



中國旅遊集團中免股份有限公司
China Tourism Group Duty Free Corporation Limited
股份代號 Stock code: 601888.SH 1880.HK

2025

年度報告

Annual Report







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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. YANG Hongyi (楊洪義先生)

Ms. ZHANG Xiao (張瀟女士)

AUTHORIZED REPRESENTATIVES

Mr. WANG Xuan (王軒先生)

Ms. ZHANG Xiao (張瀟女士)

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 CHINESE MAINLAND

8/F, Building A

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Beijing

PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG SAR

16/F, Everbright Centre
108 Gloucester Road
Wan Chai
Hong Kong SAR

PRINCIPAL BANKS

Bank of China Limited,
Beijing Chongwen Sub-Branch
1-4/F No. 47 Guangqumennei Street
Dongcheng District
Beijing
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.,
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CHINESE MAINLAND LEGAL ADVISOR

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Xicheng District
Beijing
PRC

HONG KONG SAR LEGAL ADVISOR

Jia Yuan Law Offices
Suites 3502-3503, 35/F
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Hong Kong SAR

AUDITORS

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Registered Public Entity Auditor
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979 King's Road
Quarry Bay
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Room 01-12, 17/F, Ernst & Young Tower
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Dongcheng 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

H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
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



Mr. FAN Yunjun

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

DEAR SHAREHOLDERS,

Greeting to all!

On behalf of the Board, I hereby present to you the 2025 annual report of the Company and extend sincerest gratitude to all Shareholders, investors and partners across all sectors who have placed their trust and support in us over the years.

Time elapses, and the years flow by unceasingly. The year 2025 was a period defined by both challenges and opportunities. For the Company, it was a year of staying true to our core mission while moving forward with courage. Faced with a complex and volatile macro environment, we remained committed to our original goals. We leveraged our strategic focus to withstand market fluctuations and employed a pragmatic approach to tackle development challenges. Together with all our employees, we strived with perseverance and took solid steps on the path of high-quality development, delivering a robust and resilient annual performance.

In the year, we consistently anchored our efforts in alignment with national strategies, fulfilling our role as a central state-owned enterprise (SOE) in serving the broader national agenda and demonstrating our commitment to our responsibilities. We consistently integrated corporate development into the country's overall development framework and resolutely implemented major national strategies. Seizing the historic opportunity presented by the island-wide customs closure in Hainan, we focused on three key dimensions: scenario innovation, service enhancement and supply chain security, which led to a rebound in sales in the Hainan region.

Through concrete actions, we upheld our responsibility as a pioneering central SOE in the construction of the Hainan Free Trade Port. In line with the strategic plan for downtown duty-free stores, we have commenced the business or operations of all 13 stores with operating rights in cities such as Shenzhen and Guangzhou. During operations, we continuously refined our management and improved service quality, solidifying our competitive edge. Acting upon the directives of the Central Economic Work Conference, we took the lead in promoting the "debut economy" by collaborating with globally renowned brands to introduce new products, establish unique first stores, and host launch events. Through these efforts, we contributed to boosting consumption and leading consumption trends, fulfilling our role as a central SOE.

In the year, we stayed committed to advancing key projects, expanded our channel network through determined efforts, and elevated our global presence. We systematically carried out bidding for duty-free operating rights, successfully securing 16 duty-free store operating rights projects at hubs such as Shanghai Pudong Airport, Shanghai Hongqiao Airport, Beijing Capital Airport and Guangzhou Baiyun International Airport. This strengthened our footprint in core ports and further consolidated our industry leadership. We also successfully executed the strategic acquisition of DFS's retail business in Greater China, with the agreement signing completed in early 2026. This move is set to enhance our premium travel retail network, expand market coverage, and bolster brand influence. The smooth progress of these key initiatives marked a milestone in the expansion of our channel network and comprehensive operational capabilities, laying a solid foundation for our long-term development.

In the year, we actively fostered new growth drivers, revitalized development vitality through innovation while upholding our core values, and built new competitive strengths. Innovation stands as the primary driving force for our development, and we remain committed to innovating on the foundation of tradition and achieving breakthroughs through creativity. In terms of business innovation, the Lanzhou Airport project pioneered a novel model for duty-paid business, achieving a strong start with sales ranking among the top in duty-paid operations at comparable airports nationwide. This success has established a benchmark for cdf's duty-paid business and created a replicable and scalable operational model. Regarding service quality, the Sanya International Duty-Free Shopping Complex attained three international standard system certifications, signifying that the Company has established a systematic, standardized, and internationally-aligned operational framework in areas such as quality management. In terms of brand essence, we continued to inject new cultural momentum, firmly advancing the "Going Global of China Chic brands" initiative. This effort drove the Company's evolution from an outstanding travel retail operator to a cultural brand capable of conveying Chinese culture and possessing global influence.

With the journey ahead spanning thousands of miles and favorable winds filling our sails, we are setting out anew under significant responsibilities. Looking ahead to 2026, which is a pivotal year for laying the groundwork for the "15th Five-Year Plan" and a critical year for our transition from "scale leadership" to "capability leadership," we will profoundly grasp the opportunities brought by industry transformation, comprehensively analyze the impact of consumer trends, demographic changes, customer demands and technological advancements on the industry, and significantly enhance key capabilities in supply chain management, product innovation, membership operations and digital-intelligent operations. With stronger conviction, a more pragmatic approach and bolder innovative measures, we will steadily advance all initiatives, striving to realize high-quality development, deliver sustained and stable returns to our shareholders, and join hands with all investors to embrace a brighter future together!

FAN Yunjun
Chairman of the Board
March 2026



FINANCIAL HIGHLIGHTS

| | For the year ended December 31 | | |
|--|--------------------------------|---------------------|-------------------------------------|
| | 2025 RMB million | 2024 RMB million | Change RMB million |
| Operating results | | | |
| Revenue | 53,694 | 56,474 | (2,780) |
| Gross profit | 17,052 | 17,347 | (295) |
| Net profit attributable to equity shareholders of the Company | 3,644 | 4,324 | (680) |
| Profitability | | | |
| Gross profit margin | 31.76% | 30.72% | increased by 1.04 percentage points |
| Net profit margin attributable to equity shareholders of the Company | 6.79% | 7.66% | decreased by 0.87 percentage points |
| Earnings per share (RMB) | | | |
| – Basic | 1.7613 | 2.0899 | (0.3286) |
| – Diluted | 1.7613 | 2.0899 | (0.3286) |

| | As at December 31 | | |
|--|---------------------|---------------------|-------------------------------------|
| | 2025 RMB million | 2024 RMB million | Change RMB million |
| Financial position | | | |
| Total assets | 74,891 | 76,108 | (1,217) |
| Equity interest attributable to equity shareholders of the Company | 55,396 | 54,966 | 430 |
| Total liabilities | 13,857 | 15,312 | (1,455) |
| Cash and cash equivalents | 33,740 | 34,773 | (1,033) |
| Equity-liability ratio (total liabilities/net assets) | 22.70% | 25.19% | decreased by 2.49 percentage points |

FINANCIAL SUMMARY

| | For the year ended December 31 | | | | |
|---|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2025 RMB'000 | 2024 RMB'000 | 2023 RMB'000 | 2022 RMB'000 | 2021 RMB'000 |
| Operating results | | | | | |
| Revenue | 53,693,579 | 56,473,848 | 67,540,105 | 54,432,851 | 67,675,515 |
| Gross profit | 17,051,748 | 17,346,798 | 20,852,815 | 14,860,327 | 22,294,226 |
| Profit for the year | 3,750,145 | 4,917,554 | 7,347,937 | 6,271,830 | 12,441,251 |
| Profit attributable to equity shareholders of the Company | 3,643,905 | 4,323,643 | 6,790,027 | 5,113,962 | 9,726,557 |
| Profitability | | | | | |
| Gross profit margin | 31.76% | 30.72% | 30.88% | 27.30% | 32.94% |
| Profit margin for the year | 6.98% | 8.71% | 10.88% | 11.52% | 18.38% |
| Earnings per share (RMB) | | | | | |
| Earnings per share – basic | 1.7613 | 2.0899 | 3.2820 | 2.5697 | 4.9817 |
| Earnings per share – diluted | 1.7613 | 2.0899 | 3.2820 | 2.5697 | 4.9817 |

| | As at December 31 | | | | |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|
| | 2025 RMB'000 | 2024 RMB'000 | 2023 RMB'000 | 2022 RMB'000 | 2021 RMB'000 |
| Total assets | 74,891,423 | 76,108,344 | 78,662,313 | 75,618,784 | 55,101,329 |
| Total liabilities | 13,857,345 | 15,312,034 | 19,687,770 | 21,780,188 | 20,682,332 |
| Non-controlling interests | 5,638,038 | 5,830,551 | 5,328,073 | 5,529,014 | 5,147,598 |
| Equity interest attributable to equity shareholders of the Company | 55,396,040 | 54,965,759 | 53,646,470 | 48,309,582 | 29,271,399 |
| Equity-liability ratio (total liabilities/net assets) | 22.70% | 25.19% | 33.38% | 40.45% | 60.09% |



MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

I. DISCUSSION AND ANALYSIS ON BUSINESS OPERATION

In 2025, the Company resolutely implemented its development strategy, continued to deepened its focus on its main business, enhanced its core competitiveness, and made every effort to promote high-quality corporate development, achieving stable business operations.

Continuously deepening presence in Hainan and making every effort to stabilize offshore duty-free business

Seizing the historic opportunity presented by the island-wide customs closure in Hainan, the Company focused on three key dimensions: scenario innovation, service enhancement and supply chain security, demonstrating commitment and contributing to the construction of Hainan as an international tourism and consumption center and a free trade port. The Company deepened the integration of “duty-free + cultural tourism” to create immersive experiences, actively introduced new products and first stores, collaborated with over 10 popular IPs such as POP MART and Disney, and leveraged channels such as hotels, new media, and cultural and entertainment events for traffic conversion. Working in synergy with government consumption vouchers, these efforts drove a rebound and stabilization of sales in the Hainan region, achieving growth in offshore duty-free market share. The Company continued to practice the “trusted business operation and excellent services” philosophy, advanced service standardization, obtained three ISO management system certifications, introduced multi-lingual services and smart payment solutions, and successfully built Sanya International Duty-Free Shopping Complex into the first national AAAA tourist attraction in China with duty-free commerce as its core carrier.



Consolidating channel advantages and improving operations to enhance service quality

Closely focusing on the goals of promoting consumption repatriation and attracting inbound consumption, the Company continuously improved its channel network layout of port and downtown stores, and consistently enhanced operations and service quality in actual business practices. The Company systematically advanced bidding for duty-free operating rights, and successfully won bids for 16 duty-free store operating rights projects including the arrival and departure duty-free stores at Terminal 2 and S2 Satellite Hall of Shanghai Pudong International Airport, the arrival and departure duty-free stores at Shanghai Hongqiao International Airport, the arrival and departure duty-free store at Terminal 3 of Beijing Capital International Airport, and the departure duty-free store at Terminal 3 of Guangzhou Baiyun International Airport. In terms of downtown duty-free stores, all 13 stores with operating rights have commenced business or operations. They have innovatively created an operational model integrating “duty-free + duty-paid”, “offline + online”, and “imported + domestic” to build new immersive experiential consumption scenarios, actively introduced high-quality domestic products with local characteristics, carried out “departure tax-refund store” qualification application and implemented the “instant tax refund on purchase” model, with an aim to create a consumption environment featuring “no language barriers, no payment obstacles and comprehensive service coverage” to enhance the shopping experience for foreign travelers.



Seizing industry opportunities and steadily promoting overseas business expansion

The Company successfully advanced overseas mergers and acquisitions, and achieved a historic breakthrough. In January 2026, the Company issued an announcement regarding an agreement entered into with DFS, pursuant to which a wholly-owned subsidiary of the Company will acquire the retail business of DFS in Greater China, and the Company has entered into a strategic cooperation memorandum with LVMH. This is a crucial strategic move for the Company to implement its development strategy and seize the wave of industry consolidation, which is conducive to the Company rapidly establishing its advantages in the markets of Hong Kong SAR and Macau SAR, achieving a leap in internationalization capabilities, and facilitating industrial upgrading, product mix optimization, and service level enhancement. The acquisition offers strong industrial synergies and will further enhance the Company's core competitiveness. In addition, the Company continued to deepen its presence in the markets of Hong Kong SAR and Macau SAR by opening 3 new stores, entered the Vietnamese market for the first time, and secured a 10-year supply agreement for Hanoi Airport and Phu Quoc Airport in Vietnam, continuously expanding its overseas business. The Company also actively promoted the global expansion of China Chic brands, successfully securing overseas agency rights for several leading China Chic brands and achieving business breakthroughs in regions such as Hong Kong SAR, Macau SAR, Southeast Asia and Japan.



Coordinating online operations and promoting efficient online-offline synergy

The Company enhanced the operations of online platforms. By focusing on key tasks such as segmented outreach for new and existing customers and optimization of the user conversion funnel, the Company deepened data value mining and application innovation, accurately gained insights into market demands, optimized sales conversion paths, and systematically enhanced the scenario-based service capabilities of data products. With a focus on enhancing platform ecosystem capabilities and empowering quality retail, the Company promoted the integration of Hainan and Qianhai online platforms. Through team restructuring, process streamlining, resource consolidation and rule unification, the Company facilitated the connectivity of operational strategies and efficiency between the platforms, achieving initial results in the integration of the two major platforms. Furthermore, the Company created a distinctive IP, the online MALT & MORE WHISKY, and launched the "Toast to You" (威你乾杯) themed campaign, driving the sales growth of whisky, achieving mutual traffic attraction between online livestreaming and offline activities, and activating new vitality in the synergistic development of online and offline channels.



Innovating business model and igniting new drivers for business development

The Company actively explored new airport business models. For the Lanzhou Airport project, the Company innovatively adopted a “low base rent + progressive revenue sharing” model for duty-paid business. By creating a unique atmosphere of “high-end retail + regional culture” through a diverse brand portfolio, distinctive local cuisine, exquisite cultural and creative products, and innovative experiential spaces, its sales ranked among the top in duty-paid businesses at comparable airports, forming a replicable and scalable operational model. The Company explored its private brand business, using cdf Health as a starting point to expand the development and incubation of product categories such as perfume and cosmetics, and cultural and creative products, launched nearly 100 new products, and jointly created several co-branded products with brand partners such as Bloomage BioTechnology.



Focusing on product innovation to meet diverse consumer needs

The Company vigorously developed the first-launch economy, and successfully built a cluster of top-tier first stores, including the world’s largest Dior fragrance and beauty “New Look” flagship store and the largest Huawei select store in China. For the year, the Company introduced over 140 debut products, opened 27 brand first stores, and introduced over 30 popular IPs such as Disney, catering to the consumption needs of diverse customer groups and building a distinctive first-launch consumption ecosystem. Closely following the consumption trends of Chinese people, the Company increased the introduction of high-potential categories such as 3C electronics, outdoor sports, gold, and cultural and creative products, introducing over 400 new brands during the year. The Company strategically tapped into the silver economy, increasing the promotion of products for the elderly such as photography, electronics, and health & wellness products to contribute to sales growth.

Introduced over

140 debut products

30+ popular IPs throughout the year





Upgrading operational capabilities and steadily enhancing development momentum

The Company deepened product operations by establishing an operational indicator system and developing core operational dashboards, thereby enhancing efficiency in procurement decision-making and inventory allocation. The Company established a tiered procurement authorization system and created a unified cdf procurement framework, granting greater flexibility and rapid response capabilities to front-end business units. Furthermore, the Company built a refined ordering and allocation system, significantly improving the supply of bestsellers, alleviating the issue of slow-moving long-tail products, and continuously improving the inventory turnover ratio. The Company strengthened marketing and promotion, and comprehensively enhanced brand value by launching marketing campaigns such as the Snake Year Zodiac IP, the Watch Carnival, the cdf Global Season of Special Offers, the “Hainan Duty-free Shopping Festival” and the “Annual Shopping Gala”, fully leveraging policies such as government consumption vouchers and national consumer subsidies to effectively ignite consumer shopping enthusiasm. The Company successfully held the first Global Brand Partner

Conference, attracting 224 brands from around the world to participate, demonstrating cdf’s ecosystem service capability of creating value with diverse entities. The Company continuously enhanced customer operational capabilities, and has released its member white paper for two consecutive years, taking the lead in guiding the industry into a new stage of refined community cultivation featuring “precise reach and deep operation”. The Company deepened the tiered and graded operation of nearly 53 million members, effectively enhancing customer stickiness and continuously consolidating brand value. The Company also strengthened digitalization, using data from the Nebula Project (星雲項目) to empower the optimization of online platform recommendation algorithms, and built a customer dynamic behavior tracking and customer segmentation system to provide data support for precision marketing. In addition, by optimizing supply chain fulfillment processes, consolidating warehousing and logistics resources, and promoting the implementation of innovative models, the Company significantly enhanced supply chain efficiency.

II. INDUSTRY IN WHICH THE COMPANY OPERATES

(I) Tourism Industry

Global International Tourism Industry

The global tourism industry experienced steady growth in 2025, driven by strong travel consumption demand. According to the latest World Tourism Barometer released by the UN Tourism, the number of international tourists was estimated to reach 1.52 billion in 2025, representing an increase of nearly 60 million or 4% compared to 2024. Global international tourism revenue was estimated to reach US\$1.9 trillion in 2025, up 5% from 2024. By region, Europe welcomed 793 million international tourists in 2025, representing a year-on-year increase of 4%; the Americas received 218 million international tourists, representing a year-on-year increase of 1%; Africa welcomed 81 million international tourists, representing a year-on-year increase of 8%; the Asia-Pacific region received 331 million international tourists, representing a year-on-year increase of 6%, reflecting a sustained recovery trend. The UN Tourism forecasts that, assuming a sustained recovery in the Asia-Pacific region, favorable global economic conditions, and no further escalation of geopolitical conflicts, the number of international tourists is expected to grow by 3% to 4% in 2026 compared to 2025.

