



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)
股份代號 STOCK CODE : 1880



INTERIM REPORT 中期報告 2024

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. WANG Xuan (王軒先生) (*Chairman*)
Mr. CHEN Guoqiang (陳國強先生) (*Vice Chairman*)
Mr. CHANG Zhujun (常築軍先生)
(*appointed on May 23, 2024*)

Independent Non-executive Directors

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

JOINT COMPANY SECRETARIES

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

AUTHORISED REPRESENTATIVES

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

SUPERVISORY COMMITTEE

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

AUDIT AND RISK MANAGEMENT COMMITTEE

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

REMUNERATION AND EVALUATION COMMITTEE

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

STRATEGY AND SUSTAINABILITY COMMITTEE

Mr. WANG Xuan (王軒先生) (*Chairman*)
Mr. CHEN Guoqiang (陳國強先生)
Mr. CHANG Zhujun (常築軍先生)
(*appointed on May 23, 2024*)
Mr. WANG Qiang (王強先生)

NOMINATION COMMITTEE

Mr. WANG Qiang (王強先生) (*Chairman*)
Mr. WANG Xuan (王軒先生)
Mr. CHANG Zhujun (常築軍先生)
(*appointed on May 23, 2024*)
Mr. GE Ming (葛明先生)
Ms. WANG Ying (王瑛女士)

REGISTERED OFFICE AND HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

8/F, Building A
No. A2 Dongzhimenwai Xiaojie
Dongcheng District
Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG SAR

16/F, Everbright Centre
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Hong Kong SAR

PRINCIPAL BANKS

Bank of China Limited,
Beijing Chongwen Sub-Branch
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Dongcheng District
Beijing
PRC

Industrial and Commercial Bank of China Limited,
Beijing Wangfujing Sub-Branch
237 Wangfujing Street
Dongcheng District
Beijing
PRC

China Merchants Bank Co., Ltd.,
Beijing Dongsanhuan Sub-Branch
West Gate, 1/F, Huijia Building
No. 6 Dongsanhuan North Road
Chaoyang District
Beijing
PRC

CORPORATE INFORMATION

AUDITOR

Ernst & Young
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Registered Public Entity Auditor
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HONG KONG SAR LEGAL ADVISER

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Hong Kong SAR

MAINLAND CHINA LEGAL ADVISER

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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

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Shops 1712-1716, 17th Floor, Hopewell Centre
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Wanchai
Hong Kong SAR

STOCK CODE

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

COMPANY'S WEBSITE

www.ctgdutyfree.com.cn

MANAGEMENT DISCUSSION AND ANALYSIS

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) on October 15, 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 Company is principally engaged in duty-free travel retail business, including wholesale and retail of duty-free products such as tobacco and wine, perfume and cosmetics, accessories, clothing and electronic products. In addition, the Company is also engaged in the investment and development of commercial complexes with duty-free business as its core. An analysis of the Company's revenue and operating profit for the six months ended June 30, 2024 by principal activities is set out in this section.

DISCUSSION AND ANALYSIS ON BUSINESS OPERATION

In the first half of 2024, in the face of a complex and challenging external market environment, the Company closely focused on stabilizing growth, promoting reforms, and seeking development, diligently carrying out various tasks.

(I) Forging ahead and invigorating the Hainan market

The Company initiated the creation of a demonstration point of "trusted business operation and excellent services" at Sanya International Duty-Free Shopping Complex, striving to set benchmarks in service, management, value creation and etc., and to comprehensively enhance the overall standard of operation and service. During the Reporting Period, around 50 new brands were introduced in the Hainan region. Luxury brands such as Prada, Gucci, and Lacoste opened in the Haikou International Duty-Free Shopping Complex, while Glashutte and Coachtopia opened in the Sanya International Duty-Free Shopping Complex. The brand layout was optimized continuously. The Company also actively built a new "China-Chic + Olympics" consumption trend of sports. A licensed product store for the Paris Olympics was opened at Haikou Meilan International Airport, promoting comprehensive cooperation with China-Chic brands in perfume & cosmetics, sports, and cultural tourism to meet the diverse and personalized consumption needs of consumers. During the Reporting Period, the Company's dominant position in the Hainan offshore duty-free market was further strengthened, and its market share steadily expanded.

(II) Expanding both local and overseas businesses as well as optimizing business layout

In terms of domestic channels, the Company successfully won the tender for operating the duty-free departure store at Terminal 1 of Guangzhou Baiyun International Airport, the duty-free departure store at Kunming Changshui International Airport, the duty-free port departure stores at Shandong Port Qingdao Cruise Home Port Passenger Transport Center and Yantai Port Passenger Terminal to drive business growth through port channel expansion. As the Company actively revived its arrival and departure duty-free business, revenue from domestic duty-free arrival and departure stores increased by over 100% year-on-year and profitability continued to improve. In terms of overseas channels, to implement the Belt and Road Initiative, the Company orderly pushed ahead its overseas business layout by launching the duty-free store on the Adora Magic City cruise and the Qeelin store at Changi Airport in Singapore and winning the bid for the operation right of the MCM luxury store at Changi Airport in Singapore and the operating right of the Qeelin store at Hong Kong International Airport. At the same time, the Company actively promoted the overseas expansion of China-Chic brands by signing a strategic cooperation agreement with the Jinjiang Municipal People's Government. The Company also continuously expanded upstream brand and downstream channel resources while strengthening government cooperation and policy research, so as to fully support the entry of China-Chic brands into the overseas markets.

MANAGEMENT DISCUSSION AND ANALYSIS

(III) Striving for excellence and making every effort to enhance management quality and efficiency

The Company optimized the product sales mix, increased the proportion of high-margin products, improved the mechanism of sales promotion management, and optimized product pricing and discount strategies, such that its profitability was continuously restored. During the Reporting Period, the gross profit margin of the Company's principal business was 32.94%, up by 2.62 percentage points year-on-year. The Company continuously expanded its product boundaries. In the first half of the year, the Company introduced China-Chic brands covering perfume & cosmetics, home appliances, food & beverage, healthcare, and mother & child. The Company strengthened the construction of the supply chain system, enhanced product grading management, and promoted coordinated ordering and flexible distribution. The Company refined inventory management and formulated standardized operating procedures for the entire supply chain to enhance operational efficiency. The pilot and promotion of the "One Inventory" project in the Hainan region made significant progress, effectively improving operational efficiency and reducing operating costs. The Company strengthened online and offline coordination, focusing on resources such as market, products, and members; actively worked on directing offline customers to online repeated purchases; enhanced members' precise insights and data analysis capabilities; and improved conversion rate and repeated purchase rate. The Company optimized the store grading and classification management system, strengthened retail terminal control guidance, benchmarked against top brand standards, and established 11 new "S stores" to continuously improve the refined operation level of the stores.

(IV) Building a solid foundation and pushing ahead the construction of key projects

The Company steadily pushed ahead the construction of key projects and continuously built distinctive integrated travel retail complexes, contributing to the high-quality development of the Hainan Free Trade Port. During the Reporting Period, the hotel project on Plot 2 of Phase I of Sanya International Duty-Free Shopping Complex Project completed the hotel sample section review and pushed ahead the commencement of construction of the core tube structure. Phase III of Sanya International Duty-Free Shopping Complex Project obtained the construction permit for Area A and the planning permit for Area B, and completed the plus minus zero structure construction of the civil defense area. Plot 1 of Haikou International Duty-Free Shopping Complex Project pushed ahead the construction of curtain walls, electromechanical works, and fine decoration, while Plot 4 pushed ahead the construction of main structure.

