the year (after tax)			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operations		412,917	241,804
– Reclassification adjustments for a foreign operation disposed of during the year		–	325
Total comprehensive income for the year		5,330,471	7,590,066
Profit for the year attributable to:			
Equity shareholders of the Company		4,323,643	6,790,027
Non-controlling interests		593,911	557,910
Profit for the year		4,917,554	7,347,937
Total comprehensive income attributable to:			
Equity shareholders of the Company		4,737,793	7,031,175
Non-controlling interests		592,678	558,891
Total comprehensive income for the year		5,330,471	7,590,066
Earnings per share			
Basic and diluted (RMB)	10	2.0899	3.2820

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current assets			
Investment properties	11	1,428,845	1,574,751
Right-of-use assets	12	3,645,321	3,844,766
Other property, plant and equipment	13	8,146,458	8,432,954
Intangible assets	14	172,984	155,194
Goodwill	15	822,660	822,460
Interests in associates	17	2,430,931	1,191,274
Interests in joint ventures	18	1,238,780	1,008,669
Deposits and other receivables	20	518,646	530,526
Other non-current assets	21	532,082	1,391,752
Deferred tax assets	27(b)	1,211,198	1,254,126
Total non-current assets		20,147,905	20,206,472
Current assets			
Inventories	19	17,348,383	21,056,915
Trade and other receivables	20	3,736,681	5,506,452
Income tax recoverable	27(a)	58,059	54,049
Restricted bank deposits	22	–	36,265
Cash and time deposits	22	34,817,316	31,802,160
Total current assets		55,960,439	58,455,841
Current liabilities			
Trade and other payables	23	8,414,979	12,298,600
Contract liabilities	24	1,115,178	1,215,831
Interest-bearing borrowings	25	544,088	665,483
Lease liabilities	26	634,318	592,569
Income tax payable	27(a)	260,469	556,018
Total current liabilities		10,969,032	15,328,501
Net current assets		44,991,407	43,127,340
Total assets less current liabilities		65,139,312	63,333,812

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current liabilities			
Interest-bearing borrowings	25	2,567,047	2,522,280
Lease liabilities	26	1,566,193	1,750,911
Defined benefit obligations		1,090	1,090
Deferred tax liabilities	27(b)	37,391	42,029
Deferred income		171,281	42,959
Total non-current liabilities		4,343,002	4,359,269
Net assets		60,796,310	58,974,543
Capital and reserves	28		
Share capital		2,068,859	2,068,859
Reserves		52,896,900	51,577,611
Total equity attributable to equity shareholders of the Company		54,965,759	53,646,470
Non-controlling interests		5,830,551	5,328,073
Total equity		60,796,310	58,974,543

Approved and authorised for issue by the board of directors on 28 March 2025.

FAN Yunjun
Director

CHANG Zhujun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

		Attributable to owners of the Company								
	Note	Share capital RMB'000 (note 28(c))	Capital reserve* RMB'000 (note 28(d)(i))	Statuary reserve* RMB'000 (note 28(d)(ii))	Exchange reserve* RMB'000 (note 28(d)(iii))	Other reserves* RMB'000 (note 28(d)(iv))	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023		2,068,859	17,486,404	1,050,986	520,160	(535)	27,183,708	48,309,582	5,529,014	53,838,596
Profit for the year		–	–	–	–	–	6,790,027	6,790,027	557,910	7,347,937
Other comprehensive income		–	–	–	240,823	325	–	241,148	981	242,129
Total comprehensive income		–	–	–	240,823	325	6,790,027	7,031,175	558,891	7,590,066
Capital contributions by a non-controlling shareholder of a subsidiary		–	–	–	–	–	–	–	12,250	12,250
Disposal of subsidiaries		–	–	–	–	–	–	–	1,477	1,477
Dividends declared and paid in respect of the previous year	28(b)	–	–	–	–	–	(1,655,087)	(1,655,087)	–	(1,655,087)
Dividends paid to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	(773,559)	(773,559)
Other		–	(39,200)	–	–	–	–	(39,200)	–	(39,200)
At 31 December 2023		2,068,859	17,447,204	1,050,986	760,983	(210)	32,318,648	53,646,470	5,328,073	58,974,543

	Note	Share capital RMB'000 (note 28(c))	Capital reserve* RMB'000 (note 28(d)(i))	Statuary reserve* RMB'000 (note 28(d)(ii))	Exchange reserve* RMB'000 (note 28(d)(iii))	Other reserves* RMB'000 (note 28(d)(iv))	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to owners of the Company								
At 1 January 2024		2,068,859	17,447,204	1,050,986	760,983	(210)	32,318,648	53,646,470	5,328,073	58,974,543
Profit for the year		–	–	–	–	–	4,323,643	4,323,643	593,911	4,917,554
Other comprehensive income		–	–	–	414,150	–	–	414,150	(1,233)	412,917
Total comprehensive income		–	–	–	414,150	–	4,323,643	4,737,793	592,678	5,330,471
Acquisition of a subsidiary		–	–	–	–	–	–	–	10,516	10,516
Capital contributions from non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	15,710	15,710
Acquisition of non-controlling interests		–	2,957	–	–	–	–	2,957	(16,323)	(13,366)
Disposal of an associate		–	(8,088)	–	–	–	–	(8,088)	–	(8,088)
Disposal of subsidiaries		–	–	–	–	–	–	–	(8,872)	(8,872)
Dividends declared and paid in respect of the previous year	28(b)	–	–	–	–	–	(3,413,617)	(3,413,617)	–	(3,413,617)
Dividends paid to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	(91,231)	(91,231)
Other		–	244	–	–	–	–	244	–	244
At 31 December 2024		2,068,859	17,442,317	1,050,986	1,175,133	(210)	33,228,674	54,965,759	5,830,551	60,796,310

* These reserve accounts comprise the consolidated reserves of RMB52,896,900,000 (2023: RMB51,577,611,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before taxation		6,224,684	8,749,240
Adjustments for:			
Depreciation of investment properties	11	48,570	40,032
Depreciation of right-of-use assets		623,377	495,243
Depreciation of other property, plant and equipment	13	770,819	673,406
Amortisation of intangible assets	14	33,009	26,893
Impairment of other property, plant and equipment and other non-current assets, net		–	274
Finance costs	6(a)	202,501	297,894
Share of profits and losses of joint ventures and associates, net		6,142	(97,397)
Gains on disposal of items of other property, plant and equipment and other non-current assets, net		(23,615)	(28,525)
(Gains)/losses on disposal of associates		(1,731)	10,416
Gain arising from the remeasurement of equity interests previously held at fair value at the date of purchase		(774)	–
Interest income		(44,947)	(54,986)
Exchange gains, net	5	(115,272)	(291,059)
Other		(67,446)	–
Changes in working capital:			
Decrease in inventories		3,708,532	6,869,565
Decrease/(increase) in trade and other receivables		550,960	(1,808,160)
Decrease in restricted bank deposits		36,265	1,093,292
Decrease in deposits and other receivables		11,880	39,693
Decrease/(increase) in other non-current assets		115	(532,197)
(Decrease)/increase in trade and other payables		(2,483,015)	1,233,008
Increase in deferred income		128,322	39,343
Decrease in contract liabilities		(100,653)	(290,318)
Cash generated from operations		9,507,723	16,465,657
Tax paid	27(a)	(1,568,396)	(1,339,239)
Net cash flows from operating activities		7,939,327	15,126,418

	Notes	2024 RMB'000	2023 RMB'000
Investing activities			
Purchases of other property, plant and equipment and other non-current assets		(1,118,981)	(1,801,601)
Proceeds from disposal of other property, plant and equipment and other non-current assets		797	313
Refund of investment deposit		368,379	–
Payments for investments in associates and joint ventures		(299,000)	(149,000)
Dividends received from associates and joint venture		1,879	8,644
Payments of investment deposits and equity investment funds		(369,971)	(1,227,934)
Proceeds from disposal of associates		68,738	–
Acquisition of subsidiaries		18,309	–
Purchase of time deposits		(1,830,000)	(1,546,210)
Redemption of time deposits		2,705,545	–
Net cash flows used in investing activities		(454,305)	(4,715,788)
Financing activities			
Capital contributions from non-controlling shareholders of subsidiaries		15,710	12,250
Payments to non-controlling shareholders due from disposal of subsidiaries		(8,872)	–
Proceeds from new bank loans and other loans	22(c)	63,661	159,501
Repayment of bank loans and other loans	22(c)	(146,224)	(1,563,675)
Dividends paid to shareholders of the Company		(3,413,748)	(1,654,693)
Dividends paid to non-controlling shareholders of subsidiaries		(58,778)	(754,149)
Interest paid	22(c)	(83,761)	(116,021)
Capital element of lease rentals paid	22(c)	(648,622)	(588,039)
Interest element of lease rentals paid	22(c)	(86,433)	(122,944)
Change in deposits from associate through cash pooling arrangement	22(c)	–	(10)
Net cash flows used in financing activities		(4,367,067)	(4,627,780)
Net increase in cash and cash equivalents		3,117,955	5,782,850
Cash and cash equivalents at beginning of year		31,752,192	25,762,143
Effect of foreign exchange rate changes, net		(96,990)	207,199
Cash and cash equivalents at end of year	22(a)	34,773,157	31,752,192
Analysis of balances of cash and cash equivalents			
Cash and bank balances		21,225,990	20,482,215
Non-pledged time deposits		13,547,167	11,269,977
Cash and cash equivalents as stated in the statement of financial position		34,773,157	31,752,192
Cash and cash equivalents as stated in the statement of cash flows	22(a)	34,773,157	31,752,192

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. GENERAL INFORMATION

China Tourism Group Duty Free Corporation Limited (formerly known as China International Travel Service Corporation Limited) (the "Company") was a joint stock company incorporated in the People's Republic of China (the "PRC") with limited liability on 28 March 2008. The Company's A shares have been listed on the main board of the Shanghai Stock Exchange (stock code: 601888) since October 2009. The Company's H Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEX") (Stock code: 1880) on 25 August 2022.

The Company and its subsidiaries (together, "the Group") are principally engaged in the sales of merchandise and the provision of related services through its travel retail business.

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the HKEX (the "Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are effective for the first time or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current period reflected in these financial statements.

(b) Basis of preparation

The consolidated financial statements for the year ended 31 December 2024 comprise the Group and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for other investments in debt that are stated at their fair value (see Note 2(g)).

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effects on the financial statements and major sources of estimation uncertainty are disclosed in Note 3.

2. MATERIAL ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies

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

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

The nature and the impact of the revised IFRS Accounting Standards are described below:

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES (continued)

(d) Business combination

Business combination is accounted for under the acquisition method except for business combination under common control.

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.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Business combination arising from transfer of interests in entities that are under the control of the controlling shareholder that controls the Group is accounted for as if the acquisition had occurred at the beginning of the period or, if later, at the date that common control was established. The assets acquired and liabilities assumed are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's perspective. The components of equity of the acquired entities are added to the same components within the Group's equity and any difference between the net assets acquired and the consideration paid is recognised directly in equity.

2. MATERIAL ACCOUNTING POLICIES (continued)

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(f)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(m)(ii)), unless the investment is classified as held for sale.

2. MATERIAL ACCOUNTING POLICIES (continued)

(f) Associates and joint ventures

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale. Under the equity method, the investment is initially recognised at cost, adjusted for any excess of the Group's share of the acquisition-date fair value of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. The Group's share of the post-acquisition post-tax results of the investees and any impairment losses for the period are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised as other comprehensive income in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see Note 2(m)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2. MATERIAL ACCOUNTING POLICIES (continued)

(g) Other investments in debt and equity securities

The Group's policies for investments in debt, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt are recognised on the date the Group commits to purchase the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVTPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 29(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(w)(ii)(c)).