Estimated number of international tourists in 2025

1.52 billion

YoY increase

4 %

Domestic Tourism Industry

In 2025, China's tourism industry witnessed coordinated recovery and quality improvement and upgrades in both domestic and international markets. According to data from the Ministry of Culture and Tourism, the number of domestic tourists reached 6.522 billion in 2025, representing a year-on-year increase of 16.2%; in 2025, the domestic tourism expenditure reached RMB6.30 trillion, representing a year-on-year increase of 9.5%. In 2025, during the three major holidays, namely Spring Festival, Labor Day and National Day, key indicators such as number of travelers, tourism expenditure, travel distance and recreational radius continued to grow. Throughout 2025, the total number of tourists and total spending during the seven public holidays reached record highs, with average daily number of tourists and per capita spending per trip increasing by 15.4% and 11.0%, respectively, compared to 2019. Regarding inbound and outbound tourism, according to data released by the National Immigration Administration, immigration authorities nationwide cleared a total of 697 million entries and exits in 2025, representing a year-on-year increase of 14.2%, which included 335 million Chinese mainland residents, 279 million residents from Hong Kong SAR, Macao SAR and Taiwan, and 82.035 million foreign nationals, representing year-on-year increases of 15.1%, 10.1% and 26.4%, respectively. In particular, visa-free entries by foreign nationals reached 30.08 million, representing a year-on-year increase of 49.5%. In its 2026 work plan, the Ministry of Commerce explicitly stated that policies to boost inbound consumption will be introduced, which is expected to further expand the scale of inbound tourists.

Number of domestic tourists in 2025

6.522 billion

YoY increase

16.2 %



(II) Duty-free & Travel Retail Industry

Global Duty-free & Travel Retail Industry

The global duty-free and travel retail market continued to recover. From 2024 to 2025, the market size steadily expanded, gradually returning to pre-2020 levels. Such growth was driven by factors including the recovery of international tourism, policy support, market opening, the development of emerging markets and digital transformation. According to data from Generation Research, the global duty-free and travel retail market reached US\$74.13 billion in 2024, representing a year-on-year increase of 3% in USD terms, recovering to 85.8% of the 2019 level; the market size was estimated to reach US\$76.8 billion in 2025, representing a year-on-year increase of 4%. The Asia-Pacific region remains the largest travel retail market, with sales reaching US\$31.28 billion, representing a year-on-year decrease of 2.4% in USD terms, accounting for 42.2% of the global market.



Hainan Offshore Duty-Free Market and Policies

Benefiting from the increased traffic and policy benefits brought by island-wide customs closure, offshore duty-free consumption has entered a new phase of opportunity. According to data from the Department of Tourism, Culture, Radio, Television and Sports of Hainan Province, in 2025, Hainan Province received 106 million domestic and international tourists, representing a year-on-year increase of 9.1%, with total tourism expenditure reaching RMB225.432 billion, representing a year-on-year increase of 10.5%. According to statistics from Haikou Customs, the offshore duty-free sales in Hainan amounted to RMB30.4 billion in 2025, representing a year-on-year decrease of 1.8%; the number of shoppers was 4.63 million, representing a year-on-year decrease of 18.5%; the per capita spending amounted to RMB6,562, representing a year-on-year increase of 21%. Since September 2025, the offshore duty-free sales in Hainan have consistently shown positive year-on-year. Since the new offshore duty-free policies came into effect on November 1, 2025, the categories of duty-free goods have increased from 45 to 47, and the eligibility was further expanded. The policies now allow departing travelers to enjoy offshore duty-free shopping benefits and permit Hainan residents with records of departure from the island within a calendar year to purchase duty-free goods under the “buy and collect” method an unlimited number of times. On December 18, 2025, the Hainan Free Trade Port officially initiated island-wide customs closure, implementing a liberalized and convenient policy framework characterized by “freer access at the first line, regulated access at the second line, free flow within the island”. According to statistics from Haikou Customs, for the period from December 18, 2025 to January 17, 2026, the offshore duty-free sales reached RMB4.86 billion, representing a year-on-year increase of 46.8%; the number of shoppers was 745 thousand, representing a year-on-year increase 30.2%; the number of items purchased amounted to 3,494 thousand, representing a year-on-year increase 14.6%.

Hainan offshore duty-free per capita spending in 2025

RMB **6,562**

YoY increase

21 %



Downtown and Port Duty-Free Store Policies

In October 2025, 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 Duty-Free Shop Policies to Support and Boost Consumption (《關於完善免稅店政策支持提振消費的通知》) (the “**Notice**”), clarifying that duty-free shop policies would be refined effective from November 1, 2025. The Notice aims to enhance the role of duty-free stores in boosting consumption, guiding the repatriation of overseas spending, attracting inbound consumption by foreign nationals and promoting the healthy and orderly development of duty-free retail. The Notice improves duty-free store policies in four key areas: (1) optimizing the management of domestic goods tax refund (exemption) policies, actively supporting sales of domestic products at port departure duty-free stores and downtown duty-free stores, encouraging duty-free stores to introduce more high-quality products reflecting traditional Chinese culture, and increasing the sales of domestic goods; (2) expanding the categories of duty-free products to include more portable consumer goods, adding popular items such as mobile phones, miniature drones, sports goods, health foods, over-the-counter medicines and pet food, thereby enriching shopping options for travelers; (3) relaxing approval for duty-free stores, delegating approval authority for establishing port departure duty-free stores and changing the methods for determining operators of port departure and arrival duty-free stores, optimizing the determination of operating areas for such stores, and supporting local governments in integrating and optimizing duty-free shop layouts based on local conditions; and (4) improving convenience and regulatory measures for duty-free stores, supporting online reservation services for port departure, port arrival, and downtown duty-free stores, allowing travelers to pre-order items at downtown duty-free stores and collect them at port arrival stores, continuously enhancing the duty-free shopping experience for travelers.

III. BUSINESS OF THE COMPANY

During the Reporting Period, the Company was principally engaged in duty-free travel retail business, with major product categories including tobacco and wine, perfume and cosmetics, watches and jewelry, clothing and luggage, electronic products, food, etc. In addition, the Company was also engaged in the investment and development of commercial complexes with duty-free business as its core.

During the Reporting Period, the business model of the Company was as follows: offline, the Company focused on leased or self-built properties at airports, ports and downtown areas, and relied on franchise qualifications and global supply chain advantages to carry out travel retail business with primary focus on duty-free product sales, serving arrival/departure and Hainan offshore travelers; online, the Company sold duty-paid products to consumers through its self-operated e-commerce platforms and third-party platforms, transcending time and space constraints to meet daily consumption needs; simultaneously, the Company integrated membership systems and data links, forming an omni-channel service ecosystem rooted in duty-free licenses, centered on the supply chain, and powered by digitalization.

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 4.92% year-on-year from RMB56,474 million for the year ended December 31, 2024 to RMB53,694 million for the year ended December 31, 2025.

| | 2025 RMB'000 | 2024 RMB'000 | Year-on-year change |
|--|-------------------|-----------------|------------------------|
| Sales of merchandise | | | |
| – duty-free | 39,164,825 | 38,665,529 | 1.29% |
| – duty-paid | 13,387,872 | 17,094,964 | -21.69% |
| Others | 906,879 | 494,316 | 83.46% |
| Revenue subtotal | 53,459,576 | 56,254,809 | -4.97% |
| Revenue from other sources | | | |
| Rental income from investment properties | 234,003 | 219,039 | 6.83% |
| Revenue total | 53,693,579 | 56,473,848 | -4.92% |

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 increasingly intensive competition in online sales channels and a decline in sales of duty-paid merchandise.

Other income

The Group's other income (comprising interest income, exchange gains or losses and government grants) decreased by 14.77% from RMB1,496 million for the year ended December 31, 2024 to RMB1,275 million for the year ended December 31, 2025, mainly due to the year-on-year decrease in interest income during the Reporting Period.

Cost of sales

The Group's cost of sales decreased by 6.35% from RMB39,127 million for the year ended December 31, 2024 to RMB36,642 million for the year ended December 31, 2025, mainly due to the year-on-year decrease in sales revenue during the Reporting Period.

Gross profit

The Group's gross profit decreased by 1.70% from RMB17,347 million for the year ended December 31, 2024 to RMB17,052 million for the year ended December 31, 2025, 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 3.85% from RMB10,056 million for the year ended December 31, 2024 to RMB9,669 million for the year ended December 31, 2025, mainly due to the decrease in compensation for sales personnel, office and operating expenses, and advertising & promotion expenses during the Reporting Period.

Administrative expenses

The Group's administrative expenses increased by 10.02% from RMB2,336 million for the year ended December 31, 2024 to RMB2,570 million for the year ended December 31, 2025, mainly due to the increase in employee remuneration during the Reporting Period.

Research and development expenses

The Group's research and development expenses increased by 352.84% from RMB19.87 million for the year ended December 31, 2024 to RMB89.98 million for the year ended December 31, 2025, mainly due to the significant year-on-year increase of R&D investment in various software systems amid the enhanced digitalization efforts during the Reporting Period.

Staff costs

The Group's staff costs increased by 0.74% from RMB3,399 million for the year ended December 31, 2024 to RMB3,424 million for the year ended December 31, 2025, mainly due to the increase in employee remuneration during the Reporting Period.

Finance costs

The Group's finance costs mainly comprise interest expenses on interest-bearing loans and interest expenses on lease liabilities. The Group's finance costs decreased by 12.32% from RMB203 million for the year ended December 31, 2024 to RMB178 million for the year ended December 31, 2025, mainly due to the decrease in interest on lease liabilities during the Reporting Period.

(Impairment loss)/reversal of impairment of trade and other receivables

The Group's impairment of trade and other receivables changed from a reversal of impairment of RMB2.6624 million for the year ended December 31, 2024 to an impairment loss of RMB3.5022 million for the year ended December 31, 2025, mainly due to the increase in the balance of accounts receivable and a corresponding increase in the provision for bad debts during the Reporting Period.

Profit from operations

The Group's profit from operations decreased by 12.20% from RMB6,433 million for the year ended December 31, 2024 to RMB5,648 million for the year ended December 31, 2025, mainly due to the year-on-year decrease in sales revenue during the Reporting Period.

Profit for the year

The Group's profit decreased by 23.75% from RMB4,918 million for the year ended December 31, 2024 to RMB3,750 million for the year ended December 31, 2025, mainly due to the decrease in sales revenue and other income, coupled with increases in expenses such as administrative expenses and research and development expenses during the Reporting Period.

Total equity attributable to equity shareholders

The Group's total equity attributable to equity shareholders increased by 0.78% from RMB54,966 million as of December 31, 2024 to RMB55,396 million as of December 31, 2025, mainly due to the Company's operating profit during the Reporting Period.

Trade and other receivables

The Group's trade and other receivables increased by 74.74% from RMB4,255 million as of December 31, 2024 to RMB7,435 million as of December 31, 2025, mainly due to the increases in bank term deposits and bid bonds during the Reporting Period.

Trade and other payables

The Group's trade and other payables decreased by 14.76% from RMB8,415 million as of December 31, 2024 to RMB7,173 million as of December 31, 2025, mainly due to the decrease in payables for procurement of goods and fees payable 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, 2025, the Group had cash and cash equivalents of approximately RMB33,740 million (as of December 31, 2024: RMB34,773 million), primarily representing deposits in Hong Kong dollars and RMB.

As of December 31, 2025, the Group's borrowings amounted to RMB3,505 million (as of December 31, 2024: RMB3,111 million), which were mainly borrowings in RMB, among which RMB210 million adopted fixed interest rates. The increased borrowings of the Group were mainly utilized for the expenditure on projects under construction and daily operations.

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 expenditures

The Group's capital expenditures relate primarily to construction. As of December 31, 2025, the total amount of capital expenditures contracted but not yet incurred by the Group was RMB229 million.

Gearing ratio

| | As at December 31 | |
|---|------------------------|------------------------|
| | 2025 RMB100 million | 2024 RMB100 million |
| Total debts (including lease liabilities and interest-bearing borrowings) | 51.78 | 53.12 |
| Total equity | 610.34 | 607.96 |
| Gearing ratio ⁽¹⁾ | 8.48% | 8.74% |

Note:

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



Contingent liabilities

As at December 31, 2025, the Group did not have any significant contingent liabilities.

Investment

As of December 31, 2025, the Group's balance of interests in associates and joint ventures amounted to RMB3,556 million, representing a decrease of RMB114 million or 3.11% as compared to the end of last year. The decrease of the Group's interests in associates and joint ventures was mainly due to the losses incurred by the associates and joint ventures.

As of December 31, 2025, 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

In 2025, China Duty Free International Limited, an indirect wholly-owned subsidiary of the Group, conducted the acquisition of DFS's retail business in Greater China. The master agreement in relation to the acquisition was signed on January 19, 2026 and the closing of the acquisition took place on March 19, 2026 pursuant to the master agreement. For details, please refer to the Company's announcements dated January 20, 2026 and March 19, 2026. In the future, the Group will 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, 2025, the book values of fixed assets, intangible assets, investment properties, inventories and other non-current assets pledged as security amounted to RMB2,094 million, RMB488 million, RMB569 million, RMB1,161 million and RMB529 million, respectively.

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

(I) Industry Landscape and Trend

Consumption Trends

Driven by both policy support and demand release, China's consumer market has steadily expanded. According to the National Bureau of Statistics, total retail sales of consumer goods reached RMB50.1 trillion in 2025, representing a year-on-year increase of 3.7%, with the growth rate accelerating by 0.2 percentage points compared to the previous year. In 2025, retail sales of goods grew by 3.8% year-on-year, with an acceleration of 0.6 percentage points from the previous year. In 2025, demand for premium goods remained robust. Among them, retail sales of sports and recreational goods of enterprises above the designated size increased by 15.7%, accelerating by 4.6 percentage points compared to the previous year; retail sales of cosmetics grew by 5.1%, with "Eastern Aesthetics" leading beauty consumption trends; retail sales of gold, silver and jewelry rose by 12.8%, as products blending traditional cultural elements with modern design gained consumer favor. Meanwhile, emerging consumption areas such as the silver economy, ice-snow economy and first-launch economy continued to gain momentum, increasingly becoming new growth drivers. China Chic brands gained widespread popularity, with traditional time-honored brands and new consumer brands collaborating across sectors to innovate products and scenarios, winning consumer acclaim. Additionally, a notable highlight in China's consumer market in 2025 was the steady rise in the share of service consumption. As living standards improve, household consumption is shifting from being goods-dominated to equally emphasizing goods and services. With policies to expand service consumption being implemented across multiple fronts, service supply has become more diverse and higher quality, better matching demand and accelerating the release of service consumption potential.

Regarding high-end consumption, China's luxury market showed signs of recovery, benefiting from improved macroeconomic conditions (such as wealth effects from the stock market) and consumption repatriation. According to the China Luxury Report 2025 released by Yaok Institute, Chinese consumers' luxury spending grew by 3% in 2025, reaching RMB1,041 billion, accounting for 36% of the global market and maintaining its position as the core global consumption engine. Domestic luxury market spending also grew by 3%, increasing to RMB519.5 billion, raising its global share to 19%. During the same period, the global luxury market grew by 5%, reaching RMB2,845.1 billion. In 2025, domestic and overseas luxury spending by Chinese consumers accounted for 51% and 49%, respectively, unchanged from 2024, indicating stabilized consumption outflow without further expansion. It is expected that the share of domestic spending will gradually increase to 70% over the next 3 to 5 years. In light of the current recovery trend, Yaok Institute predicts that China's luxury market is poised for accelerated growth in 2026 and luxury spending by Chinese consumers will increase by 5% compared to 2025, with domestic luxury sales potentially growing by 7%-9%, driven by continued recovery in consumer confidence and deepened localization efforts by brands.

Industry Landscape

From 2024 to 2025, the global duty-free and travel retail market exhibited intense competition, primarily in three core regions: Asia-Pacific, Europe and North America. Leading market players include Avolta, CTG DUTY-FREE, Lagardere Travel Retail and Lotte Duty-Free.

China's duty-free and travel retail market is highly concentrated, characterized by a "one dominant player with several strong competitors" structure. CTG DUTY-FREE holds a leading position due to its advantages in, among others, omni-channel layout, supply chain capabilities and member value.

The duty-free industry is undergoing a profound shift from product-oriented to experience-oriented models. On the consumption side, three core trends are evident: consumption motivations are shifting from material needs to the pursuit of meaning, reflected in diversified product categories and value recognition of scarce goods; China Chic brands are enhancing premium capabilities through innovation, reshaping the market landscape; consumption scenarios are upgrading toward content-driven, experiential formats, prompting operators to transform into lifestyle service providers. On the channel side, deep integration of online and offline platforms is evident, with digital technologies reconstructing the entire shopping experience. The current market landscape requires operators to achieve systematic upgrades across multiple dimensions, including product portfolio, channel development and experience innovation, to navigate an increasingly complex competitive environment.

In the short term, global economic fluctuations may dampen consumer confidence. However, China's projected gross domestic product (GDP) growth of 5%, the recovery of outbound travel, the popularity of inbound tourism by foreign nationals and the release of policy benefits are expected to cushion market volatility. Despite short-term fluctuations, long-term potential remains strong, with industry recovery set to continue. Future competition will focus on three core capabilities: supply chain depth, digital efficiency and experiential differentiation, presenting both structural opportunities and challenges.

(II) Development Strategies of the Company

We will focus on the travel retail business, enhance the value chain with the duty-free business as the core, upgrade the industrial chain through the expansion of travel retail, boost our global presence and market competitiveness, and strive to become a world-leading digital-intelligent travel retail operator.



(III) Operation Plan

Focusing on development strategies and consolidating advantages in key markets

Firstly, we will continue to deepen presence in the Hainan market. We will actively seize the opportunity presented by the island-wide customs closure of the Hainan Free Trade Port, by promoting the deep integration of “duty-free + cultural tourism”, driving efforts from multiple dimensions including category expansion, operation optimization, omni-channel marketing and service upgrade to build a multi-level, highly experiential new consumption ecosystem, and stimulating regional consumption vitality. Leveraging policy opportunities such as new offshore duty-free policies and island resident duty-free policies, we will actively expand into new categories such as domestic brands, sports and outdoor, as well as health & wellness, and optimize product mix. We will continuously introduce collaborations with popular IPs, themed pop-ups, and limited first-launch products to create differentiated consumption scenarios.

Secondly, we will promote channel integration and upgrading. We will solidly promote the smooth operation of key airport duty-free stores in Shanghai, Beijing, etc., and steadily advance brand sourcing and layout adjustments to achieve business upgrades at core hubs. We will actively participate in the overall planning of airport commercial areas, actively seek opportunities for airport channel expansion, gain deep insights into the needs of target customers, continuously optimize product portfolio, and enhance the operational capabilities of downtown stores.

Thirdly, we will deepen online business operation. We will deepen platform integration to realize integrated financial and business management for platforms in key regions, and improve operational efficiency. We will promote online-offline integration, create high-quality livestreaming scenarios, and enhance traffic attraction in small and medium-sized cities. We will strengthen technological empowerment and supply chain optimization, ensuring the supply of key products, expanding high-growth categories, and cultivating new business growth drivers.