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

Firstly, the Company strengthened marketing and promotion by creating the IP "C-LOONG" for the Year of Dragon and launching marketing activities such as the 4th cdf Watch Carnival and cdf Global Season of Special Offers (中免全球悦享季) with an aim to create new immersive, experiential, and interactive shopping scenarios and unique shopping experience tags to ignite consumer enthusiasm for duty-free shopping. Currently, the number of cdf members exceeded 35 million. Secondly, the Company strengthened brand promotion. In addition to deeply participating in industry events such as the China International Consumer Goods Fair and the TFWA Asia Pacific Exhibition & Conference, the Company also organized the 2024 Annual Procurement Conference and the Seminar on the Development of the Duty-Free Industry in China. The cdf's "Mystery" series brand image advertisement won the 2024 German National Design Award. Accordingly, the Company's brand image and influence were further enhanced. Thirdly, the Company strengthened technological innovation by integrating the cdf data center, which successfully standardized the data warehouse, data standards and data security management, thus supporting the Company's refined management and operations. The Company pushed ahead the Nebula Project (星雲項目) construction, carried out the data infrastructure construction and partial integration of core user data, and explored intelligent algorithm recommended applications to empower and support its business.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRIES IN WHICH THE COMPANY OPERATES

(I) Travel Industry

According to the domestic tourism data for the first half of 2024 released by the Ministry of Culture and Tourism, in the first half of 2024, the number of domestic trips was 2.725 billion, representing a year-on-year increase of 14.3%; and the total expenditure of domestic tourists was RMB2.73 trillion, representing a year-on-year increase of 19.0%. From a quarterly perspective, during the first quarter, the number of domestic trips was 1.419 billion, representing a year-on-year increase of 16.7%; during the second quarter, the number of domestic trips was 1.306 billion, representing a year-on-year increase of 11.8%.

Since 2024, China's inbound and outbound travel market has been recovering rapidly. According to statistics from the National Immigration Administration, from January to June 2024, a total of 287 million exit-entry travelers were inspected, marking a 70.9% increase year-on-year and recovered to 83% of the same period in 2019. This figure encompassed 137 million residents from the Chinese mainland, 121 million residents from Hong Kong SAR, Macao SAR and the Taiwan region, and 29.22 million foreign nationals.

According to the Cross-Border Travel Consumption Trend Report 2023-2024 released by the World Tourism Alliance, as China expands the range of visa-free countries unilaterally and continues to introduce visa and payment facilitation measures, the willingness of overseas tourists to travel to China has strongly rebounded, significantly boosting market confidence. China's inbound tourism market continues to boom. With the continuous expansion in international flight routes and connected cities, the enthusiasm of Chinese tourists to travel abroad continues to grow, and the number of outbound trips and consumption rapidly recovers. The report indicates that the demand for outbound travel among Chinese tourists is gradually being released from nearby to distant destinations. Among the top 20 popular destinations for outbound tourists, Asian countries account for 60%, and the European market is also gradually recovering. At the same time, Chinese tourists place greater emphasis on the quality of travel and the overall experience when traveling abroad, with a higher proportion of spending on experiences such as dining, entertainment, and leisure.

(II) Hainan Tourism and Offshore Duty-Free Industry

According to the statistics from the Hainan Provincial Bureau of Statistics, the passenger throughput of Hainan's ports and airports from January to June 2024 was 35.6845 million, representing a year-on-year increase of 9.1%, of which 18.6117 million were passenger departures, representing a year-on-year increase of 10.7%. However, the tourism market in Hainan revealed an uneven growth trend where the northern part of Hainan was more popular than the southern part. According to the statistics from Sanya and Haikou airports in Hainan, the passenger throughput of Sanya Phoenix International Airport was 10.889 million in the first half of 2024, representing a decrease of 3.2% year-on-year; whereas the passenger throughput of Haikou Meilan International Airport was 14.494 million, representing an increase of 20.3% year-on-year.

In the first half of the year, the offshore duty-free market in Hainan faced pressure on sales. According to statistics from Haikou Customs, from January to June 2024, the offshore duty-free sales amounted to RMB18.46 billion, representing a year-on-year decrease of 29.9%; and the number of duty-free shoppers was 3.361 million, representing a year-on-year decrease of 10%.

MANAGEMENT DISCUSSION AND ANALYSIS

On May 28, 2024, Hainan released the Measures to Further Promote the Integration of Culture, Sports, Tourism, Commerce, and Exhibitions to Expand Consumption in Hainan Province 《海南省進一步促進文體旅商展聯動擴大消費若干措施》. Through 20 specific measures to support offshore duty-free enterprises to boost consumption, support integrated cultural, sports, tourism, and commerce promotional activities, continue to issue consumption vouchers, and support inbound tourism, Hainan strives to continuously promote the construction of an international tourism and shopping center and further expand consumption to promote high-quality economic development in Hainan. From January to May 2024, Hainan has set aside RMB125 million as offshore duty-free amount and “air ticket equals admission ticket” consumption vouchers, which has played a positive role in stimulating the market atmosphere.

BUSINESS OF THE COMPANY

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

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

FINANCIAL REVIEW

Revenue

The Group’s revenue is mainly derived from sales of merchandise and the provision of related services through its travel retail business. Other revenue of the Group was mainly derived from the rental income of the Company’s properties.

The Group’s revenue decreased by 12.81% from RMB35.858 billion for the six months ended June 30, 2023 to RMB31.265 billion for the six months ended June 30, 2024, mainly due to the year-on-year decrease in revenue from sales of merchandise during the Reporting Period.

Other income

The Group’s other income (comprising interest income, exchange gains or losses and government grants) increased by 16.95% from RMB637 million for the six months ended June 30, 2023 to RMB745 million for the six months ended June 30, 2024, which was mainly due to the government grants and the increase in interest income as a result of the large-amount time deposits during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

The Group's cost of sales decreased by 16.26% from RMB25.104 billion for the six months ended June 30, 2023 to RMB21.022 billion for the six months ended June 30, 2024, mainly due to a year-on-year decrease in sales revenue during the Reporting Period.

Gross profit

The Group's gross profit decreased by 4.75% from RMB10.754 billion for the six months ended June 30, 2023 to RMB10.243 billion for the six months ended June 30, 2024, mainly due to a year-on-year decrease in sales revenue during the Reporting Period.

Selling and distribution costs

The Group's selling and distribution costs increased by 3.41% from RMB5.045 billion for the six months ended June 30, 2023 to RMB5.217 billion for the six months ended June 30, 2024, mainly due to the increase in lease expenses at airports during the Reporting Period.

Administrative expenses

The Group's administrative expenses decreased by 7.64% from RMB1.217 billion for the six months ended June 30, 2023 to RMB1.124 billion for the six months ended June 30, 2024, mainly due to the decrease in employee remuneration and financial handling fees during Reporting Period.

Staff costs

The Group's staff costs increased by 2.11% from RMB1.704 billion for the six months ended June 30, 2023 to RMB1.740 billion for the six months ended June 30, 2024, mainly due to the increase in the number of staff of some stores during the Reporting Period.

Finance costs

The finance costs of the Group mainly comprised of interest expenses on interest-bearing loans and interest expenses on lease liabilities.

The Group's finance costs decreased by 39.13% from RMB161 million for the six months ended June 30, 2023 to RMB98 million for the six months ended June 30, 2024, mainly due to the decrease in interest expenses of the interest-bearing borrowings as a result of the decrease in borrowings as compared with the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Reversal of impairment of trade and other receivables

The Group's reversal of impairment of trade and other receivables decreased by 40.27% from RMB3.76 million for the six months ended June 30, 2023 to RMB2.246 million for the six months ended June 30, 2024, mainly due to the recovery of some long-aged trade and other receivables during the Reporting Period.

Profit from operations

The Group's profit from operations decreased by 9.43% from RMB5.132 billion for the six months ended June 30, 2023 to RMB4.648 billion for the six months ended June 30, 2024, mainly due to a year-on-year decrease in sales revenue during the Reporting Period.

Profit for the Reporting Period

The Group's profit decreased by 11.36% from RMB4.137 billion for the six months ended June 30, 2023 to RMB3.667 billion for the six months ended June 30, 2024, mainly due to a year-on-year decrease in sales revenue during the Reporting Period.