– FVTPL, if the investment does not meet the criteria for being measured at amortised cost. Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) 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 Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

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

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

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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(h) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(m)(ii)).

On disposal of a cash-generating unit during the period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are initially measured at cost, which is the fair value of the consideration given to acquire them, including transaction costs. Subsequently, all investment properties are stated at cost less accumulated depreciation and accumulated impairment losses (see Note 2(m)(ii)).

Depreciation is calculated using the straight-line method, after taking into account the estimated residual value, over the estimated useful lives. The estimated useful lives of investment properties range from 20 to 50 years.

Transfers to, or from, investment properties are made when, and only when, there is evidence of a change in use or the investment property is sold.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its carrying amount at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Other property, plant and equipment" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use.

2. MATERIAL ACCOUNTING POLICIES (continued)

(j) Other property, plant and equipment

Other property, plant and equipment are initially stated in the consolidated statement of financial position at cost if it is probable that they will generate future economic benefits. Cost represents the purchase price of the asset and other costs incurred in bringing the asset into its intended use. Subsequent to their initial recognition, property, plant and equipment are carried at cost less accumulated depreciation and impairment losses (see Note 2(m)(ii)). When an item of other property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5.

The cost of self-constructed items of other property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(y)).

Gains or losses arising from the retirement or disposal of an item of other property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of other property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

	Estimated useful lives
Buildings	20 – 40 years
Machinery and equipment	5 years
Motor vehicles	5 – 8 years
Furniture and others	5 years
Leasehold improvements	3 – 5 years, or over the remaining term of lease, whichever is shorter

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

An item of other 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 profit or loss 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 other property, plant and equipment when completed and ready for use.

2. MATERIAL ACCOUNTING POLICIES (continued)

(k) Intangible assets (other than goodwill)

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 finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software and licences

Purchased software and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 2 to 10 years.

(l) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

2. MATERIAL ACCOUNTING POLICIES (continued)

(l) Leases (continued)

(i) As a lessee (continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(m)(ii)). Depreciation is calculated to write off the cost of items using the straight-line method over the respective lease term.

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see Notes 2(g)(i), 2(w)(ii)(c) and 2(m)(ii)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at cost, in accordance with the Group's policy for "investment properties".

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2. MATERIAL ACCOUNTING POLICIES (continued)

(l) Leases (continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lease. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(w)(ii)(a). 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.

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECLs") on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables); and

– lease receivables

Other financial assets measured at fair value, including equity and debt securities measured at FVTPL and equity investments designated at fair value through other comprehensive income (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls of fixed-rate financial assets, and trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2. MATERIAL ACCOUNTING POLICIES (continued)

(m) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and lease receivables (continued)

Measurement of ECLs **(continued)**

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2. MATERIAL ACCOUNTING POLICIES (continued)

(m) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and lease receivables (continued)

Significant increases in credit risk **(continued)**

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(w)(ii)(c) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

2. MATERIAL ACCOUNTING POLICIES (continued)

(m) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and lease receivables (continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- investment properties measured at cost;
- right-of-use assets;
- other property, plant and equipment;
- intangible assets;
- goodwill;
- investments in associates and joint ventures; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of the recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

2. MATERIAL ACCOUNTING POLICIES (continued)

(m) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets (continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(n) Inventories

Inventories comprise merchandise purchased for resale, properties under development and completed properties held for sale and are stated at the lower of cost and net realisable value. Cost of merchandise, representing the purchase cost and other costs incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Cost of properties under development and completed properties comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

(o) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(m)(i)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(m)(i).

2. MATERIAL ACCOUNTING POLICIES (continued)

(q) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost, except the financial liabilities measured at fair value through profit or loss, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

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

After initial recognition, trade and other payables, and interest-bearing borrowings 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 statement of profit or loss 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 statement of profit or loss.

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 statement of profit or loss.

2. MATERIAL ACCOUNTING POLICIES (continued)

(r) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(w)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2 (o)).

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(y)).

(t) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit plans

In addition to the statutory defined contribution retirement plans, the Group also provides additional defined benefits to certain retired employees.

In accordance with the projected unit credit method, the Group measures the obligations under defined benefit plans using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, and discount obligations under the defined benefit plans to determine the present value of the defined benefit liability.

The Group attributes benefit obligations under a defined benefit plan to periods of service provided by the respective employees. Service cost and interest expense on the defined benefit liability are charged to profit or loss or recognised as part of the cost of assets, and remeasurements of defined benefit liability are recognised in other comprehensive income.

(iii) Termination benefits

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

2. MATERIAL ACCOUNTING POLICIES (continued)

(u) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combination, or items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

Except that deferred tax is not recognised for the Pillar Two income taxes, the limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and that does not give rise to equal taxable and deductible temporary differences, and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. MATERIAL ACCOUNTING POLICIES (continued)

(u) Income tax (continued)

Current tax balances and deferred tax balances, and the movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

(i) in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

(ii) in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or
- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business. Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any sales discounts.

2. MATERIAL ACCOUNTING POLICIES (continued)

(w) Revenue and other income (continued)

(i) Revenue from contracts with customers (continued)

(a) Sale of merchandise

Revenue is recognised when the customer takes possession of and accepts the products. The Group operates a customer loyalty program where points can be earned by customers which can be used to reduce the cost of future purchases. The Group allocates a portion of the consideration received to loyalty points based on the estimated relative stand-alone selling prices. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or expire. The deferred revenue is included in contract liabilities.

For merchandise revenue received from the customers, the Group is principal as the Group controls merchandise before that merchandise is transferred to the customers.

(b) Sale of properties

Revenue is recognised when the properties sale contract is signed through the online system of the properties management department and the properties sale contract is submitted to the properties management department for record, and the purchase has been fully paid, and the properties have been delivered to the buyers. Payments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

For properties revenue received from the customers, the Group is principal as the Group controls properties before that properties are transferred to the customers.

(c) Property management services

Property management services mainly include security, cleaning and greening, repair and maintenance. The Group charges property management service fees at a fixed rate per square metre and bills a fixed amount for services provided on a monthly basis. The revenue is recognised over time as the tenants simultaneously receive and consume the benefits in relation to services provided by the Group.

For property management services revenue received from the tenants, the Group is principal as the Group controls the property management services before that services are transferred to the tenants.

(d) Consignment agency services

Some of the Group's operating sites carry out the consignment model with suppliers, and the Group recognises revenue based on the amount of commissions or fees that it expects to be entitled to receive, which should be determined on the basis of the net amount of the total consideration received or receivable after deducting the price due to other related parties, or based on the amount of commissions established or a percentage.

The Group does not obtain control of a specific commodity before transferring it to the customers under the consignment model, and the Group is an agent.

2. MATERIAL ACCOUNTING POLICIES (continued)

(w) Revenue and other income (continued)

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. 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 earned.

(b) Dividends

Dividend income is recognised when the shareholder's right to receive payment is established.

(c) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(m)(i)).

(d) Government grants

Government grants are recognised when the Group fulfils the conditions attached to them and they are probable to be received. When government grants are received in the form of monetary assets, they are measured at the amount received or receivable. When the grant is in the form of non-monetary assets, it is measured at fair value. When fair value cannot be measured reliably, a nominal amount is assigned.

Asset-related government grant is recognised as deferred income and is amortised evenly in profit or loss over the useful lives of related assets.

Income-related government grant that is used to compensate subsequent related expenses or losses of the Group is recognised as deferred income and recorded in profit or loss when related expenses or losses are incurred. When the grant is used to compensate expenses or losses that were already incurred, they are directly recognised in profit or loss in the period the grant is received.

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities.

2. MATERIAL ACCOUNTING POLICIES (continued)

(x) Translation of foreign currencies (continued)

The results of foreign operations are translated into RMB at the average exchange rates of the reporting period. Items of the statement of financial position are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(z) Research and development costs

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

(aa) Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

2. MATERIAL ACCOUNTING POLICIES (continued)

(ab) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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).

(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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2. MATERIAL ACCOUNTING POLICIES (continued)

(ac) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may not be equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods are discussed below.

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less selling and distribution expenses and related taxes. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Any change in the assumptions would increase or decrease the amount of inventories written down or the related reversals of write-downs and affect the Group's profit or loss and net asset value.

(b) Impairment of goodwill and other non-current assets

At the end of each reporting period or when there are impairment indications, the Group reviews the recoverable amount of goodwill and other non-current assets which involves judgement on the determination of their fair value less costs of disposal and value in use. The fair value less costs of disposal is determined based on the market comparison approach by reference to recent market transaction price of comparable assets or market observable price, and the value in use is determined by discounting projected cash flow forecasts associated with the assets using risk-adjusted discount rates. Any change in the assumptions underlying these projections and fair values would increase or decrease the recoverable amounts of these assets, where applicable.

3. ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(c) Depreciation and amortisation

Investment properties, and other property, plant and equipment are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values, if any. The Group reviews the estimated useful lives and residual values annually. The determination of the useful lives and residual values, if any, are based on historical experience with similar assets after taking into account the anticipated changes on how such assets are to be deployed in the future. The depreciation and amortisation expense for future periods is adjusted if there are significant changes from previous estimates.

(d) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised. In determining the amount of deferred tax assets to be recognised, significant judgement is required relating to the timing and level of future taxable profits, after taking into account future tax planning strategies. The amount of deferred tax assets recognised at future dates are adjusted if there are significant changes from these estimates.

(e) Customer loyalty program

The transaction price allocated to the points earned by the members of the Group's customer loyalty program is estimated based on the stand-alone selling price of the points awarded. The stand-alone selling price of the points awarded is estimated relating to the redemption value of the points and the expected redemption rate. The expected redemption rate was estimated considering historical redemption pattern, current industry and economic trends and other relevant factors. Any change in estimate could have an effect on the balance of contract liabilities for the customer loyalty program and the results of operations.

(f) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(g) Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

3. ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(h) Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group generates revenue primarily from the sales of merchandise and properties, and provision of related services through its travel retail business. Other sources of revenue include rental income from the leasing of investment properties. Further details regarding the Group's principal activities are disclosed in Note 4(b). Disaggregation of revenue from contracts with customers by major services line is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Sales of merchandise		
– duty-free	38,665,529	44,231,211
– duty-paid	17,094,964	22,344,477
Others	494,316	793,100
Subtotal revenue	56,254,809	67,368,788
Revenue from other sources		
Rental income from investment properties	219,039	171,317
Total revenue	56,473,848	67,540,105

The Group's customer base is diversified. No revenue amounting to 10% or more of the Group's total revenue was derived from sales to a single customer.

For the year ended 31 December 2024, the Group had revenue from contracts with customers recognised over time of RMB35,175,000 (2023: RMB27,825,000). All revenue from sales of merchandise and properties and the remaining service income were recognised at point in time.

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year or less.

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of merchandise

The revenue of the merchandise is generated at a point in time. The performance obligation is satisfied upon delivery of the merchandise and payment is generally received at the same time as delivery of the merchandise or received in advance.

Sales of properties

The revenue of the properties is generated at a point in time. The performance obligation is satisfied upon delivery of the properties and payment is generally in advance.

Property management services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Property management service contracts are for periods of one year or more, and are billed based on the time incurred.

Membership points

The performance obligation is satisfied as members' points are used or expire, and the transaction price allocated to the points earned by the members of the Group's customer loyalty program is estimated based on the stand-alone selling price of the points awarded.

Consignment agency services

The performance obligation is satisfied at a point in time when control of the merchandise is transferred to the customers and payment is generally received at the same time as delivery of the merchandise.