Fourthly, we will steadily expand overseas business. We will advance the implementation of DFS’s integration plan for its retail business in Greater China in an orderly manner, ensure efficient achievement of integration goals, internalize and develop internationalization capabilities, and strengthen the overseas operation platform. We will continuously pay attention to opportunities for overseas market expansion and mergers and acquisitions, deepen presence in existing markets such as Hong Kong SAR, Macau SAR and Southeast Asia, and enhance store competitiveness. We will leverage the collective strength of brand partners to promote the global expansion of China Chic brands and build a new pattern for international development.



Enhancing core capabilities and consolidating the foundation for high-quality development

Firstly, we will enhance product and supply chain capabilities. Based on customer insights, we will utilize big data and AI to empower demand analysis, optimize product structure and inventory management, deepen the management of the entire supply chain, improve the goods allocation and turnover efficiency, and ensure product supply precision.

Secondly, we will enhance our digital and intelligent operation capabilities. We will continuously strengthen the overall capabilities of the data platform, integrate omni-channel data resources, optimize algorithm models, and improve precise reach capabilities and data-driven operational efficiency, comprehensively empowering business development.

Thirdly, we will enhance membership operation capabilities. We will upgrade the membership system, advance the construction of direct-to-consumer ecosystems, and build tiered communities. We will hold global partner conferences and member events to explore the diverse needs of members, achieve resource synergy and sharing, and further enhance our brand image.

(IV) Potential Risks

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 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.

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 plan, control the scale and the pace of investment from a holistic 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 initiation, 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 to enhance capabilities in travel retail commercial complex development and integrated multi-industry operations, and improve competencies in investment management, risk control, merchant recruitment and project execution.

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 may lead to exchange losses, potentially impacting the realization of the Company's business objectives. The Company will continuously monitor exchange rate fluctuations and enhance research efforts, sort out and analyze the risk exposure of foreign currency-denominated assets, liabilities, income and expenses. By assessing 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 management. The Company will closely monitor the trend of currency exchange rate and interest rate changes and strive to improve the currency matching of assets and liabilities after considering the impact of interest rate factors on financial resource allocation.

Market risk

As market competition becomes increasingly fierce and consumer demand shows a trend of diversification, traditional stores face pressure on customer traffic and repurchase rates. The Company will fully leverage its existing strengths to create a competitive advantage of online and offline integration, and continue to promote centralized procurement to enhance the bargaining power in product procurement. The Company will actively develop new product lines and new growth engines to consolidate and enhance its competitive advantages by leveraging its existing advantages; it will give full play to and implement its expertise in services to strengthen its market competitiveness by leveraging its brand advantages; it will further deepen cross-industry collaborations through an open and mutually beneficial approach, thereby strengthening resilience to market fluctuations.

Project management risk

In respect of major construction projects, deviations in bidding and tendering, project budget and final accounting, construction process and project acceptance may lead to delay in the construction period of the project, cost overruns and potential quality and safety issues. The Company will manage project from the inception and properly handling project initiation and approval and bidding management in accordance with the management regulations of relevant construction projects; it will manage the construction process properly and hold progress seminars in a timely manner to ensure milestones are met. With the strictly control of construction budget, the Company will effectively manage the final accounting of projects to ensure safe and reliable delivery of projects.

Geopolitical, international trade dispute and supply chain risks

The international situation continues to evolve in a complex manner. Regional conflicts, sanction policies, and fluctuations in the trade environment may challenge the stability of the global supply chain, bringing uncertainties particularly in areas such as product procurement, brand authorization and cross-border logistics. The Company will continuously monitor global supply chain trends, promote the diversification of procurement channels, strengthen strategic synergy with brand partners, and actively build a stable, efficient and controllable supply assurance system to enhance the overall security and resilience of the supply chain.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. FAN Yunjun, aged 53

He is currently a non-executive Director and the chairman of the Board, and a director and the president of CTG. Mr. FAN Yunjun previously served as director and vice general manager of China Mobile Group Beijing Company Limited (中國移動通信集團北京有限公司), chairman and chief executive officer of CMPak Limited, chairman of China Mobile Hong Kong Company Limited, chairman and chief executive officer of China Mobile International Limited (中國移動國際有限公司), chairman and general manager of China Mobile Group Beijing Company Limited (中國移動通信集團北京有限公司), 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), 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), executive director and senior vice president of China Unicom (Hong Kong) Limited (stock code: 00762.HK) and 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 56

She is currently a non-executive Director and the vice chairlady of the Board, and a director, board secretary and chief legal counsel of CTG. Ms. LIU Kun previously served as vice president of CTG, chairlady of CTG Digital Technology (Shenzhen) Corporation Limited (中旅數智科技(深圳)有限公司), general manager of China General Consulting & Investment Co., Ltd. (中國通用諮詢投資有限公司), director and general manager of China Xinxing Group Co., Ltd. (中國新興集團有限責任公司), executive director of General Technology Group Pharmaceutical Holding Limited (通用技術集團醫藥控股有限公司), and chairlady 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), including general manager of the medical and healthcare department, general manager of the collaborative development department and 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 52**

He is currently an executive Director and president of the Company. In the Company, Mr. CHANG Zhujun served as vice president from November 2019 to January 2023, executive vice president from January 2023 to April 2024, Board secretary from January 2020 to May 2025, and joint company secretary from August 2022 to May 2025. He has served as president of the Company since April 2024, and executive Director since May 2024. At CDFG, Mr. CHANG Zhujun served as director of Fashion & Beauty Merchandising Department from May 2007 to November 2014, director of Beauty & Confectionary Merchandising Department from November 2014 to December 2018, director of Imported Tobacco, Liquor and Food Sales & Marketing Department from January 2017 to December 2018, assistant to president of CDFG from December 2018 to November 2019, and general manager of CDF International from August 2018 to April 2023. Mr. CHANG Zhujun also served as chairman of the board of Sanya CDF Seaside Investment & Development Company Limited (三亞中免棠畔投資發展有限公司) from September 2022 to September 2025.

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 51**

He is currently an executive Director and vice president of the Company. Mr. WANG Yuehao served as director of the policy research division and director of the regulations division in the policy and regulations department of China National Tourism Administration, assistant to the director and the deputy director of the board office/general office of CTG and 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,
aged 57**

He (former name: WANG Dayong), is currently an executive Director. In the Company, 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. Mr. WANG Xuan concurrently served as director of Sanya CDF Seaside Investment & Development Company Limited (三亞中免崇畔投資發展有限公司) from October 2023 to September 2025. 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 74**

He is currently an independent non-executive Director. He has served as 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, independent non-executive director of ADAMA Ltd. (安道麥股份有限公司, stock codes: 000553.SZ and 200553.SZ) since November 2020, and independent director of Bona Film Group Co., Ltd. (博納影業集團股份有限公司, stock code: 001330.SZ) since November 2025. 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.

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 52

She 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 professor (doctoral supervisor). In addition, Ms. WANG Ying has been 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 and independent director of Jointown Pharmaceutical Group Co., Ltd. (九州通醫藥集團股份有限公司, stock code: 600998.SH) since May 2025. From March 2020 to May 2020, she served as non-executive director of China Development Bank Financial Leasing Co., Ltd. (stock code: 01606.HK). From August 2019 to December 2021, she served as independent non-executive director of 7Road Holdings Limited (stock code: 00797.HK). From June 2016 to October 2022, she served as 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 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 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 53

He 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 deputy secretary-general of the China Distribution 30 Member Forum (中國流通30人論壇), deputy secretary-general of the New Retail Forum 50 (新零售50人論壇), vice president of the Commerce Economy Association of China, and 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.



SENIOR MANAGEMENT

Mr. CHANG Zhujun

He 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

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

Mr. WANG Yanguang, aged 57

He is currently a vice president of the Company. In the Company, Mr. WANG Yanguang has served as our vice president since August 2019. At CDFG, Mr. WANG Yanguang served as 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 headquarters 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 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 45**

He is currently a vice president of the Company. In the Company, Mr. GAO Xujiang served as 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 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 48**

He is currently a vice president and the general counsel (chief compliance officer) of the Company. He also concurrently serves as 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), director of Sanya Seaside Investment & Development Company Limited (三亞棠畔投資發展有限公司), director of Hainan Duty Free Merchandise Co., Ltd. (海南省免稅品有限公司), 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 CDF (Haikou) International Duty Free Complex Co., Ltd. (中免(海口)國際免稅城有限公司), director of CDFG (Hainan) Operation Headquarters Co., Ltd. (中免集團(海南)運營總部有限公司) and general manager of Hainan Head Office/Hainan Branch of China Tourism Group Co., Ltd. (中國旅遊集團有限公司海南區域總部／海南分公司). Mr. ZHOU Lingjun previously served as deputy general manager of Hainan Head Office/Hainan Branch of China Tourism Group Co., Ltd. (中國旅遊集團有限公司海南區域總部／海南分公司), and held various positions including deputy magistrate, standing committee member and deputy party secretary of the People's Government of Chengmai County, Hainan Province.

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 49

He currently serves as general accountant, Board secretary and joint company secretary of the Company and concurrently as director of CTG Finance Company Limited (中旅集團財務有限公司). Mr. YANG Hongyi previously served as account and financial manager of Beijing Double-Crane Pharmaceutical Company Limited (北京雙鶴藥業股份有限公司), financial manager of China Duty Free Group Co., Ltd. (中國免稅品(集團)有限責任公司), deputy director (in charge of work) and director of the financial department of China International Travel Service Group Corporation (中國國旅集團有限公司), financial director and deputy general manager of Sunrise Duty Free (China) Co., Ltd. (日上免稅行(中國)有限公司), deputy general manager of CDFG Beijing Capital International Airport Duty Free 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), general accountant of CDF (Haikou) International Duty Free Complex Co., Ltd. (中免(海口)國際免稅城有限公司), general accountant of CDFG Sanya Downtown Duty Free Store Co., Ltd. (中免集團三亞市內免稅店有限公司), etc.

Mr. YANG Hongyi graduated from China University of Mining and Technology, majoring in accounting and obtained a bachelor's degree in management. He is a senior accountant.

Ms. SUN Fang,
aged 44

She is currently a vice president of the Company and the general manager of the Product Merchant Department of the Company and concurrently chairman of the board of Sanya Seaside Investment & Development Company Limited (三亞棠畔投資發展有限公司). She previously served as procurement representative of the Operation Department, manager, assistant to the director and deputy director of Fashion & Beauty Merchandising Department of CDFG; and general manager of the Luxury & Fashion Department and assistant to the president of the Company.

Ms. SUN Fang graduated from Beijing International Studies University (北京第二外國語大學), majoring in tourism management with a bachelor's degree in management.



An aerial night photograph of a modern architectural complex. The buildings feature curved, illuminated facades with a grid-like pattern of lights. A central courtyard area is visible, surrounded by the buildings. The overall scene is lit with a mix of blue and yellow lights, creating a vibrant, futuristic atmosphere. The background shows a cityscape and a body of water under a dark sky.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

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 safeguarding the interests of its 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 Part 2 of the CG Code. 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

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 Supervisors (prior to the abolition of the Supervisory Committee on November 24, 2025) who, because of their office or employment, are likely to possess inside information in relation to the Company or the Company’s securities.

In December 2025, the Company amended the original Administrative System for Shares Held by Directors, Supervisors and Senior Management and Their Movements and renamed it as the Administrative System for Shares Held by Directors and Senior Management and Their Movements to ensure compliance with the Model Code. In particular, the Company will notify all Directors the blackout period before the commencement of such blackout period, reminding the Directors 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’ dealings of securities in the Company are adequate and effective.

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



Brand Positioning

World-leading digital-intelligent travel retail operator



Core Values

Courageous, professional, teamwork, innovative



Corporate Mission

Share the joy of shopping and extend the enjoyment of travel



Business Philosophy

Customer-centered Market-oriented

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.

During the Reporting Period, the chairman of the Board and the president of the Company were Mr. FAN Yunjun and Mr. CHANG Zhujun, respectively. Accordingly, the Company has complied with the requirements of code provision C.2.1 of the CG Code and the division of responsibilities between the chairman of the Board and the chief executive officer is clearly defined.

BOARD OF DIRECTORS

The Company is led by an effective Board, which fulfills the functions of “formulating strategies, making decisions and preventing risks”. In accordance with statutory procedures and the Articles of Association, the Board exercises decision-making power over the Company’s major matters while strengthening the management and supervision of the executive team.

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 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 attended 3 special briefing sessions, 3 audit communication meetings and 1 on-site investigation. Through the special briefing sessions, the independent non-executive Directors gained a detailed understanding of the Company's organizational structure adjustments, the proposed 2025 interim dividend distribution, and the revisions to the corporate governance systems. Through the on-site investigation, the independent non-executive Directors obtained an in-depth understanding of the operations of the Company's key stores in Hainan and the progress of projects under construction. Through the audit communication meetings, they engaged in thorough communication with the external auditors to understand the audit of the Company's financial report 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 on 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' and senior management's liabilities in respect of any legal actions taken against Directors 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. Lectures, 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} |
|--|-----------------------------------|
| <i>Non-executive Directors</i> | |
| Mr. FAN Yunjun | A, B |
| Ms. LIU Kun | A, B |
| <i>Executive Directors</i> | |
| Mr. CHANG Zhujun | A, B |
| Mr. WANG Yuehao | A, B |
| Mr. WANG Xuan | A, B |
| <i>Independent Non-Executive Directors</i> | |
| 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, lectures, seminars and relevant training sessions

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

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 hold degrees in various areas and have experience from different industries and sectors. As at the date of this annual report, the Board comprises eight Directors, including 2 non-executive Directors, 3 executive Directors

and 3 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, the Audit and Risk Management Committee and Shareholders individually or collectively holding 1% or more of the issued Shares of the Company shall have the right to nominate candidates for Directors (including independent Directors) who are not employee representatives. 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 define their authority and duties. The rules of procedure of each of the Board Committees are posted on the Company's website and 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, the internal audit function and the external auditors;
- To exercise duties and powers of the Supervisory Committee as stipulated in the Company Law; and
- To be responsible for other matters as conferred by laws, administrative regulations, departmental rules, normative documents, 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 authorized by the Board.

During the Reporting Period, the Audit and Risk Management Committee held 6 meetings, at which 17 resolutions regarding, among others, the Company's regular reports and quarterly results, final financial report, provision for asset impairment, internal control work report, internal control assessment report, internal audit work report and work plan, re-appointment of auditors, determination of audit fees, and revisions to the terms of reference of the committee, were considered. The committee also heard briefings on matters including the Special Inspection Report on the Implementation of Major Matters of the Company for 2024 and the Special Inspection Report on the Implementation of Major Matters of the Company for the First Half of 2025.

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 appraisals, and formulate and review remuneration policies and schemes for them, including remuneration determination mechanisms, decision-making processes, payment, and clawback and recoupment arrangements, 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 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 comparable 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, administrative regulations, departmental rules, normative documents, relevant regulatory rules of the securities regulatory authority and the stock exchange at the place where the securities of the Company are listed, these Rules of Procedure and the Board.

During the Reporting Period, the Remuneration and Evaluation Committee held 4 meetings, at which 6 resolutions regarding, among others, results of annual performance evaluation and performance-based annual salary distribution plans for senior management, annual remuneration of Directors and senior management, 2024 labor cost settlement evaluation results and 2025 labor cost budget of the Company, and revisions to the terms of reference of the committee, were considered and approved.

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, 2025 are set out below:

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



Nomination Committee

The Nomination Committee consists of five members, including two executive Directors, namely Mr. CHANG Zhujun and Mr. WANG Yuehao, three independent non-executive Directors, namely Mr. WANG Qiang, Mr. GE Ming and Ms. WANG Ying. 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, give full consideration to factors such as the composition and professional structure of the Board, select and review the candidates for Directors and senior management and their qualifications, and make recommendations to the Board on the following matters: (1) nomination, appointment and removal of Directors and succession planning for Directors (especially the chairman of the Board and the president); and (2) appointment or dismissal of senior management;
- to evaluate the qualifications of Directors and senior management, and to make timely recommendations on their removal/dismissal to the Board should any disqualification be identified;
- to review the structure, size and composition (including the skills, knowledge and experience) of the Board and assist the Board in compiling the Board skills sheet at least annually and make recommendations on any proposed changes to the Board to complement the corporate strategy;
- to formulate measurable objectives and ensure the diversity of the Board based on the actual situation of the Company and taking into account factors such as gender, age, cultural and educational background or professional experience;
- to assess the independence of independent non-executive Directors;
- to support the Company in regularly evaluating the performance of the Board and to assess the time commitment and contribution of each Director to the Board and his/her ability to discharge his/her responsibilities effectively; and
- other functions and powers conferred by laws, administrative regulations, departmental rules, normative documents, relevant regulatory rules of the securities regulatory authority and the stock exchange at the place where the Company's securities are listed and the Articles of Association or the Board.

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 4 meetings, at which 7 resolutions regarding, among others, appointment of senior management, including chief accountant, Board secretary, joint company secretary, general counsel (chief compliance officer), and vice president, as well as assessment of the independence of independent non-executive Directors and revisions to the terms of reference of the 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 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 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;
- 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.

During the Reporting Period, the Strategy and Sustainability Committee held 2 meetings, at which 3 resolutions regarding, among others, annual ESG report, annual investment plan and revisions to the terms of reference of the committee, were considered and approved.

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 meetings of the Board and Board Committees and the general meetings of the Company during the Reporting Period is set out in the table below:

| Name of Director | Attendance/Number of Meetings | | | | | | |
|------------------|-------------------------------|-------------------------------------|---------------------------------------|----------------------|---------------------------------------|------------------------|------------------------|
| | 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 | 7/7 | N/A | N/A | N/A | 2/2 | 0/1 | 0/1 |
| Ms. LIU Kun | 6/7 ^(Note) | N/A | N/A | N/A | 2/2 | 0/1 | 0/1 |
| Mr. CHANG Zhujun | 7/7 | N/A | N/A | 4/4 | 2/2 | 1/1 | 1/1 |
| Mr. WANG Yuehao | 7/7 | N/A | N/A | 4/4 | N/A | 0/1 | 0/1 |
| Mr. WANG Xuan | 7/7 | N/A | N/A | N/A | 2/2 | 1/1 | 1/1 |
| Mr. GE Ming | 7/7 | 6/6 | 4/4 | 4/4 | N/A | 1/1 | 1/1 |
| Ms. WANG Ying | 7/7 | 6/6 | 4/4 | 4/4 | N/A | 1/1 | 0/1 |
| Mr. WANG Qiang | 7/7 | 6/6 | 4/4 | 4/4 | 2/2 | 1/1 | 1/1 |

Note: Instances where the actual attendance is less than the required attendance are due to the Director not attending in person but instead appointing another Director to attend on his/her behalf.