Total equity attributable to equity shareholders

The Group's total equity attributable to equity shareholders increased by 0.04% from RMB53.646 billion as of December 31, 2023 to RMB53.665 billion as of June 30, 2024, mainly due to the Company's operating profit and distribution of dividends during the Reporting Period.

Trade and other receivables

The Group's trade and other receivables decreased by 26.78% from RMB6.037 billion as of December 31, 2023 to RMB4.420 billion as of June 30, 2024, mainly due to the decrease in the tax credit of value-added tax and time deposits during the Reporting Period.

Trade and other payables

The Group's trade and other payables decreased by 25.77% from RMB12.299 billion as of December 31, 2023 to RMB9.129 billion as of June 30, 2024, mainly due to the decrease in payables for procurement of goods, payables for construction work and payables for licensing fees during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and capital resources

The Group is principally engaged in the duty-free travel retail business, including wholesale and retail of duty-free products such as tobacco and wine, perfume and cosmetics, accessories, clothing and electronic products. In addition, the Group is also engaged in the investment and development of commercial complexes with duty-free business as the core.

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

As of June 30, 2024, the Group had cash and cash equivalents of RMB32.145 billion (as of December 31, 2023: RMB31.752 billion), primarily representing deposits in RMB and HK\$. As of June 30, 2024, the Group's borrowings amounted to RMB3.112 billion (as of December 31, 2023: RMB3.188 billion), which were mainly borrowings in RMB, among which RMB314 million adopted fixed interest rates.

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

Capital expenditure

The Group's capital expenditures relate primarily to construction and equity investment. As of June 30, 2024, the total amount of capital expenditure contracted by the Group but not yet provided was RMB1.646 billion (as of December 31, 2023: RMB1.175 billion).

Gearing ratio

Unit: 100 million Currency: RMB

	As of June 30, 2024	As of December 31, 2023
Total debts (including lease liabilities and interest-bearing borrowings)	54.77	55.31
Total equity	593.39	589.75
Gearing ratio ⁽¹⁾	9.23%	9.38%

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities

As of June 30, 2024, the Group did not have any significant contingent liabilities.

Investment

As of June 30, 2024, the Group's interests in associates and joint ventures amounted to RMB3.388 billion, representing an increase of RMB1.188 billion or 54.00% as compared to December 31, 2023. The increase in the Group's interests in associates and joint ventures mainly represented the capital increase in associates during the Reporting Period.

As of June 30, 2024, each individual investment held by the Group did not constitute 5% or more of the Group's total assets.

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

As of June 30, 2024, there were no material acquisitions and disposals. In the future, the Group shall focus on acquisition opportunities of upstream brands and duty-free operators, and proceed with relevant capital operations in a timely manner according to market conditions.

Pledge on assets

As of June 30, 2024, the book value of fixed assets, intangible assets and investment properties pledged as security amounted to RMB1.672 billion, RMB407 million and RMB1.294 billion, respectively.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: Nil).

DISCUSSION AND ANALYSIS OF THE COMPANY ON THE FUTURE DEVELOPMENT

(I) PROSPECT

In the second half of 2024, the Company will continue its efforts and be down-to-earth to make every effort to stabilize the offshore duty-free business in Hainan. The Company will continue to improve its domestic and international business layout, promote balanced development of online and offline businesses, and focus on the construction of complex projects. At the same time, the Company will strive to enhance its core capabilities and promote its high-quality development to make greater steps, forging ahead to become a world-class travel retail operator with global competitiveness and influence.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) POTENTIAL RISKS

- 1. Policy risk.** With the relaxation of the duty-free operation permits, the operating entity for the port arrival and departures duty-free stores shall be determined by way of bidding, while that of the offshore duty-free stores in Hainan Province shall be determined by way of competitive negotiation. 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 its principal business (i.e. duty-free travel retail), major projects and key markets, strive to improve core business capabilities, strengthen refined management, continuously enhance endogenous and exogenous development momentum, and comprehensively create a new pattern for the development of travel retail.
- 2. Investment risk.** The Company also faces the risk of investment in strategic projects falling short of expectations. The Company will focus on its strategic objectives, strengthen the management of medium-term and long-term planning and annual investment proposal, control the scale and the pace of investment from an overall and macro perspective, and maintain an overall objective understanding and vigilance of investment risks. The Company will also continue to strengthen project investment estimation and budget review, and scientifically control the total project investment, while making efforts in project establishment, approval, scientific feasibility study, file management and other tasks, maintaining good communication with governments at all levels, and striving for project progress according to schedule. The Company will strengthen team building with the ability in developing travel retail commercial complex projects and comprehensively operating composite industries to improve the capabilities of investment management, risk control, promotion management and project operation.
- 3. Financial risk.** As international business is mostly settled in foreign currencies, the increased fluctuation in the exchange rate of RMB against foreign currencies, exchange differences, etc. may lead to exchange losses, which may affect the realization of the Company's business objectives. The Company will continue to pay attention to exchange rate fluctuations and strengthen research, sort out and analyse the risk exposure of assets, liabilities, income, expenses and other foreign currency businesses, combining with the forecast of relevant currency exchange rates, interest rates and other trends. The Company will develop systematic management plans in accordance with the principle of allocation of strong monetary assets to vulnerable monetary liabilities, taking into account both income and risk to achieve objectives of exchange rate control, while paying close attention to the trend of currency exchange rate and interest rate changes and striving to improve the currency matching of assets and liabilities after considering the impact of interest rate factors on financial resource allocation.

MANAGEMENT DISCUSSION AND ANALYSIS

4. **Market risk.** The competition in the industry has become increasingly fierce. Many domestic enterprises have applied for duty-free operation permits, and foreign duty-free giants want to take a share from the duty-free market in China. The intensifying market competition has brought uncertainties to the Company's sustainable development. The Company will fully deepen its existing advantages to create a competitive advantage of online and offline integration, continue to promote centralized procurement to enhance the bargaining power in product procurement. The Company will actively develop new product lines and form a new driving force to consolidate and enhance its competitive advantages by leveraging its existing advantages; give full play to and implement its expertise in services to strengthen its market competitiveness by leveraging its brand advantages, so as to further consolidate the in-depth layout of cross-sector cooperation, open up mutual assistance, and cooperate for mutual benefit for better adaptability in the changing market.
5. **Project management risk.** In respect of major construction projects, deviations in tender and bidding, project budget and final accounts, construction process and project acceptance may lead to delay in the construction period of the project, loss of cost control and potential quality and safety issues. The Company will manage the project from the source, make efforts on project approval and bidding management in accordance with the management regulations of relevant construction projects; manage the construction process properly and hold progress seminars in a timely manner to boost the progress. With the strict control of construction budget, the Company will well manage the final accounts of projects to ensure safe and reliable delivery of projects.

OTHER INFORMATION

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

During the six months ended June 30, 2024, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares). As at June 30, 2024, the Company did not hold any treasury shares.

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

As of June 30, 2024, none of our Directors or Supervisors has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules to be notified to our Company, once the Shares are listed on the Hong Kong Stock Exchange.