(c) Segment reporting

For management purposes, the Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. No operating segments have been aggregated to form the following reportable segments. A summary of details of the operating segments is as follows:

- Travel retail ("Retail")

  The Group currently offers a comprehensive series of duty-free and duty-paid merchandise to customers in Mainland China, Hong Kong, Macau, Cambodia, etc., through its travel retail business. This segment engages in sales of duty-free and duty-paid merchandise and income from the provision of related services.

4. REVENUE AND SEGMENT REPORTING (continued)

(c) Segment reporting (continued)

- Investment and development of integrated travel retail complex ("Property")

  This segment engages in the development of integrated travel retail complex and the development of properties for sale, and related property leasing to generate rental income.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible assets and current assets. Segment liabilities include all trade and other payables, and lease liabilities attributable to the activities of the individual segments and interest-bearing borrowings managed directly by the segments except that the assets and liabilities of the Company is presented in the corporate and elimination without allocating the related segment assets and liabilities between the Retail segment and the Property segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments except that the operational results of the Company is allocated in the Retail segment without allocating the related operational results between the Retail segment and the Property segment. Segment profit includes the Group's share of profit/loss arising from the activities of the Group's joint ventures and associates.

4. REVENUE AND SEGMENT REPORTING (continued)

(c) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

The following tables present revenue and results for the Group's operating segments for the years ended 31 December 2024 and 2023:

Financial information of the Group's reportable segments for the years ended 31 December 2024 and 2023 is set out below:

	Retail RMB'000	Property RMB'000	Subtotal RMB'000	Corporate and eliminations RMB'000	Total RMB'000
Year ended 31 December 2024					
Revenue from external customers	56,222,917	250,931	56,473,848	–	56,473,848
Inter-segment sales	–	1,338,364	1,338,364	(1,338,364)	–
Reportable segment revenue	56,222,917	1,589,295	57,812,212	(1,338,364)	56,473,848
Share of net profits of joint ventures and associates	14,333	(20,475)	(6,142)	–	(6,142)
Write-down of inventories	(741,896)	–	(741,896)	–	(741,896)
Reversal of impairment of trade and other receivables	2,662	–	2,662	–	2,662
Depreciation and amortisation	(2,046,781)	(323,415)	(2,370,196)	894,421	(1,475,775)
Reportable segment profit before taxation	5,231,775	568,095	5,799,870	424,814	6,224,684
Income tax	(1,144,711)	(139,498)	(1,284,209)	(22,921)	(1,307,130)
Reportable segment net profit	4,087,064	428,597	4,515,661	401,893	4,917,554
Reportable segment assets	65,429,594	14,904,827	80,334,421	(4,226,077)	76,108,344
Reportable segment liabilities	23,062,801	7,064,702	30,127,503	(14,815,469)	15,312,034

4. REVENUE AND SEGMENT REPORTING (continued)

(c) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

	Retail RMB'000	Property RMB'000	Subtotal RMB'000	Corporate and eliminations RMB'000	Total RMB'000
Year ended 31 December 2023					
Revenue from external customers	67,065,209	474,896	67,540,105	–	67,540,105
Inter-segment sales	–	1,155,375	1,155,375	(1,155,375)	–
Reportable segment revenue	67,065,209	1,630,271	68,695,480	(1,155,375)	67,540,105
Share of net profits of joint ventures and associates	110,135	(12,738)	97,397	–	97,397
Write-down of inventories	(637,888)	–	(637,888)	–	(637,888)
Reversal of impairment of trade and other receivables	2,577	–	2,577	–	2,577
Depreciation and amortisation	(1,797,914)	(269,210)	(2,067,124)	831,550	(1,235,574)
Reportable segment profit before taxation	7,867,588	477,054	8,344,642	404,598	8,749,240
Income tax	(1,303,333)	(99,580)	(1,402,913)	1,610	(1,401,303)
Reportable segment net profit	6,564,255	377,474	6,941,729	406,208	7,347,937
Reportable segment assets	72,936,355	15,464,076	88,400,431	(9,738,118)	78,662,313
Reportable segment liabilities	31,889,009	8,191,506	40,080,515	(20,392,745)	19,687,770

4. REVENUE AND SEGMENT REPORTING (continued)

(c) Segment reporting (continued)

(ii) Geographic information

The following tables set out information about the geographical locations of (a) the Group's revenue from external customers and (b) the Group's investment properties, right-of-use assets, other property, plant and equipment, intangible assets, goodwill, interests in associates and joint ventures and other non-current assets ("specified non-current assets"). The analysis of geographical location of customers is based on the location at which the services are provided or the goods are delivered. The geographical location of the specified non-current assets is based on (a) the physical location of the assets, in the case of investment properties, right-of-use assets, other property, plant and equipment, intangible assets and other non-current assets, the location of the operations to which they are allocated, in the case of goodwill, and (b) the location of operations, in the case of interests in associates and joint ventures.

Revenue from external customers

	2024 RMB'000	2023 RMB'000
Mainland China	51,732,496	61,973,073
Hong Kong, Macau and overseas	4,741,352	5,567,032
Total revenue	56,473,848	67,540,105

The revenue information of continuing operations above is based on the locations of the customers.

Specified non-current assets

	2024 RMB'000	2023 RMB'000
Mainland China	17,482,315	17,417,825
Hong Kong, Macau and overseas	935,746	1,003,995
Total non-current assets	18,418,061	18,421,820

5. OTHER INCOME AND OTHER NET GAINS

	2024 RMB'000	2023 RMB'000
Interest income from financial assets measured at amortised cost	1,159,210	1,045,432
Net exchange gains	115,272	291,059
Government subsidies	140,693	149,889
Others	81,116	6,204
Total other income and other net gains	1,496,291	1,492,584

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs (excluding directors' remuneration in note 8)

	2024 RMB'000	2023 RMB'000
Interest expenses on interest-bearing borrowings	87,386	89,565
Interest expenses on lease liabilities	115,115	208,329
Total	202,501	297,894

(b) Staff costs (excluding directors' and chief executive's remuneration (note 8))

	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	3,092,934	3,294,574
Contribution to defined contribution retirement plans	309,175	314,004
Total	3,402,109	3,608,578

The Group participates in pension schemes organised by the PRC government for all the employees in the PRC (excluding Hong Kong and Macau), whereby the Group is required to pay annual contributions based on the statutory percentage of the average salary level in the cities where the Group's employees are employed. The Group remits all the pension fund contributions to the respective social security offices, which are responsible for the payments and liabilities relating to the pension funds. The Group has no obligation for payment of retirement and other post retirement benefits of employees other than the contributions described above.

The Group has arranged for its Hong Kong employees to join a Mandatory Provident Fund (the "MPF scheme"). Under the rules of the MPF scheme, contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable. The only obligation of the Group with respect to the MPF scheme is to make the required contributions under the scheme.

6. PROFIT BEFORE TAXATION (continued)

Profit before taxation is arrived at after charging/(crediting): (continued)

(c) Other items

	2024 RMB'000	2023 RMB'000
Cost of inventories (Note 19(b))	38,978,392	46,538,073
Depreciation and amortisation of:		
– Investment properties	48,570	40,032
– Right-of-use assets	623,377	495,243
– Other property, plant and equipment	770,819	673,406
– Intangible assets	33,009	26,893
Lease expenses not included in the measurement of lease liabilities:		
– Variable and short-term leases (i)	4,273,692	4,325,124
Licensing fees for duty-free operation	1,059,465	1,394,458
Auditor's remuneration:		
– Audit services	6,930	5,760
– Tax and other services	10,076	10,266
(Gain)/loss on disposal of associates	(1,731)	10,416

(i) Variable lease payments that do not depend on an index or rate and short-term leases that have a lease term of 12 months or less are not included in the measurement of the lease liabilities and hence are charged to profit or loss in the accounting period in which they are incurred in accordance with IFRS 16 *Leases*.

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 RMB'000	2023 RMB'000
Current tax – Hong Kong Profits Tax		
Provision for corporate income tax ("CIT") for the year	319,575	317,147
Current tax – Mainland China (including Macau) and elsewhere		
Provision for CIT for the year	905,518	1,261,949
Underprovision for CIT in respect of the prior year	33,960	24,543
Current tax		
PRC land appreciation tax ("LAT") (i)	9,784	29,779
Deferred tax		
Origination and reversal of temporary differences (Note 27(b))	38,293	(232,115)
Total tax charge for the year	1,307,130	1,401,303

(i) LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review/approval by the local tax bureau.

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates:

	2024 RMB'000	2023 RMB'000
Profit before taxation	6,224,684	8,749,240
Notional tax on profit before taxation, calculated at the PRC income tax rate of 25% (i)	1,556,171	2,187,310
Different tax rates of subsidiaries operating in other jurisdictions and statutory tax concessions (ii)(iii)(iv)	(285,241)	(634,031)
Underprovision in respect of previous periods	33,960	24,543
Non-taxable income	(50,613)	(41,953)
Profits and losses attributable to joint ventures and associates	1,535	(22,971)
Non-deductible expenses	19,929	22,791
Utilisation of previously unrecognised tax losses	(40,344)	(89,145)
Utilisation of previously unrecognised temporary differences	(102,789)	(148,938)
Provision for LAT	9,784	29,779
Tax effect on LAT	(2,446)	(7,445)
Tax losses and temporary differences not recognised as deferred tax assets	167,184	81,363
Tax charge at the Group's effective rate	1,307,130	1,401,303

(i) The Company and the subsidiaries of the Group established in the PRC (excluding Hong Kong and Macau) are subject to the PRC Corporate Income Tax at 25% (2023: 25%).

(ii) The subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax at a rate of 16.5% (2023: 16.5%) and the subsidiaries of the Group incorporated in Macau are subject to Macau Profits Tax at a rate of 12% (2023: 12%). The subsidiary of the Group incorporated in Cambodia is subject to income tax at a rate of 20% (2023: 20%). The subsidiary of the Group incorporated in Sri Lanka is subject to income tax at a rate of 30% (2023: 30%). The subsidiary of the Group incorporated in Singapore is subject to income tax at a rate of 17% (2023: 17%).

Among the subsidiaries incorporated in Hong Kong, China Duty Free International Limited is eligible for the 8.25% tax band under the two-tiered tax regime introduced by the Hong Kong Government. The provision for Hong Kong Profits Tax for this subsidiary was calculated on the same basis in 2024 and 2023.

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates: (continued)

(iii) In 2022, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Further Implementation of Preferential Income Tax for Small and Micro Enterprises (Cai Shui [2022] No. 13), which provides that the portion of annual taxable income of small and micro enterprises exceeding RMB1,000,000 but not exceeding RMB3,000,000 shall be deducted to 25% of the taxable income and subject to income tax at a rate of 20% for the period from 1 January 2022 to 31 December 2024.

In 2023, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Preferential Income Tax for Small and Micro Enterprises and Individual Business Households (Cai Shui [2023] No. 6), which provides that the portion of annual taxable income of small and micro enterprises not exceeding RMB1,000,000 shall be deducted to 25% of the taxable income and subject to income tax at a rate of 20% for the period from 1 January 2023 to 31 December 2024.

In accordance with Announcement on Further Tax Policies to Support the Development of Small and Micro Enterprises and Individual Business Households (Cai Shui [2023] No. 12), the preferential corporate income tax policy for Small and Micro Enterprises which provides that annual taxable income shall be deducted to 25% of the taxable income and subject to income tax at a rate of 20% has been extended and will remain effective until December 31, 2027. A Small and Micro Enterprises refers to an enterprise engaged in industries that are neither restricted nor prohibited by the state, and simultaneously meets the following three criteria: (a) Annual taxable income does not exceed RMB 3 million; (b) Number of employees does not exceed 300; (c) Total assets do not exceed RMB 50 million.