The chairman of the Board held 1 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 for next year.



The Company held the 2024 annual Board meeting



The Company held the audit communication meeting

RISK MANAGEMENT

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. To address these challenges, our Audit and Risk Management Committee is responsible for reviewing the Company’s financial information and its disclosure, and overseeing and evaluating the establishment of the Company’s internal control, risk management and compliance management systems.

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 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.

In 2025, the Company continued to improve its dynamic monitoring mechanism for significant risks. Focusing on the major risk items identified at the beginning of the year, it conducted ongoing quarterly tracking, assessment, and list-based management throughout the year. By dynamically updating records, analyzing changes in the external environment, and identifying potential operational risks, the Company ensured that significant risks remained within the monitoring scope and under control. In addition, the Company steadily advanced the establishment of a tiered and classified management model for its subsidiaries. Based on indicators such as business nature, management capabilities and risk profiles, it conducted systematic evaluations of enterprises at all levels. For the 6 category A subsidiaries, a risk early-warning indicator system comprising 91 indicators covering operational performance, financial position, inventory, compliance, safety and environmental protection was established. Indicator monitoring was conducted quarterly throughout the year, continuously identifying volatility trends and potential risks, which provided precise support for taking preemptive countermeasures.

The Company has 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 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”, realizing quantified, routine and visual management of operational risks across the Company’s important business segments.

To further enhance its risk quantification capabilities, the Company has also improved the methodological robustness and applicability of its early-warning indicator design. Focusing on its business objectives, the Company conducted a re-evaluation of its risk early-warning indicators, optimizing and refining the existing indicator system based on the review and analysis of historical tracking data. In addition, the Company selected key subsidiaries for pilot programs, actively promoting the extension of risk early-warning monitoring to key tier-three enterprises (三級企業).

In 2025, the Company actively advanced digitalized risk management, achieving the online integration and visual presentation of risk information for key subsidiaries. This transition has made risk assessment more intuitive and data-supported, driving a shift from experience-based to data-driven risk management and enhancing the precision and foresight of our risk governance.

To effectively prevent and mitigate major operational risks for the Company and its affiliates, the Company organized a comprehensive risk screening this year. This initiative involved a thorough investigation into risk events across all business sectors of the Company and its affiliates, and an in-depth analysis of their root causes. By formulating specific mitigation measures and resolving major operational risks, the Company has consistently strengthened its overall management and operational capabilities.

Internal Control

The Company has established an internal control management organizational system comprising the Board, the management, the internal control development department, the internal control operation department, and the internal control supervision and management department. Internal control management implements a “unified leadership and tiered responsibility” management system, adopting a combined approach of comprehensive management by the internal control supervision and management department and professional management by functional departments. During the Reporting Period, we regularly reviewed and strengthened the internal control system. The following 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 provided periodic training on these measures and procedures to our employees as part of our employee training program.

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) review the financial information of the Company and its disclosures; (ii) supervise and evaluate internal and external audit work; and (iii) supervise and evaluate the internal control, risk management and the construction of compliance management system of the Company and exercise the powers and functions of the supervisory committee as prescribed by the Company Law.
- We require all of our Directors, senior management and employees to behave at all times with honesty, ethics and within the confines of applicable laws 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 for external legal advisors and/or any appropriate accredited institutions to provide various training sessions from time to time, to update our Directors, 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.

During the Reporting Period, the Company revised its Information Disclosure Management System to provide general guidelines for Directors, senior management and relevant employees on 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. During the Reporting Period, the Company has amended 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. During the Reporting Period, the Company has also amended the Insider Registration and 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 2025 Internal Control Evaluation Report of the Company has been reviewed and approved by the Board and 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 at December 31, 2025, 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 at December 31, 2025, 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.

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, 2025, 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, 2025, approximately 59.84% 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, 2025.

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 Auditor's Report.

AUDITORS' REMUNERATION

The following table sets forth the types of and the fees for the services provided by the domestic and international external auditors to the Group in 2025:

| Services provided by Ernst & Young Hua Ming LLP and Ernst & Young and other Ernst & Young member firms | Fees paid/payable RMB'000 |
|---|------------------------------|
| Audit services ⁽¹⁾ | 5,680 |
| Non-audit services ⁽²⁾ | 7,659 |
| Total | 13,339 |

Notes:

- (1) The audit services include audit of financial reporting, audit of internal control, etc.
- (2) The non-audit services include comprehensive management advisory services, income tax settlement related services, due diligence services, etc.

JOINT COMPANY SECRETARIES

Mr. YANG Hongyi and Ms. ZHANG Xiao acted as joint company secretaries of the Company. For the biographical details of Mr. YANG Hongyi, please refer to the section headed "Profiles of Directors and Senior Management" in this annual report.

Ms. ZHANG Xiao, vice president of SWCS Corporate Services Group (Hong Kong) Limited, was appointed as a joint company secretary of the Company in August 2022. The key contact person between Ms. ZHANG Xiao and the Company is Mr. YANG Hongyi. During the Reporting Period, Mr. YANG Hongyi 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 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 2/3 of the number stipulated in the Articles of Association;
- when the unrecovered losses of the Company amount to 1/3 of the total 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 Audit and Risk Management 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 unable or fails to perform his/her duties, the meeting shall be presided over by the vice chairman of the Board (where there are two or more vice chairmen of the Board in the Company, the vice chairman of the Board jointly elected by a majority of the Directors shall preside over the meeting); in the event that the vice chairman of the Board is unable or fails to perform his/her duties, a Director jointly elected by a majority of the Directors shall preside over the meeting.

A general meeting convened by the Audit and Risk Management Committee on its own initiative shall be presided over by the convener of the Audit and Risk Management Committee. In the event that the convener of the Audit and Risk Management Committee is unable or fails to perform his/her duties, a member of the Audit and Risk Management Committee jointly elected by a majority of the members of the Audit and Risk Management Committee shall preside over the meeting.

A general meeting convened by Shareholders on their own initiative shall be presided over by the convener or a representative elected by them.

Putting Forward Proposals at General Meetings

Shareholders who individually or collectively hold over 1% of the Shares of the Company may submit written provisional proposals to the convener 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, announce the contents of the provisional proposals on the agenda, and submit the provisional proposals to the general meeting for consideration.

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, departmental rules, normative documents, relevant listing rules of the stock exchanges where the Shares of the Company 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 investors' 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 endeavors 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.

The Company has established the Investor Relations Management Policy, continuously improving its communication mechanisms and engagement practices with investors. Driven by investor needs, the Company constantly enriches and refines diversified investor communication channels. The Company maintains positive communication and engagement with investors through various means, such as results presentations, operational update meetings, online and offline investor research meetings, on-site surveys, brokerage strategy conferences, domestic and overseas roadshows, and investor open days. 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 official 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 twice. For details, please refer to the announcement dated March 28, 2025, the circular dated May 7, 2025, the announcement dated October 30, 2025 and the circular dated November 5, 2025 of the Company.

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

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.

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 for consideration. The Board 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 before submission to the general meeting for consideration and approval.

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.





DIRECTORS' REPORT

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, with its product categories covering tobacco, wines & spirits, fragrances & cosmetics, watches & jewellery, apparel & bags, electronics, food, etc. 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 major 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, 2025 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, 2025, 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, 2025, 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.

Dividend for the First Three Quarters of 2025

At the 26th meeting of the fifth session of the Board held on October 30, 2025, the Board considered and approved the proposal to declare a dividend of RMB0.25 (inclusive of tax) per share (representing an aggregate amount of RMB517.21 million (inclusive of tax) based on the total number of issued Shares of the Company as at the end of the nine months ended September 30, 2025 (the "First Three Quarters of 2025") for the First Three Quarters of 2025.

The dividend for the First Three Quarters of 2025 mentioned above was approved at the Company's 2025 first extraordinary general meeting and was paid to the A Shareholders on December 15, 2025 and H Shareholders around January 15, 2026. For details regarding the payment of the dividend for the First Three Quarters of 2025, please refer to the notice and circular of the extraordinary general meeting both dated November 5, 2025 published on the Company's website and HKEX's website.

Final Dividend for 2025

The Board proposed to declare a final dividend of RMB0.45 (inclusive of tax) per share (representing an aggregate amount of RMB935.01 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, 2025.

The aforesaid dividend distribution proposed is subject to the consideration and approval at the 2025 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, 2025 will be paid to Shareholders on or about Friday, August 28, 2026. Please refer to the AGM circular of the Company to be published on the Company's website and 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 132 to 139 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, discharge of air, water and solid waste and noise control. During the year ended December 31, 2025, 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 2025 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 157 of this annual report.

RESERVES

The amounts of the Group's reserves and the movements therein for the current year 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 156 of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2025, the Company's distributable reserves, calculated in accordance with PRC rules and regulations, were RMB2,878.81 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. As of December 31, 2025, 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 and listing of H Shares by the Company 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\$8,790.28 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 timeframe 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, 2024 | 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 construction of duty-free stores (departure and arrival) at traditional ports, construction of duty-free stores in key airports, investment in downtown duty-free stores, development of duty-paid travel retail projects at transportation hubs, etc. | 9,805.78 | 5,011.15 | 880.62 | 3,914.01 | To be utilized before end of 2027 |
| To expand overseas channels, including development of overseas downtown duty-free stores, development of duty-free stores in key overseas airports, construction of duty-free stores on cruise ships, investment in merger and acquisition of overseas travel retail operators, etc. | 3,493.65 | 798.78 | 0 | 2,694.88 | To be utilized before end of 2027 |
| To improve supply chain efficiency, including construction of distribution centers, upgrading of supply chain and consolidation 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 digitalization | 232.91 | 232.91 | – | – | Fully utilized |
| For marketing and further improving our customer loyalty program | 582.28 | 224.67 | 116.35 | 241.25 | 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 | 8,224.76 | 996.97 | 8,790.28 | |

Notes:

- (1) The total net proceeds of HK\$18,012.01 million from the issue and listing of H Shares by the Company on the Hong Kong Stock Exchange consist 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 timeframe 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:

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SUPERVISORS

During the Reporting Period and as of November 24, 2025, the Company has the following Supervisors:

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

On November 24, 2025, as considered and approved at the EGM, the Company abolished the Supervisory Committee and amended the Articles of Association. The relevant functions of the former Supervisory Committee shall be exercised by the Audit and Risk Management Committee, and the Company will no longer maintain the Supervisory Committee or Supervisors.

INFORMATION CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Company as at the Latest Practicable Date are set out in the section headed “Profiles of Directors and Senior Management” of this annual report.

On February 26, 2025, as considered and approved by the Board, Mr. YANG Hongyi was appointed as general accountant of the Company. For details, please refer to the announcement of the Company dated February 26, 2025.

On March 28, 2025, as considered and approved by the Board, Ms. SUN Fang was appointed as vice president of the Company. For details, please refer to the announcement of the Company dated March 28, 2025.

Since May 23, 2025, Ms. WANG Ying, an independent non-executive Director, has served as independent director of Jointown Pharmaceutical Group Co., Ltd. (stock code: 600998.SH).

On May 29, 2025, Mr. CHANG Zhujun resigned from the positions of Board secretary and joint company secretary of the Company due to work adjustments. On the same date, as considered and approved by the Board, Mr. YANG Hongyi was appointed as Board secretary and joint company secretary of the Company. For details, please refer to the announcement of the Company dated May 29, 2025.

On September 22, 2025, Ms. ZHAO Feng resigned as vice president of the Company due to her retirement. For details, please refer to the announcement of the Company dated September 22, 2025.

Since November 17, 2025, Mr. GE Ming, an independent non-executive Director, has served as independent director of Bona Film Group Co., Ltd. (博納影業集團股份有限公司, stock code: 001330.SZ).

Effective from March 15, 2026, due to work adjustments, Ms. LIU Kun ceased to serve as vice president of CTG. Effective from March 15, 2026, Ms. LIU Kun was appointed as a director of CTG.

Save as disclosed in this annual report, as of the Latest Practicable Date, there were no other changes in the information of the Directors or senior management of the Company that are required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

DIRECTORS' SERVICE CONTRACTS

The Company have entered into a contract with each of our Directors 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 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 financial services agreement entered into between us and CTG Finance on June 9, 2022 (the **"2022 Financial Services Agreement"**) expired on June 8, 2025, and in order to meet the operations management and business development needs of the Group, reduce funding costs and transaction expenses, and maximize capital efficiency, in 2025, the Board approved the execution of the 2025 financial services agreement (the **"2025 Financial Services Agreement"**) with CTG Finance, for a term from the effective date of the 2025 Financial Services Agreement (i.e., June 9, 2025) until December 31, 2027. For more details, please refer to the section headed "Directors' Report – Financial Services Agreement" in this annual report and the circulars of the Company dated June 9, 2023 and May 7, 2025.

Given that the 2025 daily related transaction framework agreement (the **"2025 Framework Agreement"**) expired on December 31, 2025, in order to meet the daily operation and development needs as well as the related transaction management needs of the Group, the Board agreed to enter into the 2026 daily related transaction framework agreement with CTG at the twenty-seventh meeting of the fifth session of the Board held on December 30, 2025 and such agreement was entered into on the same date. For details, please refer to the announcement of the Company dated December 30, 2025.

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' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement and contract of significance to the business of the Company to which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director 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 in accordance with the Company's remuneration management system and the principle of linking remuneration with performance, taking into account various factors such as position responsibilities, overall competencies and performance appraisal results.

Directors who hold positions at shareholder entities shall receive remuneration from such entities as 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 remuneration from such entities as 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, while meeting allowance is a subsidy for independent non-executive Directors to participate in the meetings of the Board and committees of the Board.

Details of emoluments of Directors and Supervisors (prior to the abolition of the Supervisory Committee on November 24, 2025) 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 129 to 131 of this annual report.

During 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, 2025.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended December 31, 2025, 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 did 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, 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 and senior management of the Company, the Controlling Shareholders of the Company or their respective connected persons.

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

As at December 31, 2025, none of our Directors 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 OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2025, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executives 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 equity in relevant class of Shares | Approximate percentage of equity in the Company's issued share capital |
|---|------------------------------------|-------------------------------|--|--|
| CTG ⁽¹⁾ | Beneficial owner | 1,040,642,690 A Shares (L) | 53.30% | 50.30% |
| China State-Owned Enterprises Mixed Ownership Reform Fund Co., Ltd. | Beneficial owner | 7,452,300 H Shares (L) | 6.40% | 0.36% |
| China Chengtong Holdings Group 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

Notes:

- (1) CTG is a state-owned enterprise under the control and supervision of the Central SASAC.
- (2) China Chengtong Holdings Group Ltd. holds 33.95% equity interests 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, 2025, 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 0.44% of the Company's total revenue. The Company's five largest customers accounted for 0.65% 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 17.74% of the Company's total purchase. The Company's five largest suppliers accounted for 56.09% of the Company's total purchase. The Company did not rely on any single supplier during the Reporting Period.

None of the Directors 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) had 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

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) (《國家稅務總局關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[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 Chinese mainland 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) 《非居民納稅人享受協定待遇管理辦法》(國家稅務總局公告 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 Company in order to enjoy the agreed treatment, and keep relevant materials for inspection. If the information provided is complete, the Company 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 Chinese mainland 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稅和防止偷漏稅的安排》(國稅函[2006]884 號)) signed in respect of income tax 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%.

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 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" (《企业所得税法》)) 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 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 organizations, which are all considered as non-resident enterprise shareholders), the Company shall distribute dividend after deducting 10% income tax.

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



HUMAN RESOURCES

The Group had 14,485 full-time employees as at December 31, 2025, among which, 59.84% are female and 40.16% are male. The Company enters into written employment agreements with our direct employees to set out the employee's position, responsibilities, remuneration, benefits and grounds of termination terms 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 Group in the future. In 2025, a total of over 1,000 key training programs were carried out, with 160,000 participants. A total of 790,000 training hours were completed, averaging 55 training hours per person.

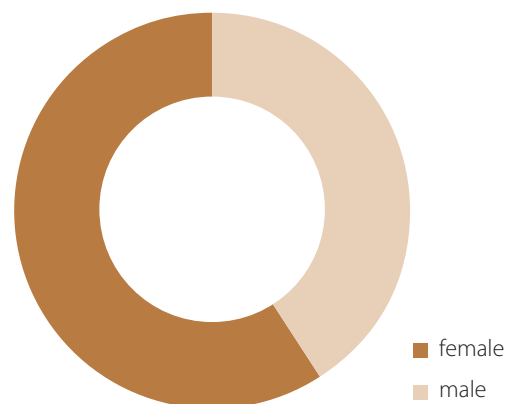
For middle and senior management, we organized specialized training programs focused on corporate strategy, innovation and development, leadership and other key topics to further enhance their managerial perspectives and broaden their international vision and strategic thinking.

For frontline business operations and management personnel, we continuously organized theme-based training sessions on internal control management, compliance operations, and integrity education, which was supplemented by on-site visits to benchmark enterprises, centralized training and exchange sessions, and research project presentations, to further strengthen internal control awareness, innovate business management models, and accelerate the growth of retail operations talents.

The Group had

14,485 full-time employees

among which, **59.84%** are female and **40.16%** are male



In 2025, the Group carried out over

1,000 key training programs

Involving

160,000 Participants

Completed

790,000 training hours

Average training hours per person

55 hours



The Group continuously strengthened the cultivation of various professional talents. Through various means including offline centralized training, online live streaming, and specialized courses, the Group provided training for frontline professional positions to further enhance the comprehensive capabilities of its professional staff. In terms of professional title evaluation, the Group actively encouraged all employees to apply for various professional titles. The number and quality of professional and technical talents steadily increased, providing a solid foundation and intellectual support for the Group's development. For occupational skill level certification, the Group continued to conduct its own "sales associate (商品營業員)" occupational skill level certification for key skilled personnel in that role, and has effectively established an internal system for skilled talent cultivation and certification, further opening up internal career development paths for our employees.