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

As of June 30, 2024, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number and class of shares*	Approximate percentage of 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%
JPMorgan Chase & Co.	Interest in controlled corporation, investment manager, security interest and trustee	12,622,778 H Shares (L)	10.84%	0.61%
		3,494,971 H Shares (S)	3.00%	0.17%
	Approved lending agent	6,789,429 H Shares (P)	5.83%	0.33%
The Capital Group Companies, Inc.	Interest in controlled corporation	11,640,000 H Shares (L)	10.00%	0.56%

OTHER INFORMATION

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
Canada Pension Plan Investment Board	Beneficial owner	10,601,100 H Shares (L)	9.11%	0.51%
China State-Owned Enterprise Mixed Ownership Reform Fund Co., Ltd. ⁽²⁾	Beneficial owner	7,452,300 H Shares (L)	6.40%	0.36%
China Chengtong Holdings Group Co., Ltd. ⁽²⁾	Interest in controlled corporation	7,452,300 H Shares (L)	6.40%	0.36%
Citigroup Inc.	Interest in controlled corporation	7,325,334 H Shares (L)	6.29%	0.35%
		2,541,465 H Shares (S)	2.18%	0.12%
	Approved lending agent	4,196,988 H Shares (P)	3.60%	0.20%
Aggregate of abrdn plc affiliated investment management entities	Investment manager	6,812,600 H Shares (L)	5.85%	0.33%

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

Notes:

- (1) CTG is a state-owned enterprise under the control and supervision of the Central SASAC.
- (2) China Chengtong Holdings Group Ltd. holds 34.23% equity interest in China State-owned Enterprises Mixed Ownership Reform Fund Co., Ltd. By virtue of the SFO, China Chengtong Holdings Group Ltd. is deemed to be interested in the shares held by China State-owned Enterprises Mixed Ownership Reform Fund Co., Ltd.

Save as disclosed above, to the best knowledge of the Company, as of June 30, 2024, no person (other than the Directors and chief executives) had informed the Company that he/she had interests or short positions in the Shares or underlying Shares of equity derivatives of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or held any interests or short position in 5% or more of the respective types of capital in issue of the Company.

OTHER INFORMATION

USE OF NET PROCEEDS FROM THE ISSUANCE OF H SHARES

The net proceeds from the issuance of H Shares by the Company in its listing on the Hong Kong Stock Exchange amounted to approximately HK\$18,012.01 million, after deducting the underwriting commission and other estimated expenses payable in connection with the global offering of the Company. For the unutilized net proceeds of approximately HK\$10,320.91 million as of 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:

Unit: million Currency: HK\$

	Net proceeds intended to be distributed according to the Prospectus	Net proceeds unutilized as of December 31, 2023	Actual use of proceeds during the Reporting Period	Net proceeds unutilized as of the end of the Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
To reinforce our domestic channels, including the construction of duty-free stores at traditional ports for entry and exit, the construction of key airport duty-free stores, the investment in city stores, the development of duty-paid travel retail projects at transportation hubs, etc.	9,805.78	6,149.25	891.83	5,257.41	To be utilized before end of 2027
To expand overseas channels, including the layout of stores in overseas cities, the layout in key overseas airports, the construction of cruise duty-free stores, the investment in mergers and acquisitions of overseas travel retail operators, etc.	3,493.65	2,726.56	–	2,726.56	To be utilized before end of 2027
To improve supply chain efficiencies, including the construction of distribution centers, the upgrading of supply chain and the reinforcement of upstream procurement system	2,096.19	1,863.28	–	1,863.28	To be utilized before end of 2027
To upgrade our information technology system and boost the digitalization construction	232.91	–	–	–	Fully utilized
For marketing and further improve our customer loyalty program	582.28	488.56	91.76	396.80	To be utilized before end of 2027
For working capital and other general corporate purposes	1,801.20	76.86	–	76.86	To be utilized before end of 2027
Total	18,012.01	11,304.51	983.59	10,320.91	

OTHER INFORMATION

Notes:

- (1) The total net proceeds of HK\$18,012.01 million from the issuance of H Shares by the Company from its listing on the Hong Kong Stock Exchange consists of approximately HK\$15,892.25 million of net proceeds received prior to the exercise of the over-allotment option and the additional net proceeds of approximately HK\$2,119.76 million from the issue of over-allotment H Shares. Such over-allotment option was partially exercised on September 16, 2022.
- (2) The expected timeline for utilizing the remaining unutilized net proceeds is based on the best estimation of the future market conditions made by the Company with reference to the prevailing market conditions, which may change subject to the changes in market conditions from time to time.
- (3) Certain figures included in the above table have been rounded, and any difference is due to rounding.

CORPORATE GOVERNANCE

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

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

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

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

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

OTHER INFORMATION

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

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

The Company had made specific enquiry of all Directors and Supervisors. During the Reporting Period, all Directors and Supervisors of the Company were in strict compliance with the standards as set out in the Model Code.

REVIEW OF INTERIM REPORT

As of the Latest Practicable Date, the Audit and Risk Management Committee consisted of three independent non-executive Directors, namely Mr. GE Ming, Ms. WANG Ying and Mr. WANG Qiang, and was chaired by Mr. GE Ming.

The Audit and Risk Management Committee of the Company has reviewed the unaudited interim report of the Group for the six months ended June 30, 2024, and is of the view that the 2024 Interim Report is in compliance with the applicable accounting standards, relevant laws and regulations, and has made adequate disclosure.

INFORMATION CHANGES IN DIRECTORS AND SUPERVISORS

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

Mr. CHANG Zhujun on May 22, 2024 has obtained legal advice in accordance with Rule 3.09D of the Hong Kong Listing Rules and confirmed his understanding of his responsibilities as a director.

Save as disclosed above, there is no other change in the information of the Directors and Supervisors required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules during the Reporting Period.

OTHER INFORMATION

INFORMATION ON THE EMPLOYEES OF THE GROUP

As of June 30, 2024, the Group had 16,037 full-time employees. The Company enters into written employment agreements with our direct employees to specify the employee's position, responsibilities, remuneration, benefits and grounds of termination pursuant to relevant labor laws and regulations. We also have employees under labor dispatch agreements.

The Group's compensation plans include fixed salary and variable salary. The remuneration of our employees includes salaries, bonuses, incentives and allowances. Fixed salary comprehensively considers the value of the employee's position, personal ability and work experience. Floating salary is related to the performance of the enterprise, department and individual. We also provide benefits to our employees in accordance with applicable regulations and internal policies.

The Group's training takes strategic development as core and is committed to establishing a comprehensive talent development and training mechanism and promoting construction of talent. Through integration of online and offline training modes, such training energizes the learning motivation and creates a good talent training environment, providing talent guarantee for the long-term stable development of the Company in the future.

For middle and senior management, we organized a series of special lectures focusing on hot topics such as the international and domestic political and economic situation, business innovative mindset, strategic thinking and customer service, with a view to broadening the knowledge horizon and enhancing the strategic mindset and innovation awareness of management.

For new employees, we organized training sessions that provided an in-depth introduction to the duty-free industry, the Company's development history and key business overview, helping new employees quickly integrate into the Company. The Company attaches great importance to the training of young talents, and continues to carry out management trainee training programs, accelerating the growth of young talents and improving the core competitiveness of the organization in the form of "job rotation + subject research (輪崗+課題研究)".

The Group continued to build a team of internal lecturers. Through a series of teaching activities of "excellent teachers and excellent courses (優師優課)", the Company organized internal lecturers to give lectures on product knowledge, sales skills, office skills and other topics, and improved the comprehensive ability of internal lecturers through training.

The Group fully made use of the online training platform "China Duty-Free School (中國免稅學堂)" for all employees. The continuous improvement of the online courses provided abundant resources for employees to enrich their professional knowledge and improve their business capabilities.

The Group has also built a learning brand of "cdf Pioneer Lecture (中免先鋒講堂)" and invited experts and scholars with certain social influence in different fields such as politics, economy, history and culture to conduct in-depth interpretation, so as to help cadres and employees to study and grasp new philosophy, new ideas and new strategies, understand the spirit and broaden their horizons.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There are no important events affecting the Group which have occurred after the Reporting Period and up to the Latest Practicable Date.