(iv) According to No. 31 Cai Shui 2020 "Notice on Preferential Policies for Enterprise Income Tax in Hainan Free Trade Port" ("Hainan FTP") effective on 23 June 2020 and No. 3 Cai Shui 2025 "Notice on Continuing the Implementation of Hainan Free Trade Port Enterprise Income Tax Preferential Policy" effective on 4 January 2025 published by the Ministry of Finance and the State Administration of Taxation, a qualified encouraged industrial enterprise registered in the Hainan FTP of the PRC is entitled to a preferential corporate income tax rate of 15% from 1 January 2020 to 31 December 2027.

The Group's ten subsidiaries in the Hainan FTP are eligible for the abovementioned preferential corporate income tax rate of 15% as being determined as primarily engaged in the government encouraged duty-free business in China.

(v) The Group is within the scope of the Pillar Two model rules. The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which it operates are above 15%. There are a limited number of jurisdictions where the Pillar Two effective tax rate is slightly below 15%. The Group does not expect a material exposure to Pillar Two income taxes.

8. DIRECTORS' EMOLUMENTS

Details of the emoluments of the directors of the Company during 2024 and 2023 are as follows:

	Year ended 31 December 2024				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Chairman:					
Mr. Fan Yunjun (appointed on 17 October 2024)	–	–	–	–	–
Vice Chairlady:					
Ms. Liu Kun (appointed on 17 October 2024)	–	–	–	–	–
Executive directors:					
Mr. Chang Zhujun (appointed on 23 May 2024)	–	1,551	1,250	173	2,974
Mr. Wang Yuehao (appointed on 17 October 2024)	–	345	–	44	389
Mr. Wang Xuan*	–	2,014	810	173	2,997
Mr. Chen Guoqiang (resigned on 19 September 2024)	–	1,670	1,170	129	2,969
Independent non-executive directors:					
Mr. Ge Ming	249	–	–	–	249
Ms. Wang Ying	249	–	–	–	249
Mr. Wang Qiang	255	–	–	–	255
Total	753	5,580	3,230	519	10,082

* Mr. Wang Xuan resigned as chairman on 17 October 2024.

8. DIRECTORS' EMOLUMENTS (continued)

Details of the emoluments of the directors of the Company during 2024 and 2023 are as follows: (continued)

	Year ended 31 December 2023				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Chairman:					
Mr. Peng Hui (resigned on 2 February 2023)	–	468	4,736	27	5,231
Mr. Wang Xuan (appointed on 19 October 2023)	–	1,904	2,856	170	4,930
Executive director:					
Mr. Chen Guoqiang	–	2,009	2,837	170	5,016
Independent non-executive directors:					
Mr. Ge Ming	222	–	–	–	222
Ms. Wang Ying (appointed on 29 June 2023)	113	–	–	–	113
Mr. Wang Qiang (appointed on 29 June 2023)	113	–	–	–	113
Mr. Zhang Rungang (resigned on 29 June 2023)	142	–	–	–	142
Mr. Wang Bin (resigned on 29 June 2023)	140	–	–	–	140
Ms. Liu Yan (resigned on 29 June 2023)	140	–	–	–	140
Total	870	4,381	10,429	367	16,047

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, there is no director (2023: none) whose emolument is disclosed in Note 8. The aggregate of the emoluments for the remaining individuals is as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other emoluments	11,537	11,551
Discretionary bonuses	3,777	20,730
Pension scheme contributions	549	404
Total	15,863	32,685

The emoluments of five (2023: five) individuals with the highest emoluments are within the following bands:

	Number of employees	
	2024	2023
HK$3,000,001 to HK$3,500,000	4	–
HK$3,500,001 to HK$4,000,000	1	–
HK$5,500,001 to HK$6,000,000	–	1
HK$6,000,001 to HK$6,500,000	–	1
HK$6,500,001 to HK$7,000,000	–	1
HK$8,000,001 to HK$8,500,000	–	1
HK$8,500,001 to HK$9,000,000	–	–
HK$9,000,001 to HK$9,500,000	–	1
Total	5	5

10. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of RMB4,323,643,000 (2023: RMB6,790,027,000) and the weighted average number of ordinary shares of 2,068,859,044 (2023: 2,068,859,044) outstanding during the year.

Weighted average number of ordinary shares:

	Number of shares	
	2024 '000	2023 '000
Issued ordinary shares at 1 January and 31 December	2,068,859	2,068,859

There were no dilutive potential ordinary shares throughout the years ended 31 December 2024 and 2023 and therefore dilutive earnings per share is equivalent to basic earnings per share.

11. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
Cost		
At 1 January	1,758,762	1,532,481
Additions	23	–
Transfer from right-of-use assets	4,418	22,299
Transfer from construction in progress	–	211,439
Transfer to right-of-use assets	(10,712)	(1,714)
Transfer to other property, plant and equipment	(79,865)	(4,961)
Disposals	–	(782)
Others	(18,028)	–
At 31 December	1,654,598	1,758,762
Accumulated amortisation:		
At 1 January	(184,011)	(145,354)
Charge for the year	(48,570)	(40,032)
Transfer from right-of-use assets	(896)	(1,421)
Transfer to right-of-use assets	721	424
Transfer to other property, plant and equipment	501	2,339
Disposals	–	33
Others	6,502	–
At 31 December	(225,753)	(184,011)
Carrying amount at 31 December	1,428,845	1,574,751

(a) Amounts recognised in profit or loss for investment properties:

	2024 RMB'000	2023 RMB'000
Rental income from operating leases	219,039	171,317

11. INVESTMENT PROPERTIES (continued)

(b) Leasing income

The Group leases out investment properties under operating leases which typically run for an initial period of 1 to 5 years. The Group's total future minimum lease receivables under non-cancellable operating leases are as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**111,806**	149,937
After 1 year but within 5 years	**146,972**	284,658
After 5 years	**3,014**	52,457
Total	**261,792**	487,052

(c) Fair value hierarchy

As set out in Note 2(i), the Group has applied the cost model for its investment properties.

At 31 December 2024, the Group's investment properties with a carrying value of RMB1,215,764,000 (2023: RMB1,314,227,000) were pledged to secure general banking facilities granted to the Group (Note 25).

An independent professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, has been engaged to measure the fair value of the investment properties. The valuation included the fair value of the buildings, and the associated leasehold land use rights classified as investment properties. As at 31 December 2024, the fair values of the investment properties were RMB2,087,175,000 (2023: RMB3,986,800,000).

Fair values are categorised into the three-level fair value hierarchy as disclosed in Note 29(e). The fair value measurement for investment properties has been categorised as Level 3 fair value based on the inputs to the valuation technique used.

The fair value was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and capitalised at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The yield is estimated according to the market evidence, valuer's experience and knowledge of market conditions.

Description	Valuation techniques	Unobservable Inputs	Relationship of unobservable inputs to fair value
Property units located in Mainland China	Income approach	Market rent	The higher the unit rent per square metre, the higher the fair value.
		Market yield	The higher the yield, the lower the fair value. As at 31 December 2024, the adopted yield ranged from 6.0% to 8.5% (2023: 6.0% to 6.5%).

12. RIGHT-OF-USE ASSETS

	Ownership interests in leasehold land for own use RMB'000	Buildings RMB'000	Motor vehicles, furniture, and others RMB'000	Total RMB'000
Cost:				
At 1 January 2023	2,731,502	4,856,093	10,625	7,598,220
Additions	622	1,030,794	–	1,031,416
Disposals	–	(842,058)	(1,381)	(843,439)
Modification	–	(483,420)	–	(483,420)
Transfer from investment properties	1,714	–	–	1,714
Transfer to investment properties	(22,299)	–	–	(22,299)
Transfer to completed properties held for sale	(291,728)	–	–	(291,728)
Exchange differences	–	6,621	–	6,621
At 31 December 2023	2,419,811	4,568,030	9,244	6,997,085
Additions	–	695,452	–	695,452
Disposals	–	(692,413)	(9,244)	(701,657)
Modification	–	(8,615)	–	(8,615)
Transfer from investment properties	10,712	–	–	10,712
Transfer to investment properties	(4,418)	–	–	(4,418)
Transfer to completed properties held for sale	(163,633)	–	–	(163,633)
Exchange differences	–	22,317	–	22,317
At 31 December 2024	2,262,472	4,584,771	–	6,847,243
Accumulated depreciation:				
At 1 January 2023	(400,247)	(3,073,782)	(5,890)	(3,479,919)
Charge for the year	(53,006)	(465,856)	(1,083)	(519,945)
Disposals	–	840,623	361	840,984
Transfer from investment properties	(424)	–	–	(424)
Transfer to investment properties	1,421	–	–	1,421
Transfer to completed properties held for sale	8,368	–	–	8,368
Exchange differences	–	(2,604)	–	(2,604)
At 31 December 2023	(443,888)	(2,701,619)	(6,612)	(3,152,119)
Charge for the year	(62,205)	(575,728)	(2,632)	(640,565)
Disposals	–	567,455	9,244	576,699
Transfer from investment properties	(721)	–	–	(721)
Transfer to investment properties	896	–	–	896
Transfer to completed properties held for sale	22,676	–	–	22,676
Exchange differences	–	(8,788)	–	(8,788)
At 31 December 2024	(483,242)	(2,718,680)	–	(3,201,922)
Impairment:				
At 1 January 2024	–	(200)	–	(200)
Write-off during the year	–	200	–	200
At 31 December 2024	–	–	–	–
Carrying amount:				
At 31 December 2024	1,779,230	1,866,091	–	3,645,321
At 31 December 2023	1,975,923	1,866,211	2,632	3,844,766

12. RIGHT-OF-USE ASSETS (continued)

At 31 December 2024, certain of the Group's land use rights with a net carrying amount of approximately RMB411,913,000 (2023: RMB412,756,000) were pledged to secure general banking facilities granted to the Group (Note 25).

(a) The analysis of the carrying amounts of the Group's right-of-use assets by class of underlying assets are as follows:

	2024 RMB'000	2023 RMB'000
Included in "Right-of-use assets":		
– Ownership interests in leasehold land for own use	1,779,230	1,975,923
– Buildings	1,866,091	1,866,211
– Motor vehicles, furniture, and others	–	2,632
Subtotal	3,645,321	3,844,766
Included in "Investment properties":		
– Ownership interests in leasehold land held for lease	232,317	225,898
Total	3,877,638	4,070,664

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Depreciation charges of right-of-use assets by class of underlying assets:		
– Ownership interests in leasehold land for own use	45,017	28,304
– Buildings	575,728	465,856
– Motor vehicles, furniture, and others	2,632	1,083
– Ownership interests in leasehold land held for lease	7,094	6,314
Total	630,471	501,557
Interest expenses on lease liabilities (Note 6(a))	115,115	208,329
Variable lease payments not included in the measurement of lease liabilities (Note 6 (c))	4,273,692	4,325,124

12. RIGHT-OF-USE ASSETS (continued)

(c) Ownership interests in leasehold land for own use

The Group has obtained land use rights in Mainland China where certain retail complexes are located. The land use rights are typically granted for 30-50 years, on the expiry of which the land is reverted back to the PRC. The payment for leasing the land is normally made in full at the start of the land use right period.

(d) Other properties leased for own use

The Group mainly leases various retail stores, offices, delivery pick-up points and warehouses. Rental contracts are typically entered into for fixed periods of 3 to 10 years for retail stores and 2 to 5 years for offices and warehouses.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Some property leases contain variable payment terms that are linked to factors such as sales generated from a store or the number of passengers and etc. Variable lease payments that depend on such factors are recognised in profit or loss in the period in which the condition that triggers those payments occurs. There are also minimum annual base rental arrangements for some of these leases.