For new employees, we provided regular onboarding training programs to provide them an in-depth introduction to the duty-free industry, the Group's development history and key business overview. We have established an "onboarding training + examination and evaluation (入職培訓+考試評估)" system. Within three days of starting, all new employees would receive online learning courses and exams via our internal learning platform, helping new employees quickly integrate into the

Group. We attached great importance to the development of young talents by continuously carrying out management trainee programs. And through "job rotation + subject research (輪崗+課題研究)", the Company accelerated the growth of young talents and improved the core competitiveness of the organization.

The Group actively carried out training on scientific and technological innovation and AI intelligent office, continuously nurturing a digital mindset among all employees. Through a "theoretical teaching + practical exercise (理論教學+實操演練)" model, we comprehensively enhanced employees' innovation capabilities and office efficiency. Furthermore, through "cdf School (中免學堂)", we continuously pushed special series of courses on AI intelligent office and efficiency improvement, constantly consolidating training effectiveness, promoting the deep integration of AI technologies with business, and empowering the high-quality development of the Company.

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 has also built a learning brand of “cdf Pioneer Lecture (中免先鋒講堂)”, inviting influential experts and scholars in different fields such as politics, economy, history and culture to provide in-depth interpretations, so as to help officers and employees to study and grasp new concepts, new ideas and new strategies, understand the spirit and broaden their horizons.

The Group made full use of the online training platform “cdf School”, which is designed for all employees. The continuous updating and improvement of the online courses provided abundant resources for employees to enrich their professional knowledge and improve their business capabilities. In addition, to increase employees’ learning enthusiasm and engagement, and to deliver learning information to them in a timely manner, we also leveraged the WeChat official account of “cdf School” and the dedicated “cdf School Column” on WeCom to publish course pushes, knowledge sharing, and other content for employees from time to time.

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, 2025.

Daily Related Transaction Framework Agreement

We have entered into the 2025 Framework Agreement with CTG on December 31, 2024 for a term commencing from January 1, 2025 until December 31, 2025. Under the 2025 Framework Agreement, based on the actual needs of our own daily operation and office practices, we (1) purchased certain comprehensive services; and (2) leased the properties owned

by CTG Group from CTG Group. Meanwhile, the Group agreed to (1) provide certain comprehensive services; and (2) lease the properties owned by the Group to CTG Group according to the actual needs of CTG Group’s own daily operation and office practices. The relevant parties will enter into separate agreements to set out the specific terms and conditions of the services according to the principles and within the parameters provided for under the 2025 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

The pricing of certain comprehensive services under the 2025 Framework Agreement shall be determined according to the following principles and sequence:

- (1) Where the transaction is subject to government pricing (any pricing guidelines or recommended prices set by the PRC government or any regulatory authority), such price shall be directly applicable;
- (2) Where the transaction is subject to government-guided pricing, the transaction price shall be reasonably determined within the scope of the government-guided pricing;
- (3) In addition to government pricing or government-guided pricing, where the transaction has a comparable independent third-party market price or rate, the transaction price shall be determined with reference to such price or rate;
- (4) Where there is no comparable independent third-party market price for the transaction, the transaction price shall be determined with reference to the price of non-related party transactions between the related party and a third party independent of the related party; and
- (5) Where there is neither an independent third-party market price nor an independent non-related party transaction price for reference, a reasonable composition of price, i.e. reasonable costs plus reasonable profits, shall be used as the basis for pricing. Reasonable profit margin shall be determined with reference to the weighted average full cost markup rate of comparable peer companies for the past three years.

The rentals from property leasing under the 2025 Framework Agreement shall be determined according to the following principles:

- (1) With reference to the lease price between the lessor and an independent third party for a property situated in a similar location; and
- (2) In the absence of any of the above prices or if the above prices are not comparable, with reference to market rentals of similar properties in similar areas by both parties by mutual agreement based on the principle of fairness.

Reasons for Transactions

The transactions under the 2025 Framework Agreement are carried out based on the Group's business characteristics and daily operational activities, and are in line with the actual needs of the Group's operation and development. The purpose of this connected transaction is to ensure the sustainability and effectiveness of the Company's operation, which is conducive to the reasonable allocation of resources based on the resource advantages of both parties, and efficiently conduct business related to daily operations. The pricing of the 2025 Framework Agreement has followed the principles of fairness, justice and equity, which is in line with the interests of both parties to the transaction, and does not harm the interests of the Company and other shareholders (especially the minority shareholders), and will not adversely affect the Company's independence and ability to continue as a going concern.

Transaction Amounts and Annual Caps during the Reporting Period

Set out below are the annual caps for the purchase of certain comprehensive services by the Group from CTG Group under the 2025 Framework Agreement and the amounts of the relevant transactions for the year 2025:

| | Annual caps for the year ended December 31, 2025 (RMB million) | Transaction amounts for the year ended December 31, 2025 (RMB million) |
|--|---|--|
| Certain comprehensive services purchased by the Group from CTG Group | 250.00 | 133.54 |

Financial Services Agreement

We have entered into a financial services agreement with CTG Finance on June 9, 2022 (the "2022 Financial Services Agreement") 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. Given that the 2022 Financial Services Agreement has expired on June 8, 2025, in order to meet our own operations management and business development needs, reduce funding costs and transaction expenses, and maximize capital efficiency, we agreed to enter into the 2025 financial services agreement with CTG Finance in 2025 (the "2025 Financial Services Agreement"), for a term from the effective date of the 2025 Financial Services Agreement (i.e., June 9, 2025) until December 31, 2027. The 2025 Financial Services Agreement and the transactions thereunder were approved at the general meeting held on May 27, 2025 and renewed to December 31, 2027. For further details of the Deposit Services and the renewal of the annual caps of the Deposit Services under the 2022 Financial Services Agreement, together with the annual caps of the Deposit Services under the 2025 Financial Services Agreement, please refer to the circulars of the Company dated June 8, 2023 and May 7, 2025, respectively.

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 granted by 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, and such loans shall not require the Group's assets to be collateral.

Service fees charged for other loan services provided by CTG Finance to the Group shall not be higher than the service fees offered by major commercial banks or institutions 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

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

4. Other Financial Services

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

5. Cross-Border Cash Pooling Services

CTG Finance shall not charge the Group any fees for relevant services of cross-border transmission and utilization of funds through the cross-border domestic and foreign currencies cash pooling arrangement of CTG Finance.

6. Foreign Exchange Settlement and Sales Services

The exchange rate for the real-time foreign exchange settlement and sales business provided by CTG Finance to the Group shall be the latest quoted rate obtained from the interbank foreign exchange market, and CTG Finance shall not charge the Group any additional fees to earn profits from the exchange rate spread or any handling fees for such services.

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 National Financial Regulatory Administration. 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 issued by the National Financial Regulatory Administration is more stringent than the regulation applicable to 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 2025 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 and the interest rates offered by CTG Finance to other members of the CTG Group for similar services during the same period. The 2025 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 relevant regulatory authorities 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 2025 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 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 more expedient and efficient services in terms of processing transactions for the Group than other major commercial banks given the close relationship between CTG Finance and the Group.

Transaction Amounts during the Report Period

For the year ended December 31, 2025, the maximum daily deposit balance placed with CTG Finance in respect of, and the interest income from, the Deposit Services under the 2025 Financial Services Agreement were RMB15,728.15 million and RMB145.13 million, respectively.

Annual Caps

The annual caps for the Deposit Services under the 2022 Financial Services Agreement and the 2025 Financial Services Agreement are set out below:

| | From January 1, 2025 to June 8, 2025 (RMB million) | From June 9, 2025 to December 31, 2025 (RMB million) | For the year ending December 31, 2026 (RMB million) | For the year ending December 31, 2027 (RMB million) |
|--|--|--|---|---|
| Maximum daily deposit balance placed with CTG Finance in respect of the Deposit Services | 18,000 | 18,000 | 18,000 | 18,000 |

| | From January 1, 2025 to June 8, 2025 (RMB million) | From June 9, 2025 to December 31, 2025 (RMB million) | For the year ending December 31, 2026 (RMB million) | For the year ending December 31, 2027 (RMB million) |
|---|--|--|---|---|
| Interest income from the Deposit Services | 275.0 | 277.9 | 476.5 | 476.5 |



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 FOR DIRECTORS

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) in relation liability insurance for Directors and senior management is currently in force and was in force during the Reporting Period.

DONATIONS

During the Reporting Period, the Group made total donations of RMB17.48 million, including RMB16.88 million in gratuitous assistance funds allocated to designated paired-assistance counties, and the donation of school uniforms valued at RMB0.60 million.

AUDITORS

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

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Company was 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 30, 2026

INDEPENDENT AUDITOR'S REPORT





INDEPENDENT AUDITOR'S REPORT



Ernst & Young
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Quarry Bay, Hong Kong

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Independent auditor's report

To the shareholders of China Tourism Group Duty Free Corporation Limited

(A joint stock company 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 177, which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as 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 ("HKSA") as 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"), as applicable to audits of financial statements of public interest entities. We have also 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 |
| <p>As at 31 December 2025, the carrying amount of inventories of the Group was RMB15,783 million, of which provisions for impairment amounting to RMB482 million. The inventories of the Group are mainly goods, including tobacco, alcohol, perfumes, cosmetics and luxury goods. Inventories are stated at the lower of cost and net realisable value.</p> <p>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.</p> <p>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.</p> <p>Related disclosures are included in note 2(n), note 3 and note 19 to the consolidated financial statements.</p> | <p>Our audit procedures for assessing the impairment provision for inventories included the following:</p> <ul style="list-style-type: none"> • 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)

| Test for impairment of goodwill | |
|---|--|
| Key audit matter | How the matter was addressed in our audit |
| <p>As at 31 December 2025, the carrying amount of goodwill of the Group was RMB823 million, of which provision for impairment amounting to RMB338 million, which is mainly relating to the acquisition of Sunrise Duty Free (Shanghai) Co. Ltd. in 2018.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Related disclosures are included in note 2(h), note 2m(ii), note 3 and note 15 to the consolidated financial statements.</p> | <p>Our audit procedures for testing the impairment of goodwill included the following:</p> <ul style="list-style-type: none"> • 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. |

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 as 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 HKSA's 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 HKSA's, 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 (practising certificate number: P04626).

Ernst & Young

Certified Public Accountants

Hong Kong

30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|-------|---------------------|-----------------|
| Revenue | 4 | 53,693,579 | 56,473,848 |
| Cost of sales | | (36,641,831) | (39,127,050) |
| Gross profit | | 17,051,748 | 17,346,798 |
| Other income and other net gains | 5 | 1,274,707 | 1,496,291 |
| Selling and distribution costs | | (9,668,877) | (10,056,114) |
| Administrative expenses | | (2,570,437) | (2,336,436) |
| Research and development expenses | | (89,978) | (19,874) |
| (Impairment losses)/reversal of impairment losses on trade and other receivables | | (3,502) | 2,662 |
| Other expenses | | (345,590) | – |
| Profit from operations | | 5,648,071 | 6,433,327 |
| Finance costs | 6(a) | (178,416) | (202,501) |
| Share of profits and losses of: | | | |
| Joint ventures | | (25,608) | (19,889) |
| Associates | | (64,980) | 13,747 |
| Profit before taxation | 6 | 5,379,067 | 6,224,684 |
| Income tax expense | 7 | (1,628,922) | (1,307,130) |
| Profit for the year | | 3,750,145 | 4,917,554 |

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|-------|------------------|-----------------|
| Other comprehensive (loss)/income for the year (after tax) | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| – Exchange differences on translation of foreign operations | | (507,289) | 412,917 |
| Total comprehensive income for the year | | 3,242,856 | 5,330,471 |
| Profit for the year attributable to: | | | |
| Equity shareholders of the Company | | 3,643,905 | 4,323,643 |
| Non-controlling interests | | 106,240 | 593,911 |
| Profit for the year | | 3,750,145 | 4,917,554 |
| Total comprehensive income attributable to: | | | |
| Equity shareholders of the Company | | 3,135,073 | 4,737,793 |
| Non-controlling interests | | 107,783 | 592,678 |
| Total comprehensive income for the year | | 3,242,856 | 5,330,471 |
| Earnings per share | | | |
| Basic and diluted (RMB) | 10 | 1.7613 | 2.0899 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

| | Notes | 31 December 2025 RMB'000 | 31 December 2024 RMB'000 |
|--|-------|-----------------------------|-----------------------------|
| Non-current assets | | | |
| Investment properties | 11 | 818,426 | 1,428,845 |
| Right-of-use assets | 12 | 3,138,062 | 3,645,321 |
| Other property, plant and equipment | 13 | 8,926,584 | 8,146,458 |
| Intangible assets | 14 | 210,087 | 172,984 |
| Goodwill | 15 | 484,801 | 822,660 |
| Interests in associates | 17 | 2,354,303 | 2,430,931 |
| Interests in joint ventures | 18 | 1,201,623 | 1,238,780 |
| Deposits and other receivables | 20 | 332,221 | 518,646 |
| Other non-current assets | 21 | 529,129 | 532,082 |
| Deferred tax assets | 27(b) | 670,616 | 1,211,198 |
| Total non-current assets | | 18,665,852 | 20,147,905 |
| Current assets | | | |
| Inventories | 19 | 15,301,622 | 17,348,383 |
| Trade and other receivables | 20 | 7,102,900 | 3,736,681 |
| Income tax recoverable | 27(a) | 39,804 | 58,059 |
| Cash and time deposits | 22 | 33,781,245 | 34,817,316 |
| Total current assets | | 56,225,571 | 55,960,439 |
| Current liabilities | | | |
| Trade and other payables | 23 | 7,173,010 | 8,414,979 |
| Contract liabilities | 24 | 1,016,700 | 1,115,178 |
| Interest-bearing borrowings | 25 | 656,600 | 544,088 |
| Lease liabilities | 26 | 510,729 | 634,318 |
| Income tax payable | 27(a) | 289,882 | 260,469 |
| Total current liabilities | | 9,646,921 | 10,969,032 |
| Net current assets | | 46,578,650 | 44,991,407 |
| Total assets less current liabilities | | 65,244,502 | 65,139,312 |

| | Notes | 31 December 2025 RMB'000 | 31 December 2024 RMB'000 |
|--|-------|-----------------------------|-----------------------------|
| Non-current liabilities | | | |
| Interest-bearing borrowings | 25 | 2,848,680 | 2,567,047 |
| Lease liabilities | 26 | 1,161,983 | 1,566,193 |
| Defined benefit obligations | | 1,090 | 1,090 |
| Deferred tax liabilities | 27(b) | 33,625 | 37,391 |
| Deferred income | | 165,046 | 171,281 |
| Total non-current liabilities | | 4,210,424 | 4,343,002 |
| Net assets | | | |
| Capital and reserves | 28 | 61,034,078 | 60,796,310 |
| Share capital | | 2,068,859 | 2,068,859 |
| Reserves | | 53,327,181 | 52,896,900 |
| Total equity attributable to equity shareholders of the Company | | 55,396,040 | 54,965,759 |
| Non-controlling interests | | 5,638,038 | 5,830,551 |
| Total equity | | 61,034,078 | 60,796,310 |

Approved and authorised for issue by the board of directors on 30 March 2026.

FAN Yunjun
Director

CHANG Zhujun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

| Note | Attributable to owners of the Company | | | | | | | Non-controlling interests | Total equity |
|---|---------------------------------------|------------------|--------------------|-------------------|------------------|-------------------|-------------|---------------------------|--------------|
| | Share capital | Capital reserve* | Statutory reserve* | Exchange reserve* | Other reserves* | Retained profits* | Total | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | | |
| | (note 28(c)) | (note 28(d)(i)) | (note 28(d)(ii)) | (note 28(d)(iii)) | (note 28(d)(iv)) | | | | |
| 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 |

| Attributable to owners of the Company | | | | | | | | | |
|---|-------------------------|----------------------------|-----------------------------|------------------------------|-----------------------------|-------------------|-------------|---------------------------|--------------|
| Note | Share capital | Capital reserve* | Statutory reserve* | Exchange reserve* | Other reserves* | Retained profits* | Total | Non-controlling interests | Total equity |
| | RMB'000 (note 28(c)) | RMB'000 (note 28(d)(i)) | RMB'000 (note 28(d)(ii)) | RMB'000 (note 28(d)(iii)) | RMB'000 (note 28(d)(iv)) | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2025 | 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 |
| Profit for the year | - | - | - | - | - | 3,643,905 | 3,643,905 | 106,240 | 3,750,145 |
| Other comprehensive loss | - | - | - | (508,832) | - | - | (508,832) | 1,543 | (507,289) |
| Total comprehensive income | - | - | - | (508,832) | - | 3,643,905 | 3,135,073 | 107,783 | 3,242,856 |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | 11,018 | 11,018 |
| Capital contributions from non-controlling shareholders of subsidiaries | - | - | - | - | - | - | - | 95,150 | 95,150 |
| Acquisition of non-controlling interests | - | (15,275) | - | - | - | - | (15,275) | (10,037) | (25,312) |
| Disposal of subsidiaries | - | - | - | - | - | - | - | (76,519) | (76,519) |
| Dividends declared and paid in respect of the previous year | 28(b) | - | - | - | - | (2,172,302) | (2,172,302) | - | (2,172,302) |
| Interim 2025 dividend | 28(b) | - | - | - | - | (517,215) | (517,215) | - | (517,215) |
| Dividends paid to non-controlling shareholders of subsidiaries | - | - | - | - | - | - | - | (319,908) | (319,908) |
| At 31 December 2025 | 2,068,859 | 17,427,042 | 1,050,986 | 666,301 | (210) | 34,183,062 | 55,396,040 | 5,638,038 | 61,034,078 |