INDEPENDENT REVIEW REPORT



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Independent review report

To the board of directors of China Tourism Group Duty Free Corporation Limited

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 21 to 54, which comprises the condensed consolidated statement of financial position of China Tourism Group Duty Free Corporation Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board ("IASB"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants
Hong Kong

30 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue	4	31,264,998	35,858,486
Cost of sales		(21,022,320)	(25,104,108)
Gross profit		10,242,678	10,754,378
Other income and other net gains	5	744,894	636,838
Selling and distribution costs		(5,217,400)	(5,045,270)
Administrative expenses		(1,123,537)	(1,216,906)
Research and development expenses		(906)	(825)
Reversal of impairment of trade and other receivables		2,246	3,760
Profit from operations		4,647,975	5,131,975
Finance costs	6	(97,904)	(161,198)
Share of profits and losses of:			
Joint ventures		(1,996)	1,604
Associates		24,849	24,026
Profit before taxation	6	4,572,924	4,996,407
Income tax	7	(906,373)	(859,895)
Profit for the period		3,666,551	4,136,512
Other comprehensive income for the period (after tax)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of foreign operations		133,993	577,223
		133,993	577,223
Total comprehensive income for the period		3,800,544	4,713,735
Profit for the period attributable to:			
Equity shareholders of the Company		3,305,551	3,907,380
Non-controlling interests		361,000	229,132
Profit for the period		3,666,551	4,136,512
Total comprehensive income attributable to:			
Equity shareholders of the Company		3,439,527	4,482,204
Non-controlling interests		361,017	231,531
Total comprehensive income for the period		3,800,544	4,713,735
Earnings per share			
Basic and diluted (RMB)	8	1.5978	1.8887

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Non-current assets			
Investment properties	9	1,571,885	1,574,751
Right-of-use assets	10	3,831,425	3,844,766
Other property, plant and equipment	11	8,473,254	8,432,954
Intangible assets		166,312	155,194
Goodwill		822,460	822,460
Interests in associates		2,381,632	1,191,274
Interests in joint ventures		1,006,673	1,008,669
Deposits and other receivables	13	515,728	530,526
Other non-current assets	14	532,197	1,391,752
Deferred tax assets	18	1,198,246	1,254,126
Total non-current assets		20,499,812	20,206,472
Current assets			
Inventories	12	19,014,520	21,056,915
Trade and other receivables	13	3,904,655	5,506,452
Income tax recoverable		35,704	54,049
Restricted bank deposits		5,880	36,265
Cash and time deposits	15	32,189,005	31,802,160
Total current assets		55,149,764	58,455,841
Current liabilities			
Trade and other payables	16	9,128,982	12,298,600
Contract liabilities	17	975,421	1,215,831
Interest-bearing borrowings	19	460,134	665,483
Lease liabilities		551,284	592,569
Income tax payable		645,896	556,018
Total current liabilities		11,761,717	15,328,501
Net current assets		43,388,047	43,127,340
Total assets less current liabilities		63,887,859	63,333,812

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Non-current liabilities			
Interest-bearing borrowings	19	2,651,534	2,522,280
Lease liabilities		1,813,899	1,750,911
Defined benefit obligations		1,090	1,090
Deferred tax liabilities	18	39,669	42,029
Deferred income		42,605	42,959
Total non-current liabilities		4,548,797	4,359,269
Net assets		59,339,062	58,974,543
Capital and reserves			
Share capital	20	2,068,859	2,068,859
Reserves		51,595,677	51,577,611
Total equity attributable to equity shareholders of the Company		53,664,536	53,646,470
Non-controlling interests		5,674,526	5,328,073
Total equity		59,339,062	58,974,543

Approved and authorised for issue by the board of directors on 30 August 2024.

Wang Xuan
Director

Chen Guo Qiang
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to equity shareholders of the Company								
	Share capital	Capital reserve	Statutory reserve	Exchange reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024 (audited)	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 period	-	-	-	-	-	3,305,551	3,305,551	361,000	3,666,551
Other comprehensive income	-	-	-	133,976	-	-	133,976	17	133,993
Total comprehensive income	-	-	-	133,976	-	3,305,551	3,439,527	361,017	3,800,544
Capital contributions from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	3,668	3,668
Disposal of an associate	-	(8,088)	-	-	-	-	(8,088)	-	(8,088)
Dividends declared in respect of the previous year (Note 20)	-	-	-	-	-	(3,413,617)	(3,413,617)	-	(3,413,617)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	(18,232)	(18,232)
Others	-	244	-	-	-	-	244	-	244
Balance at 30 June 2024 (unaudited)	2,068,859	17,439,360	1,050,986	894,959	(210)	32,210,582	53,664,536	5,674,526	59,339,062

	Attributable to equity shareholders of the Company								
	Share capital	Capital reserve	Statutory reserve	Exchange reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023 (audited)	2,068,859	17,486,404	1,050,986	520,160	(535)	27,183,708	48,309,582	5,529,014	53,838,596
Profit for the period	-	-	-	-	-	3,907,380	3,907,380	229,132	4,136,512
Other comprehensive income	-	-	-	574,824	-	-	574,824	2,399	577,223
Total comprehensive income	-	-	-	574,824	-	3,907,380	4,482,204	231,531	4,713,735
Dividends declared in respect of the previous year (Note 20)	-	-	-	-	-	(1,655,090)	(1,655,090)	-	(1,655,090)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	(29,717)	(29,717)
Balance at 30 June 2023 (unaudited)	2,068,859	17,486,404	1,050,986	1,094,984	(535)	29,435,998	51,136,696	5,730,828	56,867,524

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Operating activities			
Profit before taxation		4,572,924	4,996,407
Adjustments for:			
Depreciation of investment properties		24,183	19,819
Depreciation of right-of-use assets		247,029	306,740
Depreciation of other property, plant and equipment		338,971	322,068
Amortisation of intangible assets		15,967	12,642
Finance costs	6	97,904	161,198
Share of profits of associates and joint ventures, net		(22,853)	(25,630)
(Gains)/losses on disposal of items of other property, plant and equipment and other non-current assets, net		(14,762)	579
Gain on disposal of an associate		(3,106)	–
Interest income		(49,499)	–
Exchange gains, net	5	(80,889)	(253,891)
Changes in working capital:			
Decrease in inventories		2,042,395	3,472,486
Decrease in trade and other receivables		697,543	58,344
Decrease in restricted bank deposits		30,385	1,121,736
Decrease in deposits and other receivables		14,798	4,511
Decrease in trade and other payables		(2,616,446)	(1,090,276)
(Decrease)/increase in deferred income		(354)	39,869
(Decrease)/increase in contract liabilities		(240,410)	135,008
Cash generated from operations		5,053,780	9,281,610
Tax paid		(744,630)	(708,382)
Net cash flows from operating activities		4,309,150	8,573,228
Investing activities			
Proceeds from disposal of other property, plant and equipment and other non-current assets		277	188
Purchases of other property, plant and equipment and other non-current assets		(717,717)	(845,132)
Payment of investment deposit		–	(368,379)
Refund of investment deposit		368,379	–
Payments of equity investment funds		(368,583)	–
Dividends received from an associate		1,500	2,100
Proceeds from disposal of an associate		55,860	–
Purchases of time deposits		(1,010,000)	–
Redemption of time deposits		1,570,136	–
Net cash flows used in investing activities		(100,148)	(1,211,223)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Financing activities			
Capital contributions from non-controlling shareholders of subsidiaries		3,668	–
New bank loans and other loans		–	106,557
Repayment of bank loans		(73,112)	(1,062,892)
Interest paid		(55,056)	(65,578)
Dividends paid to shareholders of the Company		(3,221,585)	–
Dividends paid to non-controlling shareholders of subsidiaries		(23,131)	(29,717)
Capital element of lease rentals paid		(225,624)	(261,169)
Interest element of lease rentals paid		(55,510)	(55,902)
Other		728	–
Net cash flows used in financing activities		(3,649,622)	(1,368,701)
Net increase in cash and cash equivalents		559,380	5,993,304
Cash and cash equivalents at beginning of period		31,752,192	25,762,143
Effect of foreign exchange rate changes, net		(166,721)	470,206
Cash and cash equivalents at end of period	15	32,144,851	32,225,653
Analysis of balances of cash and cash equivalents			
Cash and bank balances		19,460,198	20,773,403
Non-pledged time deposits		12,684,653	11,452,250
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position		32,144,851	32,225,653
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	15	32,144,851	32,225,653

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

1. GENERAL INFORMATION

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

The Company is immediately controlled by China Tourism Group Co., Ltd., and is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2023.