Extension and termination options are included in certain property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

13. OTHER PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Furniture and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2024	7,340,710	29,618	132,341	275,709	2,546,481	1,066,675	11,391,534
Additions	70	25,744	1,337	26,515	164,022	909,636	1,127,324
Acquisition of subsidiaries	–	–	70	78	–	1,244	1,392
Disposals	(532)	(716)	(12,645)	(22,651)	(24)	–	(36,568)
Transfer within other property, plant and equipment	78,862	31,551	–	367	184,168	(294,948)	–
Transfer from investment properties	74,778	–	–	–	5,087	–	79,865
Transfer to properties under development held for sale	–	–	–	–	–	(710,462)	(710,462)
Exchange differences	–	51	118	849	2,518	–	3,536
Reclassification	(124,960)	–	–	–	124,960	–	–
Other	(10,843)	–	–	–	–	–	(10,843)
At 31 December 2024	7,358,085	86,248	121,221	280,867	3,027,212	972,145	11,845,778
Accumulated depreciation:							
At 1 January 2024	(1,176,474)	(19,520)	(104,883)	(185,349)	(1,472,280)	–	(2,958,506)
Charge for the year	(254,154)	(12,980)	(6,636)	(27,987)	(469,062)	–	(770,819)
Disposals	407	656	12,000	18,223	–	–	31,286
Transfer from investment property	(501)	–	–	–	–	–	(501)
Exchange differences	–	(24)	(93)	(663)	–	–	(780)
At 31 December 2024	(1,430,722)	(31,868)	(99,612)	(195,776)	(1,941,342)	–	(3,699,320)
Impairment losses:							
At 1 January 2024	–	–	(3)	(47)	(24)	–	(74)
Write-off during the year	–	–	3	47	24	–	74
At 31 December 2024	–	–	–	–	–	–	–
Carrying amount:							
At 31 December 2024	5,927,363	54,380	21,609	85,091	1,085,870	972,145	8,146,458
At 1 January 2024	6,164,236	10,098	27,455	90,313	1,074,177	1,066,675	8,432,954

13. OTHER PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Furniture and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2023	6,254,654	26,606	131,844	266,866	2,161,011	2,018,952	10,859,933
Additions	–	3,986	5,837	23,233	3,722	2,050,649	2,087,427
Disposals	(5,835)	(1,477)	(5,440)	(15,787)	–	(168,843)	(197,382)
Transfer within other property, plant and equipment	1,086,930	484	–	786	379,527	(1,467,727)	–
Transfer from/(to) investment properties	4,961	–	–	–	–	(211,439)	(206,478)
Transfer to completed properties held for sale	–	–	–	–	–	(1,154,917)	(1,154,917)
Exchange differences	–	19	100	611	2,221	–	2,951
At 31 December 2023	7,340,710	29,618	132,341	275,709	2,546,481	1,066,675	11,391,534
Accumulated depreciation:							
At 1 January 2023	(954,294)	(16,563)	(102,017)	(173,086)	(1,059,362)	–	(2,305,322)
Charge for the year	(222,758)	(4,179)	(7,824)	(25,727)	(412,918)	–	(673,406)
Disposals	2,917	1,233	5,042	13,894	–	–	23,086
Transfer from investment property	(2,339)	–	–	–	–	–	(2,339)
Exchange differences	–	(11)	(84)	(430)	–	–	(525)
At 31 December 2023	(1,176,474)	(19,520)	(104,883)	(185,349)	(1,472,280)	–	(2,958,506)
Impairment losses:							
At 1 January 2023	–	–	–	–	–	(166,670)	(166,670)
Additions	–	–	(3)	(47)	(24)	–	(74)
Write-off during the year	–	–	–	–	–	166,670	166,670
At 31 December 2023	–	–	(3)	(47)	(24)	–	(74)
Carrying amount:							
At 31 December 2023	6,164,236	10,098	27,455	90,313	1,074,177	1,066,675	8,432,954
At 1 January 2023	5,300,360	10,043	29,827	93,780	1,101,649	1,852,282	8,387,941

13. OTHER PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 December 2024, the Group was in the process of obtaining ownership certificates for buildings with an aggregate carrying amount of RMB1,515,937,000 (2023: RMB1,574,517,000). There are three buildings without ownership certificates obtained. The carrying amount of the building in the process of obtaining ownership certificate is calculated based on the relative proportion of total area this year. Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title to these buildings and the aforesaid matter will not have any significant impact on the Group's financial position as at the end of the reporting period.

At 31 December 2024, certain of the Group's buildings with a net carrying amount of approximately RMB1,625,316,000 (2023: RMB1,696,493,000) were pledged to secure general banking facilities granted to the Group (Note 25).

14. INTANGIBLE ASSETS

Intangible assets of the Group represent software and licences with finite lives:

	2024 RMB'000	2023 RMB'000
Cost:		
At 1 January	287,803	234,311
Additions	50,979	53,526
Disposals	(777)	(173)
Exchange differences	374	139
At 31 December	338,379	287,803
Accumulated amortisation:		
At 1 January	(132,609)	(105,644)
Charge for the year	(33,009)	(26,893)
Disposals	322	9
Exchange differences	(99)	(81)
At 31 December	(165,395)	(132,609)
Carrying amount:		
At 31 December	172,984	155,194

The amortisation of intangible assets is included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

15. GOODWILL

Goodwill arose on the acquisition of Sunrise Shanghai and its subsidiaries ("Sunrise Shanghai") and Xi'an Xianyang International Airport Duty Free Products Co., Ltd. The carrying amount of goodwill before impairment allocated to a group of cash-generating units are as follows:

	2024 RMB'000	2023 RMB'000
Sunrise Shanghai	**822,460**	822,460
Xi'an Xianyang International Airport Duty Free Products Co., Ltd	**200**	–
	822,660	822,460

The Group performs annual impairment test on goodwill at the end of the reporting year. For Sunrise Shanghai, the recoverable amount of the cash-generating unit was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

The weighted average growth rates in revenue within the forecast period are determined based on the average growth rate achieved in the recent period before the budget year, adjusted for expected market development. The long-term growth rate used over the forecast period, which is 1.5% (2023: 2.1%), does not exceed the long-term average growth rate in relevant industry reports. The pre-tax discount rate of 16.14% (2023: 16.19%) adopted reflected the current market assessment of the time value of money and the risks specific to the Sunrise Shanghai CGU.

The recoverable amount determined on the above basis exceeded the carrying amount of the Sunrise Shanghai CGU by RMB3,159 million (2023: RMB5,438 million). Considering the headroom was multiple times of the carrying amount of the Sunrise Shanghai CGU at each reporting year end date, the directors of the Company believe that there is no reasonably possible change in key parameters that would cause the carrying amount of the Sunrise Shanghai CGU to exceed its recoverable amount.

As a result of the above impairment tests, the directors are of the view that there was no impairment on the goodwill allocated to the Sunrise Shanghai CGU.

The goodwill, amounting to RMB200,000, arose from the business combination of Xi'an Xianyang International Airport Duty Free Products Co., Ltd. ("Xi'an Xianyang International Airport") on 24 December 2024. The recoverable amount of asset group was RMB22 million on 31 December 2024, which was higher than the carrying amount including the goodwill, amounting to RMB21 million, of Xi'an Xianyang International Airport. There was no impairment of goodwill in 2024.

Notes to financial statements

16. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and Operations	Particulars of issued/ paid-up capital ('000)	The Group's effective interest Direct	Indirect	Principal activities
China Duty Free Group Co., Ltd. ("CDFG")*	The PRC	RMB10,525,983	100%	–	Travel retail business
China Duty Free International Limited***	Hong Kong	HK$3,208,183	–	100%	Travel retail business
Sunrise Shanghai**	The PRC	US$1,020	–	51%	Travel retail business
Sunrise Duty Free (China) Co., Ltd. ("Sunrise China")**	The PRC	US$6,260	–	51%	Travel retail business
CDFG (Guangzhou Xinmian) Duty Free Co., Ltd.*	The PRC	RMB220,600	–	100%	Travel retail business
CDFG Sanya Downtown Duty Free Store Co., Ltd.*	The PRC	RMB2,387,233	–	100%	Travel retail business
CDF Investment Development Co., Ltd. ("CDF Investment")*	The PRC	RMB7,286,683	100%	–	Investment and development of integrated travel retail complex
CDF (Sanya) Investment Development Co., Ltd.*	The PRC	RMB387,755	–	100%	Investment and development of integrated travel retail complex
Hainan Duty Free Co., Ltd. ("Hainan DF")*	The PRC	RMB1,200,000	–	51%	Travel retail business
CDF (Sanya) Haitang Bay Investment Development Co., Ltd.*	The PRC	RMB640,000	–	100%	Investment and development of integrated travel retail complex
CDF-Lagardere Company Limited***	Hong Kong	HK$130,000	–	80%	Travel retail business
CDFG Beijing Capital Airport Duty Free Co., Ltd.*	The PRC	RMB200,000/ RMB65,000	–	51%	Travel retail business
China Duty Free Group (Hainan) Operation Headquarter Co., Ltd.*	The PRC	RMB8,687,218/ RMB8,658,277	–	100%	Travel retail business
CDF (Haikou) Investment Development Co., Ltd.*	The PRC	RMB3,600,000	–	100%	Investment and development of integrated travel retail complex
China Duty Free (Haikou) International Duty Free City Co., Ltd.*	The PRC	RMB5,000,000	–	100%	Travel retail business

* These subsidiaries are limited liability companies established in Mainland China.

** These subsidiaries are Sino-foreign equity joint ventures registered in Mainland China.

*** These subsidiaries are incorporated in Hong Kong.

16. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information for each subsidiary with material non-controlling interests to the Group. The summarised financial information presented below is the amount after the adjustment of fair value impact from business combination and uniform accounting policy but before any inter-company elimination.

Summarised financial information of Sunrise Shanghai

	2024 RMB'000	2023 RMB'000
Non-current assets	1,070,534	1,014,412
Current assets	6,141,189	6,889,816
Non-current liabilities	136,036	173,217
Current liabilities	1,501,126	3,163,821
Net assets	5,574,561	4,567,190
Carrying amount of non-controlling interests	2,731,535	2,237,923
Revenue	16,034,695	17,821,234
Profit after taxation and total comprehensive income	1,007,371	501,597
Profit attributable to non-controlling interests	493,612	245,783
Cash flows generated from operating activities	868,694	1,094,551
Cash flows (used in)/generated from investing activities	(448,615)	1,496
Cash flows used in financing activities	(37,772)	(30,053)

16. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised financial information of Hainan DF

	2024 RMB'000	2023 RMB'000
Non-current assets	142,558	192,529
Current assets	4,071,767	4,129,321
Non-current liabilities	–	262
Current liabilities	507,224	653,431
Net assets	3,707,101	3,668,157
Carrying amount of non-controlling interests	1,938,610	1,957,337
Revenue	3,553,857	4,917,830
Profit after taxation and total comprehensive income	105,696	455,411
Profit attributable to non-controlling interests	48,025	257,017
Dividends paid to non-controlling interests	66,752	637,000
Cash flows generated from operating activities	623,602	1,615,659
Cash flows used in investing activities	(509,490)	(537,805)
Cash flows used in financing activities	(40,566)	(1,165,106)

17. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	2,430,931	1,191,274

Aggregate information of the associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated statement of financial position	2,430,931	1,191,274
Aggregate amount of the Group's share of the associates		
Profit for the year	13,747	109,564
Total comprehensive income	13,747	109,564

18. INTERESTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Share of net assets	1,238,780	1,008,669

Aggregate information of the joint ventures that are not individually material:

	2024 RMB'000	2023 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated statement of financial position	1,238,780	1,008,669
Aggregate amount of the Group's share of the joint ventures		
Loss for the year	(19,889)	(12,167)
Total comprehensive loss	(19,889)	(12,167)

19. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2024 RMB'000	2023 RMB'000
Properties under development and completed properties held for sale	1,523,461	741,373
Merchandise held for trading	15,824,922	20,315,542
Total	17,348,383	21,056,915

(b) The analyses of the amounts of inventories recognised as expenses and included in profit or loss are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold	38,236,496	45,900,185
Write-down of inventories	741,896	637,888
Total	38,978,392	46,538,073

20. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Non-current		
Lease and other deposits	518,646	530,526
Current		
Trade receivables (i)	273,257	381,732
Prepayments for purchases of merchandise	836,761	480,165
Prepayments for variable and short-term leases	2,042	1,758
Value-added tax recoverable	1,071,260	2,042,217
Lease and other deposits	272,492	589,578
Time deposits (ii)	700,788	1,551,220
Others	580,081	459,782
Subtotal	3,736,681	5,506,452
Total	4,255,327	6,036,978

(i) The Group's trade receivables related to credit card sales and sales through on-line channels, the ageing of which is mainly within one year. The ageing of trade receivables is determined based on the invoice date. Details of the Group's credit policy and credit risk arising from trade receivables are set out in Note 29(a).