* These reserve accounts comprise the consolidated reserves of RMB53,327,181,000 (2024: RMB52,896,900,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|--|-------|------------------|------------------|
| Operating activities | | | |
| Profit before taxation | | 5,379,067 | 6,224,684 |
| Adjustments for: | | | |
| Depreciation of investment properties | 11 | 46,137 | 48,570 |
| Depreciation of right-of-use assets | | 436,536 | 623,377 |
| Depreciation of other property, plant and equipment | 13 | 726,031 | 770,819 |
| Amortisation of intangible assets | 14 | 39,287 | 33,009 |
| Impairment of other property, plant and equipment | 13 | 7,732 | – |
| Finance costs | 6(a) | 178,416 | 202,501 |
| Share of losses of joint ventures and associates, net | | 90,588 | 6,142 |
| Gains on disposal of items of other property, plant and equipment and other non-current assets, net | | (50,050) | (23,615) |
| Gains on disposal of associates | | – | (1,731) |
| Gain arising from the remeasurement of equity interests previously held at fair value at the date of purchase | | – | (774) |
| Interest income | | (58,121) | (44,947) |
| Exchange gains, net | 5 | (224,639) | (115,272) |
| Impairment of goodwill | | 337,859 | – |
| Other | | 2,676 | (67,446) |
| Changes in working capital: | | | |
| Decrease in inventories | | 2,046,761 | 3,708,532 |
| (Increase)/decrease in trade and other receivables | | (1,075,764) | 550,960 |
| Decrease in restricted bank deposits | | – | 36,265 |
| Decrease in deposits and other receivables | | 186,425 | 11,880 |
| Decrease in other non-current assets | | 2,953 | 115 |
| Decrease in trade and other payables | | (864,070) | (2,483,015) |
| (Decrease)/increase in deferred income | | (6,235) | 128,322 |
| Decrease in contract liabilities | | (98,478) | (100,653) |
| Cash generated from operations | | 7,103,111 | 9,507,723 |
| Tax paid | 27(a) | (1,044,551) | (1,568,396) |
| Net cash flows from operating activities | | 6,058,560 | 7,939,327 |

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|--|-------|--------------------|--------------------|
| Investing activities | | | |
| Purchases of other property, plant and equipment and other non-current assets | | (1,273,062) | (1,118,981) |
| Proceeds from disposal of other property, plant and equipment and other non-current assets | | 53,533 | 797 |
| Refund of investment deposit | | – | 368,379 |
| Payments for investments in associates and joint ventures | | – | (299,000) |
| Dividends received from associates and joint venture | | 16,299 | 1,879 |
| Payments of investment deposits and equity investment funds | | – | (369,971) |
| Proceeds from disposal of associates | | – | 68,738 |
| Acquisition of subsidiaries | | (5,022) | 18,309 |
| Purchase of time deposits | | (5,075,138) | (1,830,000) |
| Redemption of time deposits | | 2,803,045 | 2,705,545 |
| Net cash flows used in investing activities | | (3,480,345) | (454,305) |
| Financing activities | | | |
| Capital contributions from non-controlling shareholders of subsidiaries | | 95,150 | 15,710 |
| Payments to non-controlling shareholders due from disposal of subsidiaries | | (75,638) | (8,872) |
| Acquisition of non-controlling interests | | (26,256) | – |
| Proceeds from new bank loans and other loans | 22(c) | 708,089 | 63,661 |
| Repayment of bank loans and other loans | 22(c) | (310,087) | (146,224) |
| Dividends paid to shareholders of the Company | | (2,657,699) | (3,413,748) |
| Dividends paid to non-controlling shareholders of subsidiaries | | (357,639) | (58,778) |
| Interest paid | 22(c) | (85,580) | (83,761) |
| Capital element of lease rentals paid | 22(c) | (412,128) | (648,622) |
| Interest element of lease rentals paid | 22(c) | (60,190) | (86,433) |
| Net cash flows used in financing activities | | (3,181,978) | (4,367,067) |
| Net (decrease)/increase in cash and cash equivalents | | (603,763) | 3,117,955 |
| Cash and cash equivalents at beginning of year | | 34,773,157 | 31,752,192 |
| Effect of foreign exchange rate changes, net | | (429,810) | (96,990) |
| Cash and cash equivalents at end of year | 22(a) | 33,739,584 | 34,773,157 |
| Analysis of balances of cash and cash equivalents | | | |
| Cash and bank balances | | 19,298,234 | 21,225,990 |
| Non-pledged time deposits | | 14,441,350 | 13,547,167 |
| Cash and cash equivalents as stated in the statement of financial position | | 33,739,584 | 34,773,157 |
| Cash and cash equivalents as stated in the statement of cash flows | 22(a) | 33,739,584 | 34,773,157 |

NOTES TO FINANCIAL STATEMENTS

31 December 2025

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 as 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 2025 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 amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has considered the guidance in these illustrative examples and added related disclosures in note 15 to the financial statements.

(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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(d) Business combination (continued)

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.

(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:

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Revenue from contracts with customers within the scope of IFRS 15 | | |
| Sales of merchandise | | |
| – duty-free | 39,164,825 | 38,665,529 |
| – duty-paid | 13,387,872 | 17,094,964 |
| Others | 906,879 | 494,316 |
| Subtotal revenue | 53,459,576 | 56,254,809 |
| Revenue from other sources | | |
| Rental income from investment properties | 234,003 | 219,039 |
| Total revenue | 53,693,579 | 56,473,848 |

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 2025, the Group had revenue from contracts with customers recognised over time of RMB109,009,000 (2024: RMB35,175,000). All revenue from sales of merchandise and properties and the remaining service (except services of property management) income were recognised at a point in time.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Amounts expected to be recognised as revenue: | | |
| Within one year | 1,016,700 | 1,115,178 |

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 the Chinese mainland, 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.

The following tables present revenue and results for the Group’s operating segments for the years ended 31 December 2025 and 2024:

4. REVENUE AND SEGMENT REPORTING (continued)

(c) Segment reporting (continued)

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

Financial information of the Group's reportable segments for the years ended 31 December 2025 and 2024 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 2025 | | | | | |
| Revenue from external customers | 53,242,775 | 450,804 | 53,693,579 | – | 53,693,579 |
| Inter-segment sales | – | 1,374,404 | 1,374,404 | (1,374,404) | – |
| Reportable segment revenue | 53,242,775 | 1,825,208 | 55,067,983 | (1,374,404) | 53,693,579 |
| Share of net losses of joint ventures and associates | (62,775) | (27,813) | (90,588) | – | (90,588) |
| Write-down of inventories | (533,113) | – | (533,113) | – | (533,113) |
| Impairment losses on trade and other receivables | (2,823) | (679) | (3,502) | – | (3,502) |
| Depreciation and amortisation | (1,801,532) | (308,778) | (2,110,310) | 862,319 | (1,247,991) |
| Reportable segment profit before taxation | 4,433,610 | 669,680 | 5,103,290 | 275,777 | 5,379,067 |
| Income tax | (1,453,937) | (158,732) | (1,612,669) | (16,253) | (1,628,922) |
| Reportable segment net profit | 2,979,673 | 510,948 | 3,490,621 | 259,524 | 3,750,145 |
| Reportable segment assets | 69,057,095 | 14,546,097 | 83,603,192 | (8,711,769) | 74,891,423 |
| Reportable segment liabilities | 24,294,641 | 6,409,198 | 30,703,839 | (16,846,494) | 13,857,345 |

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 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 losses 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)

(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

| | 2025 RMB'000 | 2024 RMB'000 |
|-------------------------------|-----------------|-----------------|
| Chinese mainland | 48,890,503 | 51,732,496 |
| Hong Kong, Macau and overseas | 4,803,076 | 4,741,352 |
| Total revenue | 53,693,579 | 56,473,848 |

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

Specified non-current assets

| | 2025 RMB'000 | 2024 RMB'000 |
|-------------------------------|-----------------|-----------------|
| Chinese mainland | 17,211,744 | 17,482,315 |
| Hong Kong, Macau and overseas | 451,271 | 935,746 |
| Total non-current assets | 17,663,015 | 18,418,061 |

5. OTHER INCOME AND OTHER NET GAINS

| | 2025 | 2024 |
|--|------------------|------------------|
| | RMB'000 | RMB'000 |
| Interest income from financial assets measured at amortised cost | 891,138 | 1,159,210 |
| Net exchange gains | 224,639 | 115,272 |
| Government subsidies | 69,248 | 140,693 |
| Others | 89,682 | 81,116 |
| Total other income and other net gains | 1,274,707 | 1,496,291 |

6. PROFIT BEFORE TAXATION

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

(a) Finance costs

| | 2025 | 2024 |
|--|----------------|----------------|
| | RMB'000 | RMB'000 |
| Interest expenses on interest-bearing borrowings | 92,289 | 87,386 |
| Interest expenses on lease liabilities | 86,127 | 115,115 |
| Total | 178,416 | 202,501 |

(b) Staff costs (excluding directors' and supervisors' remuneration (note 8))

| | 2025 | 2024 |
|---|------------------|------------------|
| | RMB'000 | RMB'000 |
| Salaries, wages and other benefits | 3,146,588 | 3,090,571 |
| Contribution to defined contribution retirement plans | 276,960 | 308,829 |
| Total | 3,423,548 | 3,399,400 |

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. The Group has arranged for its Singapore employees to join a Central Provident Fund (the "CPF scheme"). Under the rules of the CPF scheme, contributions are made based on a percentage of the employees' basic wages and are charged to profit or loss as they become payable.

6. PROFIT BEFORE TAXATION (continued)

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

(c) Other items

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-------------------|-----------------|
| Cost of inventories (Note 19(b)) | 36,525,377 | 38,978,392 |
| Depreciation and amortisation of: | | |
| – Investment properties | 46,137 | 48,570 |
| – Right-of-use assets | 436,536 | 623,377 |
| – Other property, plant and equipment | 726,031 | 770,819 |
| – Intangible assets | 39,287 | 33,009 |
| Lease expenses not included in the measurement of lease liabilities: | | |
| – Variable and short-term leases (i) | 4,376,377 | 4,273,692 |
| Licensing fees for duty-free operation | 1,048,580 | 1,059,465 |
| Auditor's remuneration: | | |
| – Audit services | 5,680 | 6,930 |
| – Tax and other services | 7,659 | 10,076 |
| Gain on disposal of associates | – | (1,731) |

- (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:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Current tax – Hong Kong Profits Tax | | |
| Provision for corporate income tax ("CIT") for the year | 259,239 | 319,575 |
| Current tax – Chinese mainland (including Macau) and elsewhere | | |
| Provision for CIT for the year | 804,437 | 905,518 |
| Underprovision for CIT in prior years | 22,916 | 33,960 |
| Current tax | | |
| PRC land appreciation tax ("LAT") (i) | 5,627 | 9,784 |
| Deferred tax | | |
| Origination and reversal of temporary differences (Note 27(b)) | 536,703 | 38,293 |
| Total tax charge for the year | 1,628,922 | 1,307,130 |

- (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 Chinese mainland 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:

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Profit before taxation | 5,379,067 | 6,224,684 |
| Notional tax on profit before taxation, calculated at the PRC income tax rate of 25% (i) | 1,344,767 | 1,556,171 |
| Different tax rates of subsidiaries operating in other jurisdictions and statutory tax concessions (ii)(iii)(iv) | (390,185) | (285,241) |
| Underprovision in respect of previous periods | 22,916 | 33,960 |
| Non-taxable income | (40,690) | (50,613) |
| Losses attributable to joint ventures and associates | 22,647 | 1,535 |
| Non-deductible expenses | 9,933 | 19,929 |
| Utilisation of previously unrecognised tax losses | (54,075) | (40,344) |
| Utilisation of previously unrecognised temporary differences | (120,331) | (102,789) |
| Provision for LAT | 5,627 | 9,784 |
| Tax effect on LAT | (1,407) | (2,446) |
| Tax losses and temporary differences not recognised as deferred tax assets | 829,720 | 167,184 |
| Tax charge at the Group's effective rate | 1,628,922 | 1,307,130 |

- (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% (2024: 25%).
- (ii) The subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax at a rate of 16.5% (2024: 16.5%) and the subsidiaries of the Group incorporated in Macau are subject to Macau Profits Tax at a rate of 12% (2024: 12%). The subsidiary of the Group incorporated in Cambodia is subject to income tax at a rate of 20% (2024: 20%). The subsidiary of the Group incorporated in Sri Lanka is subject to income tax at a rate of 30% (2024: 30%). The subsidiary of the Group incorporated in Singapore is subject to income tax at a rate of 17% (2024: 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 2025 and 2024.

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 31 December 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 RMB3 million; (b) Number of employees does not exceed 300; (c) Total assets do not exceed RMB50 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. In addition, a qualified industrial enterprise registered in the Hainan FTP of the PRC will further enjoy preferential corporate income tax at a rate of 15% for the calendar years from 2025 to 2035.

The Group's eleven 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' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments of the directors and supervisors of the Company during 2025 and 2024 are as follows:

| | Year ended 31 December 2025 | | | | |
|--|-----------------------------|---|-----------------------|---------------------------------|---------------|
| | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Chairman: | | | | | |
| Mr. Fan Yunjun | - | - | - | - | - |
| Vice Chairlady: | | | | | |
| Ms. Liu Kun | - | - | - | - | - |
| Executive directors: | | | | | |
| Mr. Chang Zhujun | - | 1,695 | 1,009 | 175 | 2,879 |
| Mr. Wang Yuehao | - | 1,448 | 1,199 | 175 | 2,822 |
| Mr. Wang Xuan | - | 1,489 | 1,297 | 175 | 2,961 |
| Independent non-executive directors: | | | | | |
| Mr. Ge Ming | 226 | - | - | - | 226 |
| Ms. Wang Ying | 226 | - | - | - | 226 |
| Mr. Wang Qiang | 230 | - | - | - | 230 |
| Supervisor's chairman*: | | | | | |
| Mr. Liu Defu | - | - | - | - | - |
| Employee representative supervisors*: | | | | | |
| Ms. Li Hui | - | 743 | 549 | 160 | 1,452 |
| Ms. Dou Xiaoqiong | - | 743 | 634 | 146 | 1,523 |
| Total | 682 | 6,118 | 4,688 | 831 | 12,319 |

* On 24 November 2025, the Company, upon approval at the extraordinary general meeting of shareholders, has decided to discontinue the Supervisory Committee and the supervisors, with its functions and duties to be exercised by the Audit and Risk Management Committee. The Audit and Risk Management Committee comprises three independent non-executive Directors, namely Mr. Ge Ming, Ms. Wang Ying and Mr. Wang Qiang.

8. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

Details of the emoluments of the directors and supervisors of the Company during 2025 and 2024 are as follows: (continued)

| | Year ended 31 December 2024 | | | | Total RMB'000 |
|--|-----------------------------|--|-------------------------------------|--|------------------|
| | Directors' fees RMB'000 | Salaries, allowances and benefits in kind RMB'000 | Discretionary bonuses RMB'000 | Retirement scheme contributions 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 |
| Supervisor's chairman: | | | | | |
| Mr. Liu Defu | - | - | - | - | - |
| Employee representative supervisors: | | | | | |
| Ms. Li Hui | - | 787 | 351 | 173 | 1,311 |
| Ms. Dou Xiaoqiong | - | 787 | 438 | 173 | 1,398 |
| Total | 753 | 7,154 | 4,019 | 865 | 12,791 |

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

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 2, director (2024: none) whose emolument is disclosed in Note 8. The aggregate of the emoluments for the remaining individuals is as follows:

| | 2025 | 2024 |
|-------------------------------|---------|---------|
| | RMB'000 | RMB'000 |
| Salaries and other emoluments | 7,058 | 11,537 |
| Discretionary bonuses | 2,732 | 3,777 |
| Pension scheme contributions | 207 | 549 |
| Total | 9,997 | 15,863 |

The emoluments of three (2024: five) individuals with the highest emoluments are within the following bands:

| | Number of employees | |
|--------------------------------|---------------------|------|
| | 2025 | 2024 |
| HK\$3,000,001 to HK\$3,500,000 | 1 | 4 |
| HK\$3,500,001 to HK\$4,000,000 | 2 | 1 |
| Total | 3 | 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 RMB3,643,905,000 (2024: RMB4,323,643,000) and the weighted average number of ordinary shares of 2,068,859,044 (2024: 2,068,859,044) outstanding during the year.

Weighted average number of ordinary shares:

| | Number of shares | |
|---|------------------|-----------|
| | 2025 | 2024 |
| | '000 | '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 2025 and 2024 and therefore dilutive earnings per share is equivalent to basic earnings per share.

11. INVESTMENT PROPERTIES

| | 2025 | 2024 |
|---|----------------|------------------|
| | RMB'000 | RMB'000 |
| Cost | | |
| At 1 January | 1,654,598 | 1,758,762 |
| Additions | – | 23 |
| Transfer from right-of-use assets | 10,635 | 4,418 |
| Transfer from other property, plant and equipment | 85,392 | – |
| Transfer to right-of-use assets | (129,071) | (10,712) |
| Transfer to other property, plant and equipment | (651,342) | (79,865) |
| Others | (3,166) | (18,028) |
| At 31 December | 967,046 | 1,654,598 |
| Accumulated amortisation: | | |
| At 1 January | (225,753) | (184,011) |
| Charge for the year | (46,137) | (48,570) |
| Transfer from right-of-use assets | (1,565) | (896) |
| Transfer from other property, plant and equipment | (10,158) | – |
| Transfer to right-of-use assets | 33,319 | 721 |
| Transfer to other property, plant and equipment | 101,674 | 501 |
| Others | – | 6,502 |
| At 31 December | (148,620) | (225,753) |
| Carrying amount at 31 December | 818,426 | 1,428,845 |

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

| | 2025 | 2024 |
|-------------------------------------|---------|---------|
| | RMB'000 | RMB'000 |
| Rental income from operating leases | 234,003 | 219,039 |

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:

| | 2025 | 2024 |
|---------------------------------|----------------|----------------|
| | RMB'000 | RMB'000 |
| Within 1 year | 92,847 | 111,806 |
| After 1 year but within 5 years | 124,700 | 146,972 |
| After 5 years | 23,941 | 3,014 |
| Total | 241,488 | 261,792 |

(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 2025, the Group's investment properties with a carrying value of RMB569,182,000 (2024: RMB1,215,764,000) were pledged to secure general banking facilities granted to the Group (Note 25).

An independent professional valuer, China Alliance Appraisal Co., Ltd., 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 2025, the fair values of the investment properties were RMB2,209,893,000 (2024: RMB2,087,175,000).