The interim condensed consolidated financial information is presented in Renminbi (“RMB”), and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. SEGMENT INFORMATION

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:

(i) Travel retail ("Retail")

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

(ii) 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.

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 Retail segment and Property segment.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3. SEGMENT INFORMATION (Continued)

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 Retail segment and 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 six months ended 30 June 2024 and 2023:

Six months ended 30 June 2024				Corporate	Total
	Retail	Property	Subtotal	elimination	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	31,136,251	128,747	31,264,998	–	31,264,998
Inter-segment revenue	–	682,284	682,284	(682,284)	–
Reportable segment revenue	31,136,251	811,031	31,947,282	(682,284)	31,264,998
Share of profits and losses of associates and joint ventures, net	25,342	(2,489)	22,853	–	22,853
Write-down of inventories	(241,539)	–	(241,539)	–	(241,539)
Reversal of impairment of trade and other receivables	2,246	–	2,246	–	2,246
Depreciation and amortisation	(944,990)	(157,461)	(1,102,451)	476,301	(626,150)
Reportable segment profit before taxation	4,006,553	322,783	4,329,336	243,588	4,572,924
Income tax	(824,115)	(69,306)	(893,421)	(12,952)	(906,373)
Reportable segment net profit	3,182,438	253,477	3,435,915	230,636	3,666,551

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2023	Retail (Unaudited) RMB'000	Property (Unaudited) RMB'000	Subtotal (Unaudited) RMB'000	Corporate and elimination (Unaudited) RMB'000	Total (Unaudited) RMB'000
Revenue from external customers	35,791,756	66,730	35,858,486	–	35,858,486
Inter-segment revenue	–	547,752	547,752	(547,752)	–
Reportable segment revenue	35,791,756	614,482	36,406,238	(547,752)	35,858,486
Share of profits and losses of associates and joint ventures, net	24,731	899	25,630	–	25,630
Write-down of inventories	(223,435)	–	(223,435)	–	(223,435)
Reversal of impairment of trade and other receivables	3,760	–	3,760	–	3,760
Depreciation and amortisation	(913,223)	(137,661)	(1,050,884)	389,615	(661,269)
Reportable segment profit before taxation	4,611,507	206,041	4,817,548	178,859	4,996,407
Income tax	(828,556)	(36,811)	(865,367)	5,472	(859,895)
Reportable segment net profit	3,782,951	169,230	3,952,181	184,331	4,136,512

	Retail RMB'000	Property RMB'000	Corporate and elimination RMB'000	Total RMB'000
Segment assets				
30 June 2024 (unaudited)	72,651,390	15,461,454	(12,463,268)	75,649,576
31 December 2023 (audited)	72,936,355	15,464,076	(9,738,118)	78,662,313
Segment liabilities				
30 June 2024 (unaudited)	28,469,479	7,994,093	(20,153,058)	16,310,514
31 December 2023 (audited)	31,889,009	8,191,506	(20,392,745)	19,687,770

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3. SEGMENT INFORMATION (Continued)

The following tables set out information about the geographical locations of (i) the Group's revenue from external customers and (ii) 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 (i) the physical location of the asset, in the case of investment properties, right-of-use assets, other property, plant and equipment, intangible assets and other non-current assets, (ii) the location of the operation to which they are allocated, in the case of goodwill, and (iii) the location of operations, in the case of interests in associates and joint ventures.

Revenue from external customers

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Chinese Mainland	28,653,227	33,303,599
Hong Kong SAR, Macau SAR and overseas	2,611,771	2,554,887
Total	31,264,998	35,858,486

Specified non-current assets

	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Chinese Mainland	17,800,903	17,417,825
Hong Kong SAR, Macau SAR and overseas	984,935	1,003,995
Total	18,785,838	18,421,820

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

4. 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 3. Disaggregation of revenue from contracts with customers by major service line is as follows:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<i>Revenue from contracts with customers</i>		
Sale of merchandise		
– duty-free	21,670,457	23,956,500
– duty-paid	9,157,541	11,677,757
Others	316,279	148,093
Subtotal	31,144,277	35,782,350
<i>Revenue from other sources</i>		
Rental income from investment properties	120,721	76,136
Total	31,264,998	35,858,486

For the six months ended 30 June 2024, the Group had revenue from contracts with customers recognised over time of RMB16,709,000 (six months ended 30 June 2023: RMB6,880,000). All revenue from sales of merchandise and the remaining service income were recognised at a point in time.

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.

5. OTHER INCOME AND OTHER NET GAINS

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interest income from financial assets measured at amortised cost	567,360	366,342
Net exchange gains	80,889	253,891
Government grants	73,882	10,151
Others	22,763	6,454
Total	744,894	636,838

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

6. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2024	2023
	(Unaudited) RMB'000	(Unaudited) RMB'000
Finance costs		
Interest expenses on interest-bearing borrowings	42,394	103,239
Interest expenses on lease liabilities	55,510	57,959
Total	97,904	161,198
Staff costs		
Salaries, wages and other benefits	1,565,849	1,548,555
Contribution to defined contribution retirement plans	174,269	155,628
Total	1,740,118	1,704,183
Other items		
Cost of inventories	20,928,837	25,056,135
Depreciation and amortisation of:		
– Investment properties	24,183	19,819
– Right-of-use assets	247,029	306,740
– Other property, plant and equipment	338,971	322,068
– Intangible assets	15,967	12,642
Total	626,150	661,269
Lease expenses not included in the measurement of lease liabilities:		
– Variable leases and short-term leases (i)	2,316,566	1,870,070
Licensing fees for duty-free operation	612,798	812,684

- (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*.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

7. INCOME TAX

The amount of income tax expense charged to profit or loss represents:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current tax – Hong Kong Profits Tax		
Provision for corporate income tax (“CIT”) for the period	290,445	295,463
Current tax – Chinese Mainland (including Macau SAR) and elsewhere		
Provision for CIT for the period	531,456	678,867
Underprovision/(overprovision) for CIT in respect of the prior period	26,337	(20,995)
Current tax		
PRC land appreciation tax (“LAT”)	4,615	–
Deferred tax	53,520	(93,440)
Total tax charge for the period	906,373	859,895

- (i) The Company and the subsidiaries of the Group established in the PRC (excluding Hong Kong SAR and Macau SAR) are subject to the PRC Corporate Income Tax at a rate of 25% (six months ended 30 June 2023: 25%).
- (ii) The subsidiaries of the Group incorporated in Hong Kong SAR are subject to Hong Kong Profits Tax at a rate of 16.5% (six months ended 30 June 2023: 16.5%) and the subsidiaries of the Group incorporated in Macau SAR are subject to Macau Profits Tax at a rate of 12% (six months ended 30 June 2023: 12%). The subsidiary of the Group incorporated in Cambodia is subject to income tax at a rate of 20% (six months ended 30 June 2023: 20%). The subsidiary of the Group incorporated in Sri Lanka is subject to income tax at a rate of 30% (six months ended 30 June 2023: 30%). The subsidiary of the Group incorporated in Singapore is subject to income tax at a rate of 17% (six months ended 30 June 2023: 17%).

Among the subsidiaries incorporated in Hong Kong SAR, China Duty Free International Limited is eligible for the 8.25% tax band under the two-tiered tax rates regime introduced by the Hong Kong SAR Government. The provision for Hong Kong Profits Tax for this subsidiary was calculated on the same basis for the six months ended 30 June 2024 and 2023.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

7. INCOME TAX (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.

- (iv) According to No. 31 Caishui 2020 "Notice on Preferential Policies for Enterprise Income Tax in Hainan Free Trade Port" ("Hainan FTP") published by the Ministry of Finance and the State Administration of Taxation effective on 23 June 2020, 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 2024. 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 ten subsidiaries in the Hainan FTP are eligible for the abovementioned preferential corporate income tax rate of 15% as being determined as primarily engaged in the government encouraged duty-free business in China.