Except for lease and other deposits and completed properties held for sale classified as non-current assets, all of the remaining trade and other receivables are expected to be recovered or recognised as expenses within one year.

(ii) The balance represents time deposits purchased from a creditworthy licensed bank in Mainland China earning interest at a fixed rate of 1.35% per annum with an original maturity period of 6 months. The time deposits are redeemable upon holding for longer than three months. The contractual terms of the time deposits give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and are held within a business model with the objective to hold in order to collect contractual cash flows. For such purpose, the time deposits are accounted for as financial assets at amortised cost.

21. OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Prepayments for equity investment funds	–	859,555
Completed properties held for sale (i)	532,082	532,197
Total	532,082	1,391,752

(i) Completed properties held for sale can be available for sale after the properties have obtained the overall pre-sale approval document or a 10-year residential delivery license according to the requirements of Haikou land and Resources Bureau.

22. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2024 RMB'000	2023 RMB'000
Cash at banks and on hand	11,000,073	14,027,059
Deposits at CTG Finance Company Limited ("CTG Finance"), a related financial institution	10,225,917	6,455,156
Time deposits	13,591,326	11,319,945
Cash and time deposits	34,817,316	31,802,160
Less: interest receivable of time deposits	44,159	49,968
Cash and cash equivalents	34,773,157	31,752,192
Cash and cash equivalents included in the consolidated statement of financial position and the consolidated statement of cash flows	34,773,157	31,752,192

	2024 RMB'000	2023 RMB'000
Restricted bank deposits	–	36,265

The restricted bank deposits mainly represented deposits relating to certain subsidiaries' duty-free business stipulated by a certain authority to be held in specified bank accounts with restricted usage. As of 31 December 2024, all the restricted bank deposits have been retrieved with no restricted usage.

(b) Major non-cash transactions:

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB695,452,000 (2023: RMB1,030,794,000) and RMB695,452,000 (2023: RMB1,030,794,000), respectively, in respect of lease arrangements for buildings.

22. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliations of liabilities arising from financing activities:

The tables below detail the changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest-bearing borrowings RMB'000 (Note 25)	Lease liabilities RMB'000 (Note 26)	Total RMB'000
At 1 January 2024	3,187,763	2,343,480	5,531,243
Changes from financing cash flows:			
Interest paid	(83,761)	–	(83,761)
Capital element of lease rentals paid	–	(648,622)	(648,622)
Interest element of lease rentals paid	–	(86,433)	(86,433)
Repayment of bank loans and other loans	(146,224)	–	(146,224)
Proceeds from new bank loans	63,661	–	63,661
Total changes from financing cash flows	(166,324)	(735,055)	(901,379)
Exchange adjustments	2,310	12,346	14,656
Other changes:			
Capitalisation of new leases	–	695,452	695,452
Adjustment from lease disposal	–	(143,132)	(143,132)
Adjustment from lease modification	–	(8,615)	(8,615)
Rent concessions from lessors	–	(79,080)	(79,080)
Interest expenses (Note 6(a))	87,386	115,115	202,501
Total other changes	87,386	579,740	667,126
At 31 December 2024	3,111,135	2,200,511	5,311,646

22. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliations of liabilities arising from financing activities: (continued)

	Interest-bearing borrowings RMB'000 (Note 25)	Lease liabilities RMB'000 (Note 26)	Deposits from an associate RMB'000	Total RMB'000
At 1 January 2023	4,588,797	2,412,005	10	7,000,812
Changes from financing cash flows:				
Interest paid	(116,021)	–	–	(116,021)
Capital element of lease rentals paid	–	(588,039)	–	(588,039)
Interest element of lease rentals paid	–	(122,944)	–	(122,944)
Repayment of bank loans and other loans	(1,563,675)	–	–	(1,563,675)
Proceeds from new bank loans	159,501	–	–	159,501
Change in deposits from associates through cash pooling arrangement	–	–	(10)	(10)
Total changes from financing cash flows	(1,520,195)	(710,983)	(10)	(2,231,188)
Exchange adjustments	29,596	12,664	–	42,260
Other changes:				
Capitalisation of new leases	–	1,030,794	–	1,030,794
Adjustment from lease disposal	–	(43,837)	–	(43,837)
Adjustment from lease modification	–	(483,420)	–	(483,420)
Rent concessions from lessors	–	(82,072)	–	(82,072)
Interest expenses (Note 6(a))	89,565	208,329	–	297,894
Total other changes	89,565	629,794	–	719,359
At 31 December 2023	3,187,763	2,343,480	–	5,531,243

22. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(d) Total cash outflow for leases:

	2024 RMB'000	2023 RMB'000
Within operating cash flows	4,735,260	4,392,237
Within investing cash flows	–	622
Within financing cash flows	735,055	710,983
Total	5,470,315	5,103,842

These amounts relate to the following:

	2024 RMB'000	2023 RMB'000
Lease rentals paid	5,470,315	5,103,220
Payments for land use right	–	622
Total	5,470,315	5,103,842

23. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	3,675,970	5,198,542
Payables for property constructions	1,008,908	1,167,701
Dividends payable	51,462	21,508
Employee benefits payable	741,006	544,020
Licensing fees payable	1,059,420	1,394,465
Other taxes payable	168,422	670,611
Variable and short-term lease and other operating expenses payable	990,406	1,681,090
Others	719,385	1,620,663
Total	8,414,979	12,298,600

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

23. TRADE AND OTHER PAYABLES (continued)

(a) Ageing analysis

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

`	2024 RMB'000	2023 RMB'000
Within 1 year	3,572,640	4,532,521
1 to 2 years	59,285	197,919
2 to 3 years	27,188	21,085
Over 3 years	16,857	447,017
Total	3,675,970	5,198,542

24. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Customer loyalty program liabilities (i)	787,642	962,482
Advances receipt from customers (ii)	327,536	253,349
Total	1,115,178	1,215,831

(i) The Group provides several customer loyalty programs to customers with which points can be earned by customers and to be used to reduce the cost of future purchases. The contract liabilities in respect of unredeemed customer loyalty points will be recognised as revenue when the points are redeemed by those customers or expire, which is expected to occur before the end of the following three years based on the expiry terms of the loyalty points.

(ii) The amounts of considerations received in advance as prepayments by customers are short term as the respective revenue is expected to be recognised within a few days when the goods or services are accepted by customers.

25. INTEREST-BEARING BORROWINGS

The Group's interest-bearing borrowings are analysed as follows:

	2024 RMB'000	2023 RMB'000
Current		
Bank borrowings		
– Secured (i)	159,401	146,224
– Unsecured (ii)	232,632	163,913
Loans from non-controlling shareholders (iii)	152,055	149,830
Loans from China Tourism Group Co., LTD ("CTG") (iv)	–	205,516
Subtotal – current	544,088	665,483
Non-current		
Bank borrowings		
– Secured (i)	2,362,816	2,522,280
Loans from China Tourism Group Co., LTD ("CTG") (iv)	204,231	–
Subtotal – non-current	2,567,047	2,522,280
Total	3,111,135	3,187,763

(i) As at 31 December 2024, the Group has drawn down floating interest bank loans amounting to RMB2,522,217,000 (2023: RMB2,668,504,000), carrying interest at five-year Loan Prime Rate ("LPR") minus 1.5% per annum (2023: LPR minus 1.5% per annum), which are secured by certain properties, further details of which were disclosed in Note 11, Note 12 and Note 13, of the Group with a carrying amount of RMB3,252,993,000 (2023: RMB3,423,476,000). These bank loans were drawn down from the term loan facilities, which will be due in year 2037 with instalment repayment schedule during the terms.

(ii) As at 31 December 2024, the Group has drawn down unsecured floating interest bank loans amounting to HK$250,000,000 (equivalent to RMB231,510,000) (2023: HK$180,000,000 (equivalent to RMB163,119,600)), carrying interest at three-month Hong Kong Interbank Offered Rate ("HIBOR") plus 1.7% before August 2024 and three-month HIBOR plus 1.5% after August 2024 (2023: three-month HIBOR plus 1.9% before March 2023 and three-month HIBOR plus 1.7% after March 2023) and there are no unsecured fixed interest bank loans (2023: none).

(iii) As at 31 December 2024, the Group has drawn down unsecured floating interest loans amounting to HK$40,000,000 (equivalent to RMB37,042,000) (2023: HK$40,000,000 (equivalent to RMB36,249,000)), carrying interest at three-month HIBOR plus 2.0% per annum (2023: three-month HIBOR plus 1.7% per annum) and unsecured fixed interest loans amounting to MOP127,400,000 (equivalent to RMB114,465,000) (2023: MOP127,400,000 (equivalent to RMB113,182,000)), carrying interest at 0.73% per annum (2023: 0.73% per annum).

(iv) As at 31 December 2024, the Company has drawn down shareholder loans amounting to RMB200,000,000 (2023: RMB200,000,000) from CTG, carrying interest at 3.65% before April 2024 and 2.80% after April 2024 (2023: 4.35% before April 2023 and 3.65% after April 2023).

26. LEASE LIABILITIES

The following tables show the remaining contractual maturities of the Group's lease liabilities at 31 December 2024.