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 the Chinese mainland | 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 2025, the adopted yield ranged from 6.0% to 8.5% (2024: 6.0% to 8.5%). |

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 2024 | 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 |
| Additions | – | 516,437 | – | 516,437 |
| Acquisition of a subsidiary | – | 556 | – | 556 |
| Disposals | – | (432,065) | – | (432,065) |
| Modification | – | (505,163) | – | (505,163) |
| Transfer from investment properties | 129,071 | – | – | 129,071 |
| Transfer to investment properties | (10,635) | – | – | (10,635) |
| Transfer to inventories | (6,525) | – | – | (6,525) |
| Exchange differences | – | (22,415) | – | (22,415) |
| At 31 December 2025 | 2,374,383 | 4,142,121 | – | 6,516,504 |
| Accumulated depreciation: | | | | |
| At 1 January 2024 | (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) |
| Charge for the year | (58,019) | (393,126) | – | (451,145) |
| Disposals | – | 293,110 | – | 293,110 |
| Transfer from investment properties | (33,319) | – | – | (33,319) |
| Transfer to investment properties | 1,565 | – | – | 1,565 |
| Transfer to inventories | 904 | – | – | 904 |
| Exchange differences | – | 12,365 | – | 12,365 |
| At 31 December 2025 | (572,111) | (2,806,331) | – | (3,378,442) |
| Carrying amount: | | | | |
| At 31 December 2025 | 1,802,272 | 1,335,790 | – | 3,138,062 |
| At 31 December 2024 | 1,779,230 | 1,866,091 | – | 3,645,321 |

12. RIGHT-OF-USE ASSETS (continued)

At 31 December 2025, certain of the Group's land use rights with a net carrying amount of approximately RMB487,594,000 (2024: RMB411,913,000) 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:

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Included in "Right-of-use assets": | | |
| – Ownership interests in leasehold land for own use | 1,802,272 | 1,779,230 |
| – Buildings | 1,335,790 | 1,866,091 |
| Subtotal | 3,138,062 | 3,645,321 |
| Included in "Investment properties": | | |
| – Ownership interests in leasehold land held for lease | 118,750 | 232,317 |
| Total | 3,256,812 | 3,877,638 |

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

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Depreciation charges of right-of-use assets by class of underlying assets: | | |
| – Ownership interests in leasehold land for own use | 43,410 | 45,017 |
| – Buildings | 393,126 | 575,728 |
| – Motor vehicles, furniture, and others | – | 2,632 |
| – Ownership interests in leasehold land held for lease | 6,903 | 7,094 |
| Total | 443,439 | 630,471 |
| Interest expenses on lease liabilities (Note 6(a)) | 86,127 | 115,115 |
| Variable lease payments not included in the measurement of lease liabilities (Note 6 (c)) | 4,376,377 | 4,273,692 |

12. RIGHT-OF-USE ASSETS (continued)

(c) Ownership interests in leasehold land for own use

The Group has obtained land use rights in the Chinese mainland 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 2025 | 7,358,085 | 86,248 | 121,221 | 280,867 | 3,027,212 | 972,145 | 11,845,778 |
| Additions | - | 2,999 | 851 | 18,736 | 46,291 | 1,128,362 | 1,197,239 |
| Acquisition of a subsidiary | - | 3 | 8 | 269 | 973 | - | 1,253 |
| Disposals | (2,862) | (789) | (5,685) | (51,284) | - | - | (60,620) |
| Transfer within other property, plant and equipment | - | - | - | - | 190,677 | (190,677) | - |
| Transfer from investment properties | 651,342 | - | - | - | - | - | 651,342 |
| Transfer to investment properties | (85,392) | - | - | - | - | - | (85,392) |
| Transfer to inventories | - | - | - | - | - | (150,546) | (150,546) |
| Exchange differences | - | (69) | (146) | (1,111) | (4,479) | - | (5,805) |
| At 31 December 2025 | 7,921,173 | 88,392 | 116,249 | 247,477 | 3,260,674 | 1,759,284 | 13,393,249 |
| Accumulated depreciation: | | | | | | | |
| At 1 January 2025 | (1,430,722) | (31,868) | (99,612) | (195,776) | (1,941,342) | - | (3,699,320) |
| Charge for the year | (249,608) | (14,128) | (4,600) | (26,336) | (431,359) | - | (726,031) |
| Disposals | 2,707 | 737 | 5,251 | 48,233 | - | - | 56,928 |
| Transfer from investment property | (101,674) | - | - | - | - | - | (101,674) |
| Transfer to investment property | 10,158 | - | - | - | - | - | 10,158 |
| Exchange differences | - | 37 | 113 | 856 | - | - | 1,006 |
| At 31 December 2025 | (1,769,139) | (45,222) | (98,848) | (173,023) | (2,372,701) | - | (4,458,933) |
| Impairment losses: | | | | | | | |
| At 1 January 2025 | - | - | - | - | - | - | - |
| Additions | - | (1,409) | (731) | (5,322) | - | (270) | (7,732) |
| At 31 December 2025 | - | (1,409) | (731) | (5,322) | - | (270) | (7,732) |
| Carrying amount: | | | | | | | |
| At 31 December 2025 | 6,152,034 | 41,761 | 16,670 | 69,132 | 887,973 | 1,759,014 | 8,926,584 |
| At 1 January 2025 | 5,927,363 | 54,380 | 21,609 | 85,091 | 1,085,870 | 972,145 | 8,146,458 |

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 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)

At 31 December 2025, the Group was in the process of obtaining ownership certificates for buildings with an aggregate carrying amount of RMB1,498,826,000 (2024: RMB1,515,937,000). There are two 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 2025, certain of the Group's buildings with a net carrying amount of approximately RMB2,093,962,000 (2024: RMB1,625,316,000) 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:

| | 2025 | 2024 |
|----------------------------------|-----------|-----------|
| | RMB'000 | RMB'000 |
| Cost: | | |
| At 1 January | 338,379 | 287,803 |
| Additions | 82,835 | 50,979 |
| Disposals | (6,533) | (777) |
| Exchange differences | (762) | 374 |
| At 31 December | 413,919 | 338,379 |
| Accumulated amortisation: | | |
| At 1 January | (165,395) | (132,609) |
| Charge for the year | (39,287) | (33,009) |
| Disposals | 641 | 322 |
| Exchange differences | 209 | (99) |
| At 31 December | (203,832) | (165,395) |
| Carrying amount: | | |
| At 31 December | 210,087 | 172,984 |

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

15. GOODWILL

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| At 1 January | | |
| Cost | 822,660 | 822,460 |
| Accumulated impairment | – | – |
| Net carrying amount | 822,660 | 822,460 |
| Cost at 1 January, net of accumulated impairment | | |
| Acquisition of a subsidiary | – | 200 |
| Impairment during the year | (337,859) | – |
| Cost and net carrying amount at 31 December | 484,801 | 822,660 |
| At 31 December: | | |
| Cost | 822,660 | 822,660 |
| Accumulated impairment | (337,859) | – |
| Net carrying amount | 484,801 | 822,660 |

The carrying amounts of goodwill after impairment allocated to a group of cash-generating units are as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|-----------------------------------|-----------------|-----------------|
| Shanghai operations | 484,601 | 822,460 |
| Xi'an Xianyang airport operations | 200 | 200 |
| | 484,801 | 822,660 |

The Group performs annual impairment test on goodwill at the end of the reporting year. For Shanghai operations, 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 1.1% (2024: 1.5%), does not exceed the long-term average growth rate in relevant industry reports. The pre-tax discount rate of 15.65% (2024: 16.14%) adopted reflected the current market assessment of the time value of money and the risks specific to Shanghai operations CGU. As the recoverable amount was less than the carrying amount, management has recognised an impairment loss of RMB338 million in the current year against goodwill, and is recorded within other expenses in the consolidated statement of profit or loss.

The goodwill, amounting to RMB200,000, arose from the business combination of Xi'an Xianyang airport operations on 24 December 2024. The recoverable amount of asset group was RMB3.53 million on 31 December 2025, which was higher than the carrying amount including the goodwill, amounting to RMB0.75 million, of Xi'an Xianyang airport operations. There was no impairment of goodwill in 2025.

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 | | Principal activities |
|--|---------------------------------------|--|--------------------------------|----------|--|
| | | | Direct | Indirect | |
| China Duty Free Group Co., Ltd. ("CDFG")* | The PRC | RMB10,717,743 | 100% | – | Travel retail business |
| China Duty Free International Limited*** | Hong Kong | HK\$3,208,183 | – | 100% | Travel retail business |
| Sunrise Duty Free (Shanghai) Co. Ltd. ("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 | RMB1,700,000 | – | 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 | 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 the Chinese mainland.

** These subsidiaries are Sino-foreign equity joint ventures registered in the Chinese mainland.

*** 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

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Non-current assets | 501,219 | 1,070,534 |
| Current assets | 5,884,786 | 6,141,189 |
| Non-current liabilities | 100,787 | 136,036 |
| Current liabilities | 918,006 | 1,501,126 |
| Net assets | 5,367,212 | 5,574,561 |
| Carrying amount of non-controlling interests | 2,629,934 | 2,731,535 |
| Revenue | 12,009,925 | 16,034,695 |
| (Loss)/profit after taxation and total comprehensive income | (207,349) | 1,007,371 |
| (Loss)/profit attributable to non-controlling interests | (101,601) | 493,612 |
| Cash flows generated from operating activities | 485,170 | 868,694 |
| Cash flows generated | | |
| from/(used in) investing activities | 423,975 | (448,615) |
| Cash flows used in financing activities | (55,509) | (37,772) |

16. INVESTMENTS IN SUBSIDIARIES (continued)

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

Summarised financial information of Hainan DF

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Non-current assets | 192,219 | 142,558 |
| Current assets | 3,682,016 | 4,071,767 |
| Non-current liabilities | 25,190 | – |
| Current liabilities | 573,899 | 507,224 |
| Net assets | 3,275,146 | 3,707,101 |
| Carrying amount of non-controlling interests | 1,730,543 | 1,938,610 |
| Revenue | 3,313,038 | 3,553,857 |
| Profit after taxation and total comprehensive income | 68,045 | 105,696 |
| Profit attributable to non-controlling interests | 36,933 | 48,025 |
| Dividends paid to non-controlling interests | 245,000 | 66,752 |
| Cash flows generated from operating activities | 270,567 | 623,602 |
| Cash flows generated from/(used in) investing activities | 301,006 | (509,490) |
| Cash flows used in financing activities | (546,108) | (40,566) |

17. INTERESTS IN ASSOCIATES

| | 2025 RMB'000 | 2024 RMB'000 |
|---------------------|-----------------|-----------------|
| Share of net assets | 2,354,303 | 2,430,931 |

Aggregate information of the associates that are not individually material:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Aggregate carrying amount of individually immaterial associates in the consolidated statement of financial position | 2,354,303 | 2,430,931 |
| Aggregate amount of the Group's share of the associates (Loss)/profit for the year | (64,980) | 13,747 |
| Total comprehensive (loss)/income | (64,980) | 13,747 |

18. INTERESTS IN JOINT VENTURES

| | 2025 RMB'000 | 2024 RMB'000 |
|---------------------|-----------------|-----------------|
| Share of net assets | 1,201,623 | 1,238,780 |

Aggregate information of the joint ventures that are not individually material:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Aggregate carrying amount of individually immaterial joint ventures in the consolidated statement of financial position | 1,201,623 | 1,238,780 |
| Aggregate amount of the Group's share of the joint ventures Loss for the year | (25,608) | (19,889) |
| Total comprehensive loss | (25,608) | (19,889) |

19. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Properties under development and completed properties held for sale | 1,434,539 | 1,523,461 |
| Merchandise held for trading | 13,867,083 | 15,824,922 |
| Total | 15,301,622 | 17,348,383 |

(b) The analyses of the amounts of inventories recognised as expenses and included in profit or loss are as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|-------------------------------------|-----------------|-----------------|
| Carrying amount of inventories sold | 35,992,264 | 38,236,496 |
| Write-down of inventories | 533,113 | 741,896 |
| Total | 36,525,377 | 38,978,392 |

At 31 December 2025, certain of the Group's completed properties held for sale with a net carrying amount of approximately RMB1,160,919,000 were pledged to secure general banking facilities granted to the Group (Note 25).

20. TRADE AND OTHER RECEIVABLES

| | 2025 | 2024 |
|--|-----------|-----------|
| | RMB'000 | RMB'000 |
| Non-current | | |
| Lease and other deposits | 332,221 | 518,646 |
| Current | | |
| Trade receivables (i) | 436,591 | 273,257 |
| Prepayments for purchases of merchandise | 835,949 | 836,761 |
| Prepayments for variable and short-term leases | 2,638 | 2,042 |
| Value-added tax recoverable | 1,125,207 | 1,071,260 |
| Lease and other deposits | 745,517 | 272,492 |
| Time deposits (ii) | 2,991,243 | 700,788 |
| Others | 965,755 | 580,081 |
| Subtotal | 7,102,900 | 3,736,681 |
| Total | 7,435,121 | 4,255,327 |

- (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 CTG Finance Company Limited and a creditworthy licensed bank in the Chinese mainland earning interest at a fixed rate of 1.75% or 1.10% per annum (2024: 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

| | 2025 | 2024 |
|--|---------|---------|
| | RMB'000 | RMB'000 |
| Completed properties held for sale (i) | 529,129 | 532,082 |

- (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.

At 31 December 2025, all of the Group's completed properties held for sale with a net carrying amount of approximately RMB529,129,000 were pledged to secure general banking facilities granted to the Group (Note 25).

22. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| Cash at banks and on hand | 10,329,614 | 11,000,073 |
| Deposits at CTG Finance Company Limited ("CTG Finance"), a related financial institution | 8,968,620 | 10,225,917 |
| Time deposits | 14,483,011 | 13,591,326 |
| Cash and time deposits | 33,781,245 | 34,817,316 |
| Less: interest receivable of time deposits | 41,661 | 44,159 |
| Cash and cash equivalents | 33,739,584 | 34,773,157 |
| Cash and cash equivalents included in the consolidated statement of financial position and the consolidated statement of cash flows | 33,739,584 | 34,773,157 |

(b) Major non-cash transactions:

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB516,993,000 (2024: RMB695,452,000) and RMB516,993,000 (2024: RMB695,452,000), respectively, in respect of lease arrangements for buildings.

(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.

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) | Total RMB'000 |
|--|--|--|------------------|
| At 1 January 2025 | 3,111,135 | 2,200,511 | 5,311,646 |
| Changes from financing cash flows: | | | |
| Interest paid | (85,580) | – | (85,580) |
| Capital element of lease rentals paid | – | (412,128) | (412,128) |
| Interest element of lease rentals paid | – | (60,190) | (60,190) |
| Repayment of bank loans and other loans | (310,087) | – | (310,087) |
| Proceeds from new bank loans | 708,089 | – | 708,089 |
| Total changes from financing cash flows | 312,422 | (472,318) | (159,896) |
| Exchange adjustments | (10,566) | (9,832) | (20,398) |
| Other changes: | | | |
| Capitalisation of new leases | – | 516,437 | 516,437 |
| Adjustment from lease disposal | – | (157,989) | (157,989) |
| Adjustment from lease modification | – | (505,163) | (505,163) |
| Rent concessions from lessors | – | (46,256) | (46,256) |
| Interest expenses (Note 6(a)) | 92,289 | 86,127 | 178,416 |
| Other | – | 61,195 | 61,195 |
| Total other changes | 92,289 | (45,649) | 46,640 |
| At 31 December 2025 | 3,505,280 | 1,672,712 | 5,177,992 |

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) | 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)

(d) Total cash outflow for leases:

| | 2025 RMB'000 | 2024 RMB'000 |
|-----------------------------|------------------|------------------|
| Within operating cash flows | 4,704,020 | 4,735,260 |
| Within financing cash flows | 472,318 | 735,055 |
| Total | 5,176,338 | 5,470,315 |

These amounts relate to the following:

| | 2025 RMB'000 | 2024 RMB'000 |
|--------------------|-----------------|-----------------|
| Lease rentals paid | 5,176,338 | 5,470,315 |

23. TRADE AND OTHER PAYABLES

| | 2025 RMB'000 | 2024 RMB'000 |
|--|------------------|------------------|
| Trade payables | 2,934,083 | 3,675,970 |
| Payables for property constructions | 1,014,156 | 1,008,908 |
| Dividends payable | 42,826 | 51,462 |
| Employee benefits payable | 899,017 | 741,006 |
| Licensing fees payable | 1,048,502 | 1,059,420 |
| Other taxes payable | 109,311 | 168,422 |
| Variable and short-term lease and other operating expenses payable | 655,726 | 990,406 |
| Others | 469,389 | 719,385 |
| Total | 7,173,010 | 8,414,979 |

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:

| | 2025 RMB'000 | 2024 RMB'000 |
|---------------|------------------|------------------|
| Within 1 year | 2,082,662 | 3,572,640 |
| 1 to 2 years | 781,364 | 59,285 |
| 2 to 3 years | 31,295 | 27,188 |
| Over 3 years | 38,762 | 16,857 |
| Total | 2,934,083 | 3,675,970 |

24. CONTRACT LIABILITIES

| | 2025 RMB'000 | 2024 RMB'000 |
|--|------------------|------------------|
| Customer loyalty program liabilities (i) | 621,459 | 787,642 |
| Advances receipt from customers (ii) | 395,241 | 327,536 |
| Total | 1,016,700 | 1,115,178 |

- (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:

| | 2025 | 2024 |
|--|------------------|-----------|
| | RMB'000 | RMB'000 |
| Current | | |
| Bank borrowings | | |
| – Secured (i) | 281,084 | 159,401 |
| – Unsecured (ii) | 226,682 | 232,632 |
| Loans from non-controlling shareholders (iii) | 148,834 | 152,055 |
| Subtotal – current | 656,600 | 544,088 |
| Non-current | | |
| Bank borrowings | | |
| – Secured (i) | 2,638,771 | 2,362,816 |
| Loans from China Tourism Group Co., LTD (“CTG”) (iv) | 209,909 | 204,231 |
| Subtotal – non-current | 2,848,680 | 2,567,047 |
| Total | 3,505,280 | 3,111,135 |

- (i) As at 31 December 2025, the Group has drawn down floating interest bank loans amounting to RMB2,362,816,000 (2024: RMB2,522,217,000), carrying interest at five-year Loan Prime Rate (“LPR”) minus 1.5% per annum (2024: five-year LPR minus 1.5% per annum), which are secured by certain properties of the Group with a carrying amount of RMB3,150,738,000 (2024: RMB3,252,993,000), further details of which were disclosed in Note 11, Note 12 and Note 13. 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. The Group has drawn down floating interest bank loans amounting to RMB557,039,000, carrying interest at one-year LPR minus 0.56% per annum, which are secured by certain properties of the Group with a carrying amount of RMB1,690,048,000, further details of which were disclosed in Note 19 and Note 21.
- (ii) As at 31 December 2025, the Group has drawn down unsecured floating interest bank loans amounting to HK\$250,000,000 (equivalent to RMB225,805,000) (2024: HK\$250,000,000 (equivalent to RMB231,510,000)), carrying interest at three-month Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.5% (2024: three-month HIBOR plus 1.7% before August 2024 and three-month HIBOR plus 1.5% after August 2024).
- (iii) As at 31 December 2025, the Group has drawn down unsecured floating interest loans amounting to HK\$40,000,000 (equivalent to RMB36,129,000) (2024: HK\$40,000,000 (equivalent to RMB37,042,000)), carrying interest at three-month HIBOR plus 2.0% per annum (2024: three-month HIBOR plus 2.0% per annum) and unsecured loans amounting to MOP127,400,000 (equivalent to RMB111,637,000) (2024: MOP127,400,000 (equivalent to RMB114,465,000)).
- (iv) As at 31 December 2025, the Company has drawn down shareholder loans amounting to RMB200,000,000 (2024: RMB200,000,000) from CTG, carrying interest at 2.80% (2024: 3.65% before April 2024 and 2.80% after April 2024).