- (v) 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

8. EARNINGS PER SHARE

Basic earnings per share during the period was calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. There were no dilutive potential ordinary shares during the period.

The calculation of basic earnings per share is based on:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to equity shareholders of the Company for the period (in RMB'000)	3,305,551	3,907,380
Weighted average number of ordinary shares (in '000)	2,068,859	2,068,859
Basic earnings per share (in RMB)	1.5978	1.8887

9. INVESTMENT PROPERTIES

	Amount RMB'000
Cost:	
At 1 January 2024	1,758,762
Additions	23
Transfer from other property, plant and equipment	27,953
Transfer from right-of-use assets	9,654
At 30 June 2024 (unaudited)	1,796,392
Accumulated amortisation:	
At 1 January 2024	(184,011)
Charge for the period	(24,183)
Transfer from other property, plant and equipment	(13,797)
Transfer from right-of-use assets	(2,516)
At 30 June 2024 (unaudited)	(224,507)
Carrying amount:	
At 30 June 2024 (unaudited)	1,571,885
At 1 January 2024	1,574,751

The Group has applied the cost model for its investment properties.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

10. 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	–	307,777	–	307,777
Disposals	–	(407,041)	(9,244)	(416,285)
Modification	–	(22,603)	–	(22,603)
Transfer to investment properties	(9,654)	–	–	(9,654)
Exchange differences	–	7,594	–	7,594
At 30 June 2024 (unaudited)	2,410,157	4,453,757	–	6,863,914
Accumulated depreciation:				
At 1 January 2024	(443,888)	(2,701,619)	(6,612)	(3,152,119)
Charge for the period	(31,103)	(221,888)	(2,632)	(255,623)
Disposals	–	366,337	9,244	375,581
Transfer to investment properties	2,516	–	–	2,516
Exchange differences	–	(2,644)	–	(2,644)
At 30 June 2024 (unaudited)	(472,475)	(2,559,814)	–	(3,032,289)
Accumulated impairment:				
At 1 January 2024 and 30 June 2024 (unaudited)	–	(200)	–	(200)
Carrying amount:				
At 30 June 2024 (unaudited)	1,937,682	1,893,743	–	3,831,425
At 1 January 2024	1,975,923	1,866,211	2,632	3,844,766

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

10. RIGHT-OF-USE ASSETS (Continued)

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Included in "Right-of-use assets":		
– Ownership interests in leasehold land for own use	1,937,682	1,975,923
– Buildings	1,893,743	1,866,211
– Motor vehicles, furniture, and others	–	2,632
Subtotal	3,831,425	3,844,766
Included in "Investment properties":		
– Ownership interests in leasehold land held for lease	229,489	225,898
Total	4,060,914	4,070,664

- (b) The analyses of expense items in relation to leases recognised in profit or loss are as follows:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Depreciation charges of right-of-use assets by class of underlying assets:		
– Ownership interests in leasehold land for own use	22,509	20,103
– Buildings	221,888	286,620
– Motor vehicles, furniture, and others	2,632	17
– Ownership interests in leasehold land held for lease	3,547	3,039
Total	250,576	309,779
Interest expenses on lease liabilities (Note 6)	55,510	57,959
Variable lease payments not included in the measurement of lease liabilities (Note 6)	2,316,566	1,870,070

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

10. 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 reverts back to the PRC state. 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.

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 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).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

11. OTHER PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Furniture and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2024	7,340,710	29,618	132,341	275,709	2,546,481	1,066,675	11,391,534
Additions	401	1,972	84	6,739	76,247	309,034	394,477
Disposals	-	(516)	(2,568)	(5,834)	-	-	(8,918)
Transfer within other property, plant and equipment	-	-	-	-	107,901	(107,901)	-
Transfer to investment properties	(27,953)	-	-	-	-	-	(27,953)
Exchange differences	-	16	47	300	1,511	-	1,874
At 30 June 2024 (unaudited)	7,313,158	31,090	129,904	276,914	2,732,140	1,267,808	11,751,014
Accumulated depreciation:							
At 1 January 2024	(1,176,474)	(19,520)	(104,883)	(185,349)	(1,472,280)	-	(2,958,506)
Charge for the period	(125,603)	(2,410)	(3,528)	(13,903)	(193,527)	-	(338,971)
Disposals	-	431	2,440	3,433	-	-	6,304
Transfer to investment properties	13,797	-	-	-	-	-	13,797
Exchange differences	-	(6)	(38)	(266)	-	-	(310)
At 30 June 2024 (unaudited)	(1,288,280)	(21,505)	(106,009)	(196,085)	(1,665,807)	-	(3,277,686)
Impairment losses:							
At 1 January 2024 and 30 June 2024 (unaudited)	-	-	(3)	(47)	(24)	-	(74)
Carrying amount:							
At 30 June 2024 (unaudited)	6,024,878	9,585	23,892	80,782	1,066,309	1,267,808	8,473,254
At 1 January 2024	6,164,236	10,098	27,455	90,313	1,074,177	1,066,675	8,432,954

At 30 June 2024, the Group is in the process of obtaining ownership certificates for buildings with an aggregate carrying amount of RMB1,553,643,000 (31 December 2023: RMB1,574,517,000). There are two buildings that have not obtained ownership certificates, one of which is partially uncompleted. The carrying amounts of the buildings in the process of obtaining ownership certificates are 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 each reporting period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

12. INVENTORIES

Inventories in the condensed consolidated statement of financial position comprise:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Completed properties held for sale	726,067	741,373
Merchandise held for trading	18,288,453	20,315,542
Total	19,014,520	21,056,915

13. TRADE AND OTHER RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Non-current		
Lease and other deposits	515,728	530,526
Current		
Trade receivables (i)	389,229	381,732
Prepayments for purchases of merchandise	797,817	480,165
Prepayments for variable and short-term leases	1,817	1,758
Value-added tax recoverable	1,124,221	2,042,217
Lease and other deposits	192,543	589,578
Time deposits (ii)	1,015,345	1,551,220
Others	383,683	459,782
Subtotal	3,904,655	5,506,452
Total	4,420,383	6,036,978

- (i) The Group's trade receivables related to credit card sales and sales through on-line channels, the ageing of which is mainly within one year. The ageing of trade receivables is determined based on the invoice date.

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

13. TRADE AND OTHER RECEIVABLES (Continued)

- (ii) The balance represents time deposits purchased from a creditworthy licensed bank in Chinese Mainland earning interest at a fixed rate of 1.8% per annum (31 December 2023: 1.8% or 5.6% 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.

14. OTHER NON-CURRENT ASSETS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Prepayments for equity investment funds	–	859,555
Completed properties held for sale (i)	532,197	532,197
Total	532,197	1,391,752

- (i) Completed properties held for sale can be available for sale after the properties has obtained the overall pre-sale approval document or the new residential delivery license for 10 years according to the requirements of Haikou land and Resources Bureau.