	2024 RMB'000	2023 RMB'000
Within 1 year	634,318	592,569
After 1 year but within 2 years	356,600	456,380
After 2 years but within 5 years	802,179	740,726
After 5 years	407,414	553,805
Subtotal	1,566,193	1,750,911
Total	2,200,511	2,343,480

27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2024 RMB'000	2023 RMB'000
As at 1 January	501,969	237,569
Underprovision in respect of the prior year	33,960	24,543
Provision for current taxation for the year	1,234,877	1,579,096
Payments during the year	(1,568,396)	(1,339,239)
As at 31 December	202,410	501,969
Representing:		
– Income tax recoverable		
Prepaid CIT	(58,059)	(54,049)
– Income tax payable		
CIT payable	238,512	543,844
LAT payable	21,957	12,174
Total	202,410	501,969

27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised

(i) Movements of each component of deferred tax assets and liabilities

The components of deferred tax assets and liabilities before offsetting and the movements throughout the year are as follows:

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Right-of-use assets RMB'000	Other temporary differences RMB'000	Total RMB'000
At 31 December 2022	47,020	1,488	165	48,673
Effect of adoption of amendments to IAS 12	–	418,376	–	418,376
At 1 January 2023	47,020	419,864	165	467,049
(Credited)/charged to profit or loss	(5,308)	(82,495)	3	(87,800)
At 31 December 2023	41,712	337,369	168	379,249

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Right-of-use assets RMB'000	Other temporary differences RMB'000	Total RMB'000
At 31 December 2023	41,712	337,369	168	379,249
Acquisition of subsidiaries	538	–	–	538
(Credited)/charged to profit or loss	(5,413)	430	(159)	(5,142)
At 31 December 2024	36,837	337,799	9	374,645

27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised (continued)

(i) Movements of each component of deferred tax assets and liabilities (continued)

The components of deferred tax assets and liabilities before offsetting and the movements throughout the year are as follows: (continued)

Deferred tax assets

	Unused tax losses RMB'000	Unrealised profits for inter-company transactions RMB'000	Customer loyalty programs RMB'000	Lease liabilities RMB'000	Accruals and other temporary differences RMB'000	Total RMB'000
At 31 December 2022	233,664	478,949	129,109	28,973	157,960	1,028,655
Effect of adoption of amendments to IAS 12	–	–	–	418,376	–	418,376
At 1 January 2023	233,664	478,949	129,109	447,349	157,960	1,447,031
Credited/(charged) to profit or loss	310,637	(150,834)	(10,884)	(80,538)	75,934	144,315
At 31 December 2023	544,301	328,115	118,225	366,811	233,894	1,591,346

	Unused tax losses RMB'000	Unrealised profits for inter-company transactions RMB'000	Customer loyalty programs RMB'000	Lease liabilities RMB'000	Accruals and other temporary differences RMB'000	Total RMB'000
At 31 December 2023	544,301	328,115	118,225	366,811	233,894	1,591,346
Acquisition of subsidiaries	–	–	–	–	497	497
Exchange differences	–	–	–	–	44	44
Credited/(charged) to profit or loss	97,156	55,613	(23,045)	(13,852)	(159,307)	(43,435)
At 31 December 2024	641,457	383,728	95,180	352,959	75,128	1,548,452

27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised (continued)

(ii) The deferred tax assets and liabilities after offsetting are as follows:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	1,211,198	1,254,126
Net deferred tax liabilities recognised in the consolidated statement of financial position	37,391	42,029

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(u), the Group has not recognised deferred tax assets in respect of the items below as it is not probable that future taxable profits against which these items can be utilised will be available in the relevant tax jurisdictions and entities.

	2024 RMB'000	2023 RMB'000
Deductible temporary differences	588,335	512,346
Tax losses	1,575,188	1,514,478
Total	2,163,523	2,026,824

The Group has tax losses arising in Hong Kong of RMB691,676,107 (2023: RMB442,873,548) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Excluding the tax losses of the entities which do not expire, the tax losses of its subsidiaries established in Mainland China can be carried forward up to five years from the year in which the losses originated, and will expire in the following years:

	2024 RMB'000	2023 RMB'000
2024	–	49,027
2025	151,008	162,162
2026	63,506	75,190
2027	358,362	413,017
2028	163,771	372,208
2029	146,866	–
Total	883,513	1,071,604

28. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliations between the opening and closing balances of each component of the Group's consolidated equity are set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital RMB'000 (Note 28(c))	Capital reserve RMB'000 (Note 28(d)(i))	Statutory reserve RMB'000 (Note 28(d)(ii))	Retained profits RMB'000	Total equity RMB'000
At 1 January 2023	2,068,859	19,585,252	1,048,603	6,567,940	29,270,654
Changes in equity:					
Profit and total comprehensive income for the year	–	–	–	396,246	396,246
Dividends declared and paid in respect of the previous year (Note 28(b))	–	–	–	(1,655,087)	(1,655,087)
At 31 December 2023 and 1 January 2024	2,068,859	19,585,252	1,048,603	5,309,099	28,011,813
Changes in equity:					
Profit and total comprehensive income for the year	–	–	–	3,345,667	3,345,667
Dividends declared and paid in respect of the previous year (Note 28(b))	–	–	–	(3,413,617)	(3,413,617)
At 31 December 2024	**2,068,859**	**19,585,252**	**1,048,603**	**5,241,149**	**27,943,863**

28. CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Dividends

Dividends declared and paid to the equity shareholders of the Company attributable to the year

	2024	2023
Final dividend in respect of the previous year, declared and paid in the following year (RMB'000)	**3,413,617**	1,655,087
Dividend per ordinary share (RMB)	**1.65**	0.80

(c) Share capital

	2024		2023	
	Number of shares	Amount RMB'000	Number of shares	Amount RMB'000
Ordinary shares, issued at 1 January and 31 December	**2,068,859,044**	**2,068,859**	2,068,859,044	2,068,859

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Capital reserve

Capital reserve represents (i) the net proceeds received in excess of the total amount of the par value of the Company's shares, (ii) the difference between the consideration and the net assets acquired in business combination under common control, and (iii) the difference between contributions made by non-controlling interests and the share of the net assets in subsidiaries of the Group.

(ii) Statutory reserve

Pursuant to the Company's Articles of Association, the Company is required to transfer 10% of net profit (after offsetting prior year losses) determined in accordance with the accounting rules and regulations of the PRC to the statutory reserve until such reserve reaches 50% of the registered capital of the Company. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the Company and is non-distributable other than in liquidation.

28. CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserves (continued)

(iii) Exchange reserve

The exchange reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations into RMB. The reserve is dealt with in accordance with the accounting policy set out in Note 2(x).

(iv) Other reserves

Other reserves mainly represent the remeasurements of net defined benefit liabilities and the share of other comprehensive income of associates.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and restricted bank deposits is limited because the counterparties are banks and financial institutions with high credit standing assigned by the management of the Group, for which the Group considers to have low credit risk.

The Group's trade receivables are primarily resulted from credit card sales and sales through online sales channels. The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

The following table provides information about the Group's exposure to credit risk for trade receivables:

	As at 31 December 2024		
	Gross carrying amount RMB'000	Loss allowance RMB'000	Percentage
Within 1 year	271,843	(72)	0.03%
Over 1 year	4,122	(2,636)	63.95%
Total	275,965	(2,708)	

	As at 31 December 2023		
	Gross carrying amount RMB'000	Loss allowance RMB'000	Percentage
Within 1 year	382,446	(714)	0.19%
Over 1 year	1,778	(1,778)	100.0%
Total	384,224	(2,492)	

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

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Movements in the loss allowance account in respect of trade receivables during the year are as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	2,492	10,399
Provision for loss allowance during the year	24	532
Write-off during the year	–	(8,443)
Acquisition of subsidiaries	183	–
Exchange differences	9	4
At 31 December	2,708	2,492

Movements in the loss allowance account in respect of other receivables during the year are as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	38,133	41,144
Reversal of loss allowance during the year	(2,686)	(3,109)
Write-off during the year	(345)	–
Exchange differences	147	98
At 31 December	35,249	38,133

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following are the contractual maturities of the Group's financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows and the earliest dates the Group can be required to pay.

	As at 31 December 2024					
	Within 1 year RMB'000	After 1 year but within 2 years RMB'000	After 2 years but within 5 years RMB'000	After 5 years RMB'000	Total RMB'000	Financial statement carrying amount RMB'000
Interest-bearing borrowings	608,205	229,327	871,350	1,804,060	3,512,942	3,111,135
Trade and other payables	6,412,369	–	–	–	6,412,369	6,412,369
Lease liabilities	679,554	437,698	984,608	500,067	2,601,927	2,200,511
Total	7,700,128	667,025	1,855,958	2,304,127	12,527,238	11,724,015

	As at 31 December 2023					
	Within 1 year RMB'000	After 1 year but within 2 years RMB'000	After 2 years but within 5 years RMB'000	After 5 years RMB'000	Total RMB'000	Financial statement carrying mount RMB'000
Interest-bearing borrowings	750,427	226,160	715,602	2,079,421	3,771,610	3,187,763
Trade and other payables	9,656,170	–	–	–	9,656,170	9,656,170
Lease liabilities	809,222	549,818	952,369	712,040	3,023,449	2,343,480
Total	11,215,819	775,978	1,667,971	2,791,461	16,451,229	15,187,413

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cash at banks, lease liabilities, and interest-bearing borrowings are the major types of the Group's financial instruments subject to interest rate risk.

The Group's cash at banks, lease liabilities, interest-bearing borrowings and interest rates at the end of the reporting period are set out as follows:

	2024 RMB'000	2023 RMB'000
Variable rate instruments:		
Bank loans	(2,754,849)	(2,832,417)
Loans from non-controlling shareholders	(37,616)	(36,894)
Total	(2,792,465)	(2,869,311)
Fixed rate instruments:		
Restricted bank deposits	–	36,265
Cash at banks	34,771,573	31,747,951
Loans from CTG	(204,231)	(205,516)
Loans from non-controlling shareholders	(114,439)	(112,936)
Lease liabilities	(2,200,511)	(2,343,480)
Total	32,252,392	29,122,284

Sensitivity analysis

As at 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately RMB226,464,000 (2023: RMB208,627,000).

The sensitivity analysis above indicates that instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of each reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each reporting period, the impact of the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rate.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to cash, receivables and payables balances that are denominated in a currency other than the functional currency of the operations to which they relate. The management of the Group assumes that the translation of Hong Kong Dollar ("HK$") to United States Dollar ("US$") is not exposed to currency risk due to the Linked Exchange Rate System ("LERS") which ensures that the HK$ exchange rate remains stable to US$. The currency giving rise to this risk is primarily relating to US$ and HK$.

	2024		2023	
	RMB'000	RMB'000	RMB'000	RMB'000
	US$	HK$	US$	HK$
Cash at banks	3,569,468	17,861,203	4,981,886	14,994,913
Trade receivables and other receivables	69,063	137,293	253,044	692,538
Trade payables and other payables	(1,849,210)	(352,059)	(2,677,944)	(2,408,169)
Net exposure	1,789,321	17,646,437	2,556,986	13,279,282

Sensitivity analysis

The following tables indicate the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

	Increase/(decrease) in foreign exchange rates	Effect on profit after tax (and retained profits) 2024 RMB'000	2023 RMB'000
US$	1%	13,420	19,177
	(1%)	(13,420)	(19,177)
HK$	1%	132,348	99,595
	(1%)	(132,348)	(99,595)

Results of the analyses as presented in the above tables represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rates ruling at the end of each reporting period for presentation purposes.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

Sensitivity analysis (continued)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analyses exclude differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency, which depends on the foreign currencies the Group is exposed to, may or may not have an effect on the Group's net assets. The analyses are performed on the same basis for 2023.

(e) Fair value measurement

Fair value hierarchy

Fair values are categorised into the three-level fair value hierarchy as defined in IFRS 13 *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs, i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

(i) Financial assets measured at fair value

The Group did not hold any financial instruments measured at fair value as at 31 December 2024 and 2023.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement (continued)

Fair value hierarchy (continued)

(ii) Financial liabilities measured at fair value

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumptions were used to estimate the fair values:

In 2024, the fair value of financial liabilities measured at fair value was determined by using discounted cash flow method which requires the directors to estimate the future cash flows expected to arise from the financial liabilities and a suitable discount rate in order to calculate the present value. In determining fair value, specific valuation techniques are used with reference to inputs such as long-term growth rate of revenue and other specific input relevant to those particular financial liabilities. In 2023, the fair value of financial liabilities measured at fair value has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to sales ("EV/S") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by the sales measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding sales measure of the financial liabilities measured at fair value. The directors believe that the estimated fair value resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For the fair value of the financial liabilities measured at fair value, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement (continued)

Fair value hierarchy (continued)

(ii) Financial liabilities measured at fair value (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

	Valuation technique	Significant unobservable input	Weighted average/ Range	Sensitivity of fair value to the input
Financial liabilities at fair value through profit or loss	Discounted cash flow	Weighted average cost of capital	2024: 9.89%	2024: 1% increase/decrease in percentage would result in increase/ decrease in fair value by RMB61,000
		Long-term growth rate of revenue	2024: 5%	2024: 1% increase/decrease in percentage would result in increase/ decrease in fair value by RMB207,000
Financial liabilities at fair value through profit or loss	Valuation multiples	Average EV/S multiple of peers	2023: 1.5	2023: 1% increase/decrease in multiple would result in increase/decrease in fair value by RMB572,000
		Discount for lack of marketability	2023: 32%	2023: 1% increase/decrease in discount would result in decrease/increase in fair value by RMB645,000

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the financial liabilities.