26. LEASE LIABILITIES

The following tables show the remaining contractual maturities of the Group's lease liabilities at 31 December 2025.

| | 2025 RMB'000 | 2024 RMB'000 |
|----------------------------------|------------------|-----------------|
| Within 1 year | 510,729 | 634,318 |
| After 1 year but within 2 years | 543,306 | 356,600 |
| After 2 years but within 5 years | 488,905 | 802,179 |
| After 5 years | 129,772 | 407,414 |
| Subtotal | 1,161,983 | 1,566,193 |
| Total | 1,672,712 | 2,200,511 |

27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|--------------------|-----------------|
| As at 1 January | 202,410 | 501,969 |
| Underprovision in respect of the prior year | 22,916 | 33,960 |
| Provision for current taxation for the year | 1,069,303 | 1,234,877 |
| Payments during the year | (1,044,551) | (1,568,396) |
| As at 31 December | 250,078 | 202,410 |
| Representing: | | |
| – Income tax recoverable | | |
| Prepaid CIT | (39,804) | (58,059) |
| – Income tax payable | | |
| CIT payable | 262,335 | 238,512 |
| LAT payable | 27,547 | 21,957 |
| Total | 250,078 | 202,410 |

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 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 |

| | 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 2024 | 36,837 | 337,799 | 9 | 374,645 |
| (Credited)/charged to profit or loss | (5,218) | (34,653) | 432 | (39,439) |
| At 31 December 2025 | 31,619 | 303,146 | 441 | 335,206 |

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 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 |

| | 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 2024 | 641,457 | 383,728 | 95,180 | 352,959 | 75,128 | 1,548,452 |
| Exchange differences | - | - | - | - | (113) | (113) |
| (Charged)/credited to profit or loss | (391,452) | (80,785) | 7,034 | (78,242) | (32,697) | (576,142) |
| At 31 December 2025 | 250,005 | 302,943 | 102,214 | 274,717 | 42,318 | 972,197 |

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:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|-----------------|-----------------|
| Net deferred tax assets recognised in the consolidated statement of financial position | 670,616 | 1,211,198 |
| Net deferred tax liabilities recognised in the consolidated statement of financial position | 33,625 | 37,391 |

(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.

| | 2025 RMB'000 | 2024 RMB'000 |
|----------------------------------|-----------------|-----------------|
| Deductible temporary differences | 834,076 | 588,335 |
| Tax losses | 3,740,560 | 1,575,188 |
| Total | 4,574,636 | 2,163,523 |

The Group has tax losses arising in Hong Kong of RMB950,842,000 (2024: RMB691,676,000) 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 the Chinese mainland can be carried forward up to five years from the year in which the losses originated, and will expire in the following years:

| | 2025 RMB'000 | 2024 RMB'000 |
|-------|-----------------|-----------------|
| 2025 | – | 151,008 |
| 2026 | 51,785 | 63,506 |
| 2027 | 290,032 | 358,362 |
| 2028 | 1,251,590 | 163,770 |
| 2029 | 479,297 | 146,866 |
| 2030 | 717,014 | – |
| Total | 2,789,718 | 883,512 |

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 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 and 1 January 2025 | 2,068,859 | 19,585,252 | 1,048,603 | 5,241,149 | 27,943,863 |
| Changes in equity: | | | | | |
| Profit and total comprehensive income for the year | – | – | – | 327,179 | 327,179 |
| Dividends declared and paid in respect of the previous year (Note 28(b)) | – | – | – | (2,172,302) | (2,172,302) |
| Interim 2025 dividend (Note 28(b)) | – | – | – | (517,215) | (517,215) |
| At 31 December 2025 | 2,068,859 | 19,585,252 | 1,048,603 | 2,878,811 | 25,581,525 |

28. CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Dividends

Dividends declared and paid to the equity shareholders of the Company attributable to the year

| | 2025 | 2024 |
|---|-----------|-----------|
| Final dividend in respect of the previous year, declared and paid in the following year (RMB'000) | 2,172,302 | 3,413,617 |
| Dividend per ordinary share (RMB) | 1.05 | 1.65 |
| Interim dividend, declared and paid in this year (RMB'000) | 517,215 | – |
| Dividend per ordinary share (RMB) | 0.25 | – |

(c) Share capital

| | 2025 | | 2024 | |
|--|------------------|----------------|------------------|----------------|
| | 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 2025 | | |
|---------------|----------------------------------|---------------------------|------------|
| | Gross carrying amount RMB'000 | Loss allowance RMB'000 | Percentage |
| Within 1 year | 437,428 | (1,142) | 0.26% |
| Over 1 year | 3,914 | (3,609) | 92.21% |
| Total | 441,342 | (4,751) | |

| | 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) | |

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:

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| At 1 January | 2,708 | 2,492 |
| Provision for loss allowance during the year | 2,034 | 24 |
| Acquisition of subsidiaries | – | 183 |
| Exchange differences | 9 | 9 |
| At 31 December | 4,751 | 2,708 |

Movements in the loss allowance account in respect of other receivables during the year are as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|
| At 1 January | 35,249 | 38,133 |
| Provision for loss allowance/(reversal of loss allowance) during the year | 1,468 | (2,686) |
| Write-off during the year | (763) | (345) |
| Exchange differences | 545 | 147 |
| At 31 December | 36,499 | 35,249 |

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 2025 | | | | | Financial statement carrying amount RMB'000 |
|-----------------------------|------------------------|---------------------------------|----------------------------------|------------------|-------------------|--|
| | Within 1 year | After 1 year but within 2 years | After 2 years but within 5 years | After 5 years | Total | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| Interest-bearing borrowings | 734,559 | 442,912 | 1,134,532 | 1,589,774 | 3,901,777 | 3,505,280 |
| Trade and other payables | 5,094,120 | – | – | – | 5,094,120 | 5,094,120 |
| Lease liabilities | 612,123 | 651,168 | 585,966 | 155,535 | 2,004,792 | 1,672,712 |
| Total | 6,440,802 | 1,094,080 | 1,720,498 | 1,745,309 | 11,000,689 | 10,272,112 |

| | As at 31 December 2024 | | | | | Financial statement carrying amount RMB'000 |
|-----------------------------|------------------------|---------------------------------|----------------------------------|------------------|-------------------|--|
| | Within 1 year | After 1 year but within 2 years | After 2 years but within 5 years | After 5 years | Total | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | 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 |

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:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|--------------------|--------------------|
| Variable rate instruments: | | |
| Bank loans | (3,146,537) | (2,754,849) |
| Loans from non-controlling shareholders | (37,216) | (37,616) |
| Total | (3,183,753) | (2,792,465) |
| Fixed rate instruments: | | |
| Cash at banks | 33,737,229 | 34,771,573 |
| Loans from CTG | (209,909) | (204,231) |
| Loans from non-controlling shareholders | (111,618) | (114,439) |
| Lease liabilities | (1,672,712) | (2,200,511) |
| Total | 31,742,990 | 32,252,392 |

Sensitivity analysis

As at 31 December 2025, 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 RMB225,265,000 (2024: RMB226,464,000).

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\$.

| | 2025 | | 2024 | |
|---|-------------|-------------|-------------|------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | US\$ | HK\$ | US\$ | HK\$ |
| Cash at banks | 7,912,367 | 15,764,744 | 3,569,468 | 17,861,203 |
| Trade receivables and other receivables | 139,328 | 244,589 | 69,063 | 137,293 |
| Trade payables and other payables | (1,011,696) | (1,950,217) | (1,849,210) | (352,059) |
| Net exposure | 7,039,999 | 14,059,116 | 1,789,321 | 17,646,437 |

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) | |
|------|---|--|-----------|
| | | 2025 | 2024 |
| | | RMB'000 | RMB'000 |
| US\$ | 1% | 69,548 | 13,420 |
| | (1%) | (69,548) | (13,420) |
| HK\$ | 1% | 65,331 | 132,348 |
| | (1%) | (65,331) | (132,348) |

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 2024.

(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 2025 and 2024.

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 2025 and 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.

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 2025 and 2024:

| | 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 | 2025: 9.98% (2024: 9.89%) | 2025: 1% (2024: 1%) increase/decrease in percentage would result in increase/decrease in fair value by RMB141,000 (2024: RMB61,000) |
| | | Long-term growth rate of revenue | 2025: 5% (2024: 5%) | 2025: 1% (2024: 1%) increase/decrease in percentage would result in increase/decrease in fair value by RMB128,000 (2024: RMB207,000) |

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 2025 (2024: 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 (2024: Nil), and there was no addition in Level 3 for financial liabilities in 2025 (2024: Nil).

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:

| | 2025 | 2024 |
|--|---------------|---------|
| | RMB'000 | RMB'000 |
| Financial liabilities at fair value through profit or loss At 1 January and 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 2024 and 2025.

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 2025 and 2024. 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.

| | 2025 | 2024 |
|-----------------------------------|----------------|---------|
| | RMB'000 | RMB'000 |
| Service fee income (i) | 3,020 | 2,602 |
| Rental income (ii) | 10,787 | 9,864 |
| Service fees paid/payable (iii) | 133,544 | 138,899 |
| Rental expenses paid/payable (iv) | 344 | 591 |
| Interest income (v) | 145,134 | 91,260 |
| Interest expenses (vi) | 5,678 | 6,137 |

30. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (continued)**(a) Transactions with CTG Group** (continued)

Notes:

- (i) Service fee income mainly represents income from construction consulting services and travel 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 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 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:

| | 2025 RMB'000 | 2024 RMB'000 |
|-----------------------------|-----------------|-----------------|
| Deposits at CTG Finance | 11,468,620 | 10,225,917 |
| Loans from CTG | 209,909 | 204,231 |
| Trade and other receivables | 17,435 | 22,257 |
| Trade and other payables | 23,594 | 43,384 |

These amounts arise in the ordinary course of business and with terms determined through mutual negotiation which are fair and reasonable.

| | 2025 RMB'000 | 2024 RMB'000 |
|------------------------------------|-----------------|-----------------|
| Guarantees provided by CTG Finance | 408,010 | 270,000 |

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 2025 and 2024, the terms of which are fair and reasonable.

| | 2025 | 2024 |
|---------------------------------|---------|---------|
| | RMB'000 | RMB'000 |
| Sales of merchandise income (i) | 367,626 | 370,598 |
| Rental income (ii) | 3,252 | 2,831 |
| Service fee income (iii) | 12,547 | 17,788 |
| Service fees paid/payable (iv) | 447,212 | 690,223 |
| Rental expenses paid/payable | 4,964 | 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:

| | 2025 | 2024 |
|-----------------------------|---------|---------|
| | RMB'000 | RMB'000 |
| Trade and other receivables | 261,033 | 43,140 |
| Trade and other payables | 79,262 | 11,749 |
| Contract liabilities | 15,843 | 10,099 |

(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 2025 and 2024, the terms of which are fair and reasonable.

| | 2025 | 2024 |
|------------------------------------|---------|---------|
| | RMB'000 | RMB'000 |
| Sales of merchandise income (i) | – | 42 |
| Service fees paid/payable (ii) | 11 | 2,941 |
| Rental expenses paid/payable (iii) | 1,978 | – |

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.
- (iii) Rental expenses paid/payable represent the expenses related to retail premises 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:

| | 2025 | 2024 |
|-----------------------------|---------|---------|
| | RMB'000 | RMB'000 |
| Trade and other receivables | 7,756 | 2,078 |
| Trade and other payables | 1,008 | 440 |

(d) Key management personnel remunerations

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

| | 2025 | 2024 |
|------------------------------|---------|---------|
| | RMB'000 | RMB'000 |
| Short-term employee benefits | 15,627 | 16,837 |
| Discretionary bonuses | 8,579 | 9,536 |
| Total | 24,206 | 26,373 |

Further details of directors and supervisors' 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:

| | 2025 | 2024 |
|---|---------|---------|
| | RMB'000 | RMB'000 |
| Purchase of property, plant and equipment | 229,140 | 469,893 |

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:

| | 2025 RMB'000 | 2024 RMB'000 |
|--|-------------------|-----------------|
| Non-current assets | | |
| Right-of-use assets | 8,331 | 19,476 |
| Other property, plant and equipment | 24,850 | 37,624 |
| Intangible assets | 90,359 | 63,439 |
| Investments in subsidiaries | 18,159,591 | 17,891,681 |
| Interests in associates | 2,148,805 | 2,217,300 |
| Other receivables | 1,196,000 | 681,000 |
| Deferred tax assets | – | 2,032 |
| Total non-current assets | 21,627,936 | 20,912,552 |
| Current assets | | |
| Other receivables | 5,118,902 | 4,603,894 |
| Cash and time deposits | 15,940,698 | 15,919,865 |
| Total current assets | 21,059,600 | 20,523,759 |
| Current liabilities | | |
| Other payables | 16,887,021 | 13,266,813 |
| Lease liabilities | 8,730 | 16,748 |
| Total current liabilities | 16,895,751 | 13,283,561 |
| Net current assets | 4,163,849 | 7,240,198 |
| Total assets less current liabilities | 25,791,785 | 28,152,750 |
| Non-current liabilities | | |
| Lease liabilities | 163 | 4,467 |
| Interest-bearing borrowings | 209,909 | 204,231 |
| Deferred income | 188 | 188 |
| Total non-current liabilities | 210,260 | 208,886 |

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

| | 2025 RMB'000 | 2024 RMB'000 |
|-----------------------------|-------------------|-----------------|
| Net assets | 25,581,525 | 27,943,864 |
| Capital and reserves | | |
| Share capital | 2,068,859 | 2,068,859 |
| Reserves | 23,512,666 | 25,875,005 |
| Total equity | 25,581,525 | 27,943,864 |

The financial statements were approved and authorised for issue by the board of directors on 30 March 2026.

FAN Yunjun
Director

CHANG Zhujun
Director

33. SUBSEQUENT EVENTS

(a) Final dividend for the year ended 31 December 2025

Subsequent to the end of the reporting period, the directors of the Company proposed a final dividend for the year ended 31 December 2025 of RMB0.45 per ordinary share to the shareholders with total amount of RMB935,008,490. The proposed final dividend is subject to approval by the shareholders in the following general meeting.

(b) The acquisition of DFS' Greater China retail business and subscription of shares by LVMH and the Miller Family

On 19 January 2026, China Duty Free International Limited, a subsidiary of the Company, entered into a Framework Agreement with DFS Venture Singapore (Pte) Limited ("DFS SG") and DFS Group Limited ("DFS HK") to acquire 100% equity interests in DFS Cotai Limitada ("Target company") held by DFS SG and DFS HK, two Hong Kong stores' related assets and the intangible assets of DFS in Greater China ("Target assets") held by DFS HK.

On 19 March 2026, China Duty Free International Limited completed the payment of USD294 million for this acquisition. As certain conditions stipulated under the Framework Agreement were not met, and upon mutual agreement of all parties, the DFS HK Canton Road (New Sun Plaza) store has been excluded from this acquisition, and the relevant settlement has been successfully completed. Pursuant to the signed Share Subscription Agreement, the Company issued, at a subscription price of HKD77.21 per share, a total of 8,937,600 new H shares, comprising 5,474,300 new H shares to Delphine SAS and 3,463,300 new H shares to Shoppers Holdings HK Limited.

34. IMMEDIATE AND ULTIMATE CONTROLLING SHAREHOLDERS

At 31 December 2025, the directors consider that the Company's immediate controlling shareholder to be CTG, a limited liability company established in the Chinese mainland. 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 amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

| | |
|---|---|
| IFRS 18 | <i>Presentation and Disclosure in Financial Statements</i> ² |
| IFRS 19 and its amendments | <i>Subsidiaries without Public Accountability: Disclosures</i> ² |
| Amendments to IFRS 9 and IFRS 7 | <i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹ |
| Amendments to IFRS 9 and IFRS 7 | <i>Contracts Referencing Nature-dependent Electricity</i> ¹ |
| Amendments to IFRS 10 and IAS 28 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³ |
| Amendments to IAS 21 | <i>Translation to a Hyperinflationary Presentation Currency</i> ² |
| <i>Annual Improvements to IFRS Accounting Standards – Volume 11</i> | Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹ |

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

35. ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

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.

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. IFRS 19 was amended in 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

35. ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* 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 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. 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 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. 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. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. 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 traded in RMB |
| “Annual Report” | the annual report of the Company for the year 2025 |
| “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” | the board of directors of the Company |
| “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 Financial Regulatory Administration (國家金融監督管理總局) |
| “CDFG” | China Duty Free Group Co., Ltd. (中國免稅品(集團)有限責任公司), a limited liability company incorporated in the PRC and a subsidiary of the Company |
| “CDF International” | China Duty Free International Limited (中免國際有限公司), a limited liability company incorporated in the Hong Kong SAR 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. (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 |
| “Company” or “our Company” or “we” or “us” | 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 |
| “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 SAR |
| “Hong Kong SAR” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Auditor’s Report” | the independent auditor’s report issued by Ernst & Young |
| “Latest Practicable Date” | March 30, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this Annual Report prior to its publication |
| “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 Rules |
| “Nomination Committee” | the nomination committee of the Board |
| “Nomination Policy” | the standard procedures for Shareholders nominating candidates for directorship stipulated by the Company |
| “Prospectus” | the prospectus issued by the Company dated August 15, 2022 |

DEFINITIONS

| | |
|---|--|
| “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, 2025 |
| “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 |
| “SSE” or “Shanghai Stock Exchange” | the Shanghai Stock Exchange |
| “US\$” | United States dollars, the lawful currency of the United States |
| “%” | per cent |



投資者關係微信公眾號
Investor Relations WeChat
Official Account



投資者關係微信小程序
Investor Relations WeChat
Mini Program

中國旅遊集團中免股份有限公司
China Tourism Group Duty Free Corporation Limited

(一家於中華人民共和國註冊成立的股份有限公司)

(A joint stock company incorporated in the People's Republic of China with limited liability)

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