The Group has financial liabilities, amounting to RMB39,200,000, which were measured at fair value through profit or loss as disclosed in trade and other payables as at 31 December 2024 (2023: RMB39,200,000). The fair value measurement hierarchy of the Group's financial liabilities was within level 3. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 (2023: Nil), and there was no addition in Level 3 for financial liabilities in 2024 (2023: RMB39,200,000).

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement (continued)

Fair value hierarchy (continued)

(ii) Financial liabilities measured at fair value (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 RMB'000	2023 RMB'000
Financial liabilities at fair value through profit or loss		
At 1 January	**39,200**	–
Addition	**–**	39,200
At 31 December	**39,200**	39,200

(iii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2023 and 2024.

30. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions with CTG Group

The following is a summary of principal related party transactions entered into by the Group with CTG and its subsidiaries other than the Group ("CTG Group") for the years ended 31 December 2024 and 2023. The majority of these transactions also constitute continuing connected transactions as defined under Chapter 14A of the Listing Rules. Further details of these continuing connected transactions are disclosed under the paragraph "Connected Transactions" in the Report of Directors.

	2024 RMB'000	2023 RMB'000
Service fee income (i)	**2,602**	5,491
Rental income (ii)	**9,864**	5,005
Service fees paid/payable (iii)	**138,899**	158,839
Rental expenses paid/payable (iv)	**591**	1,236
Interest income (v)	**91,260**	72,644
Interest expenses (vi)	**6,137**	7,763

30. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Transactions with CTG Group (continued)

Notes:

(i) Service fee income mainly represents income from the promotional services, property management services, and construction consulting services provided to fellow subsidiaries.

(ii) Rental income represents the income derived from the leasing of properties to fellow subsidiaries.

(iii) Service fees paid/payable represent the fees related to the promotional services, property management services, transportation services, and ticketing services provided by fellow subsidiaries.

(iv) Rental expenses paid/payable represent the expenses related to office space provided by fellow subsidiaries.

(v) Interest income represents interest earned from deposits in CTG Finance. The applicable interest rate is determined in accordance with the prevailing interest rates published by the People's Bank of China.

(vi) Interest expenses to CTG represents interest incurred on the shareholders loan from CTG.

The outstanding balances related to the transactions with CTG Group are included in the following accounts captions summarised as follows:

	2024 RMB'000	2023 RMB'000
Deposits at CTG Finance	10,225,917	6,455,156
Loans from CTG	204,231	205,516
Trade and other receivables	22,257	6,894
Trade and other payables	43,384	16,516

These amounts arise in the ordinary course of business and with terms determined through mutual negotiation which are fair and reasonable.

	2024 RMB'000	2023 RMB'000
Guarantees provided by CTG Finance	270,000	55,000

30. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Principal transactions with associates and joint ventures of the Group

The following is a summary of the principal related party transactions entered into by the Group with the associates and joint ventures of the Group for the years ended 31 December 2024 and 2023, the terms of which are fair and reasonable.

	2024 RMB'000	2023 RMB'000
Sales of merchandise income (i)	370,598	90,112
Rental income (ii)	2,831	1,546
Service fee income (iii)	17,788	11,061
Service fees paid/payable (iv)	690,223	884,279
Rental expenses paid/payable	4,888	4,888

Notes:

(i) Sales of merchandise income represents revenue derived from sales of goods to associates and joint ventures of the Group.

(ii) Rental income represents the income derived from the leasing of properties to associates and joint ventures of the Group.

(iii) Service fee income mainly represents income from construction consulting services and promotional services provided to associates and joint ventures of the Group.

(iv) Service fees paid/payable mainly represent the fees related to online platform services and promotional services provided by an associate of the Group.

The outstanding balances related to transactions with the associates and joint ventures of the Group are included in the following account captions summarised as follows:

	2024 RMB'000	2023 RMB'000
Trade and other receivables	43,140	39,422
Trade and other payables	11,749	747,364
Contract liabilities	10,099	7,987

(c) Principal transactions with associates of CTG's subsidiaries

The following is a summary of the principal related party transactions entered into by the Group with associates of CTG's subsidiaries for the years ended 31 December 2024 and 2023, the terms of which are fair and reasonable.

	2024 RMB'000	2023 RMB'000
Sales of merchandise income (i)	42	–
Service fees paid/payable (ii)	2,941	–

Notes:

(i) Sales of merchandise income represents revenue derived from sales of goods to associates of CTG's subsidiaries.

(ii) Service fees paid/payable mainly represent the fees related to online platform services and promotional services provided by associates of CTG's subsidiaries.

30. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Principal transactions with associates of CTG's subsidiaries (continued)

The outstanding balances related to transactions with associates of CTG's subsidiaries are included in the following account captions summarised as follows:

	2024 RMB'000	2023 RMB'000
Trade and other receivables	2,078	–
Trade and other payables	440	–

(d) Key management personnel remunerations

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

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	16,837	21,416
Discretionary bonuses	9,536	17,590
Total	26,373	39,006

Further details of directors' emoluments are included in note 8 to the financial statements.

31. COMMITMENTS

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

	2024 RMB'000	2023 RMB'000
Purchase of property, plant and equipment	469,893	924,780
Investment commitments	–	250,000
Total	469,893	1,174,780

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Non-current assets		
Right-of-use assets	19,476	34,298
Other property, plant and equipment	37,624	48,618
Intangible assets	63,439	59,518
Investments in subsidiaries	17,891,681	17,467,186
Interests in associates	2,217,300	985,477
Other receivables	681,000	3,375,555
Deferred tax assets	2,032	1,741
Total non-current assets	20,912,552	21,972,393
Current assets		
Other receivables	4,603,894	3,814,434
Cash and cash equivalents	15,919,865	14,465,773
Total current assets	20,523,759	18,280,207
Current liabilities		
Other payables	13,266,813	12,001,130
Interest-bearing bank and other borrowings	–	205,516
Lease liabilities	16,748	18,875
Total current liabilities	13,283,561	12,225,521
Net current assets	7,240,198	6,054,686
Total assets less current liabilities	28,152,750	28,027,079
Non-current liabilities		
Lease liabilities	4,467	15,078
Interest-bearing borrowings	204,231	–
Deferred income	188	188
Total non-current liabilities	208,886	15,266

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2024 RMB'000	2023 RMB'000
Net assets	27,943,864	28,011,813
Capital and reserves		
Share capital	2,068,859	2,068,859
Reserves	25,875,005	25,942,954
Total equity	27,943,864	28,011,813

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

FAN Yunjun
Director

CHANG Zhujun
Director

33. SUBSEQUENT EVENTS

(a) Final dividend for the year ended 31 December 2024

Subsequent to the end of the reporting period, the directors of the Company proposed a final dividend for the year ended 31 December 2024 of RMB1.05 per ordinary share to the shareholders with total amount of RMB2,172,301,996. The proposed final dividend is subject to approval by the shareholders in the following general meeting.

34. IMMEDIATE AND ULTIMATE CONTROLLING SHAREHOLDERS

At 31 December 2024, the directors consider that the Company's immediate controlling shareholder to be CTG, a limited liability company established in Mainland China. The Company is ultimately controlled by Central SASAC.

35. ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

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

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

35. ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

35. ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

DEFINITIONS

"A Share(s)"	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which is/are listed on the Shanghai Stock Exchange and domestic share(s) traded in RMB
"Annual Report"	the annual report of the Company for the year 2024
"Articles of Association"	the articles of association of the Company (as amended from time to time)
"Audit and Risk Management Committee"	the audit and risk management committee of the Board
"Board Committees"	the Audit and Risk Management Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy and Sustainability Committee
"Board" or "Board of Directors"	our board of Directors
"CBIRC"	originally China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), now part of the National Administration of Financial Regulation (國家金融監督管理總局)
"CDFG"	China Duty Free Group Co., Ltd. (中國免税品(集團)有限責任公司), a limited liability company incorporated in the PRC and a subsidiary of the Company
"CDF International"	CDF International Co., Ltd. (中免國際有限公司), a limited liability company incorporated in the PRC and a subsidiary of the Company
"CDF Investment"	CDF Investment Development Co., Ltd. (中免投資發展有限公司) (formerly known as CITS (Beijing) Investment Development Co., Ltd. (前稱國旅(北京)投資發展有限公司)), a limited liability company incorporated in the PRC and a subsidiary of the Company
"Central SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Hong Kong Listing Rules
"China" or "PRC"	the People's Republic of China

Definitions

"Company" or "our Company" or "China Duty Free"	China Tourism Group Duty Free Corporation Limited (中國旅遊集團中免股份有限公司), a joint stock company incorporated in the PRC with limited liability whose A Shares are listed on the Shanghai Stock Exchange (stock code: 601888) and H Shares are listed on the Hong Kong Stock Exchange (stock code: 1880)
"Company Law"	the Company Law of the PRC
"Controlling Shareholder(s)"	has the meaning given to it under the Hong Kong Listing Rules
"CTG"	China Tourism Group Co., Ltd. (中國旅遊集團有限公司), a limited liability company incorporated in the PRC, which is a state-owned enterprise under the control and supervision of the Central SASAC and the Controlling Shareholder of our Company
"CTG Group"	CTG and its subsidiaries
"CTG Finance"	CTG Finance Company Limited (中旅集團財務有限公司) (formerly known as China National Travel Service (HK) Finance Company Limited (港中旅財務有限公司)), a limited liability company incorporated in the PRC and a subsidiary of CTG
"Director(s)"	the director(s) of the Company
"Financial Services Agreement"	the financial services agreement dated June 9, 2022 entered into between our Company and CTG Finance
"Services Procurement Framework Agreement"	the services procurement framework agreement dated August 11, 2022 entered into between our Company and CTG, our controlling shareholder
"Group"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which is/are listed on the Hong Kong Stock Exchange and overseas listed foreign share(s) traded in Hong Kong dollars

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong SAR"	the Hong Kong Special Administrative Region of the PRC
"Independent Auditors' Report"	the independent auditors' report issued by Ernst & Young
"Latest Practicable Date"	March 28, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Annual Report prior to its publication
"Listing Date"	the day of listing of the H Shares on the Main Board of the Hong Kong Stock Exchange, August 25, 2022
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rule
"Nomination Committee"	the nomination committee of the Board
"Nomination Policy"	the standardized procedures for nominating Shareholders as the candidates for Directors stipulated by the Company
"Prospectus"	the prospectus issued by the Company dated August 15, 2022
"RMB"	Renminbi, the lawful currency of the PRC
"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of the Board
"Reporting Period"	the year ended December 31, 2024

Definitions

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong SAR) as amended, supplemented or otherwise modified from time to time
"Share(s)"	comprising A Shares and H Shares
"Shareholder(s)"	shareholder(s) of the Company, including holder(s) of A Shares and holder(s) of H Shares
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HKEX"	Hong Kong Exchanges and Clearing Limited
"Strategy and Sustainability Committee"	the strategy and sustainability committee of the Board
"Sunrise China "	Sunrise Duty Free (China) Co., Ltd., a limited liability company incorporated in the PRC and a subsidiary of the Company
"Supervisor"	the supervisor of the Company
"Supervisory Committee"	our board of Supervisors
"SSE" or "Shanghai Stock Exchange"	the Shanghai Stock Exchange
"US$"	U.S. dollar(s), the lawful currency of the United States
"%"	percentage