15. CASH AND TIME DEPOSITS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Cash at banks and on hand	9,421,459	14,027,059
Deposits at CTG Finance Company Limited, a related financial institution	10,082,893	6,455,156
Time deposits	12,684,653	11,319,945
Cash and time deposits	32,189,005	31,802,160
Less: interest receivable of time deposits	44,154	49,968
Cash and cash equivalents	32,144,851	31,752,192
Cash and cash equivalents included in the condensed consolidated statements of financial position and the condensed consolidated statement of cash flows	32,144,851	31,752,192

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

16. TRADE AND OTHER PAYABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade payables	4,344,881	5,198,542
Payables for property constructions	972,500	1,167,701
Dividends payable	208,641	21,508
Employee benefits payable	635,637	544,020
Licensing fees payable	612,500	1,394,465
Other taxes payable	451,372	670,611
Variable and short-term lease and other operating expenses payable	1,110,896	1,681,090
Others	792,555	1,620,663
Total	9,128,982	12,298,600

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

An ageing analysis of the Group's trade payables, based on the invoice date, is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 1 year	3,815,020	4,532,521
1 to 2 years	66,085	197,919
2 to 3 years	16,438	21,085
Over 3 years	447,338	447,017
Total	4,344,881	5,198,542

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

17. CONTRACT LIABILITIES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Customer loyalty program liabilities (i)	861,851	962,482
Advances received from customers (ii)	113,570	253,349
Total	975,421	1,215,831

- (i) The Group provides several customer loyalty programs to customers with which points can be earned by customers and to be used to reduce the cost of future purchases. The contract liabilities in respect of unredeemed customer loyalty points will be recognised as revenue when the points are redeemed by those customers or expire, which is expected to occur before the end of the following three years based on the expiry terms of the loyalty points.
- (ii) The amounts of considerations received in advance as prepayments by customers are short term as the respective revenue is mainly expected to be recognised within a few days when the goods or services are accepted by customers.

18. DEFERRED TAX

- (i) Movements of each component of deferred tax assets and liabilities

The component of deferred tax assets and liabilities before offset and the movements throughout the period are as follows:

Deferred tax liabilities

	Fair value adjustments arising from acquisition of a subsidiary RMB'000	Right-of-use assets RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2024	41,712	337,369	168	379,249
Credited to profit or loss (Note 7)	(2,657)	(5,923)	–	(8,580)
At 30 June 2024 (unaudited)	39,055	331,446	168	370,669

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

18. DEFERRED TAX (Continued)

- (i) Movements of each component of deferred tax assets and liabilities (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 1 January 2024	544,301	328,115	118,225	366,811	233,894	1,591,346
Credited/(charged) to profit or loss (Note 7)	34,383	(25,601)	(6,752)	(34,393)	(29,737)	(62,100)
At 30 June 2024 (unaudited)	578,684	302,514	111,473	332,418	204,157	1,529,246

- (ii) The deferred tax assets and liabilities after offset are as follows:

Deferred tax liabilities

	Offset amount of deferred tax assets and deferred tax liabilities RMB'000	The deferred tax liabilities after offset RMB'000
30 June 2024 (unaudited)	331,000	39,669
1 January 2024	337,220	42,029

Deferred tax assets

	Offset amount of deferred tax assets and deferred tax liabilities RMB'000	The deferred tax assets after offset RMB'000
30 June 2024 (unaudited)	331,000	1,198,246
1 January 2024	337,220	1,254,126

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

19. INTEREST-BEARING BORROWINGS

The Group's interest-bearing borrowings are analysed as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Non-current		
Bank borrowings		
– Secured (i)	2,450,165	2,522,280
Loans from China Tourism Group Co., Ltd. ("CTG") (iv)	201,369	–
Subtotal	2,651,534	2,522,280
Current		
Bank borrowings		
– Secured (i)	145,186	146,224
– Unsecured (ii)	164,975	163,913
Loans from non-controlling shareholders (iii)	149,973	149,830
Loans from CTG (iv)	–	205,516
Subtotal	460,134	665,483
Total	3,111,668	3,187,763

(i) As at 30 June 2024, the Group has drawn down floating interest bank loans amounting to RMB2,595,351,000 (31 December 2023: RMB2,668,504,000), carrying interest at five-year Loan Prime Rate ("LPR") minus 1.5% per annum (31 December 2023: five-year LPR minus 1.5% per annum), which are secured by certain properties of the Group with a carrying amount of RMB3,372,240,000 (31 December 2023: RMB3,461,418,000). These bank loans were drawn down from the term loan facilities, which will be due in year 2037 with instalment repayment schedule during the terms.

(ii) As at 30 June 2024, the Group has drawn down unsecured floating interest bank loans amounting to HK\$180,000,000 (equivalent to RMB164,282,400) (31 December 2023: HK\$180,000,000 (equivalent to RMB163,119,600)), carrying interest at three-month Hong Kong Interbank Offered Rate ("HIBOR") plus 1.7% per annum (31 December 2023: three-month Hong Kong Interbank Offered Rate ("HIBOR") plus 1.9% before March 2023 and three-month HIBOR plus 1.7% after March 2023).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

19. INTEREST-BEARING BORROWINGS (Continued)

- (iii) As at 30 June 2024, the Group has drawn down unsecured floating interest loans amounting to HK\$40,000,000 (equivalent to RMB36,507,000) (31 December 2023: HK\$40,000,000 (equivalent to RMB36,249,000)), carrying interest at three-month HIBOR plus 1.7% per annum (31 December 2023: three-month HIBOR plus 1.7% per annum) and unsecured fixed interest loans amounting to MOP123,578,000 (equivalent to RMB112,787,000) (31 December 2023: MOP127,400,000 (equivalent to RMB113,182,000)), carrying interest at 0.73% per annum (31 December 2023: 0.73% per annum).
- (iv) As at 30 June 2024, the Company has drawn down shareholder loans amounting to RMB200,000,000 (31 December 2023: RMB200,000,000) from CTG, carrying interest at 3.65% per annum before April 2024 and 2.80% after April 2024 (31 December 2023: 4.35% before April 2023 and 3.65% after April 2023).

20. CAPITAL AND DIVIDEND

(i) Dividend

Dividend declared to the equity shareholders of the Company for the six months ended 30 June 2024 and 2023 is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Final dividend in respect of the previous year, declared in the following year	3,413,617	1,655,090
Dividend per ordinary share (RMB)	1.65	0.80

(ii) Share capital

	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Registered, issued and fully paid: 2,068,859,044 ordinary shares	2,068,859	2,068,859

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

21. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Purchase of property, plant and equipment	1,396,231	924,780
Investment commitments	250,000	250,000
Total	1,646,231	1,174,780

22. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(i) 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 periods ended 30 June 2024 and 2023.

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Service fee income (a)	2,426	5,427
Service fees paid/payable (b)	58,863	88,252
Rental expenses paid/payable (c)	133	1,140
Rental income (d)	5,420	3,867
Interest income (e)	32,128	33,968
Interest expenses (f)	3,275	4,032

Notes:

- (a) Service fee income mainly represents income from construction consulting services provided to fellow subsidiaries.
- (b) Service fees paid/payable represent fees paid/payable for promotional services, property management services, transportation services and ticketing services provided by fellow subsidiaries.
- (c) Rental expenses paid/payable represent expenses related to office provided by fellow subsidiaries.
- (d) Rental income represents income derived from the leasing of properties to fellow subsidiaries.
- (e) 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.
- (f) Interest expense represents interest incurred on the shareholders loan from CTG.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

22. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(i) Transactions with CTG Group (Continued)

The outstanding balances related to transactions with CTG Group are included in the following accounts as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Deposits at CTG Finance	10,082,893	6,455,156
Loans from CTG	201,369	205,516
Trade and other receivables	8,704	6,894
Trade and other payables	26,662	16,516

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Guarantees provided by CTG Finance	260,000	55,000

(ii) Principal transactions with associates and joint ventures of the Group

The following is a summary of principal related party transactions entered into by the Group with the associates and joint ventures of the Group for the periods ended 30 June 2024 and 2023, the terms of which are fair and reasonable.

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Sales of merchandise income (a)	86,977	55,037
Service fee income (b)	7,207	3,455
Service fees paid/payable (c)	366,662	429,975
Rental income (d)	941	-

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

22. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(ii) Principal transactions with associates and joint ventures of the Group (Continued)

Notes:

- (a) Revenue from sales of merchandise represents revenue derived from sales of duty-free goods to associates and joint ventures of the Group.
- (b) Service fee income mainly represents income from construction consulting services and promotional services provided to associates and a joint venture of the Group.
- (c) Service fees paid/payable mainly represent fees paid/payable for online platform services and promotional services provided by associates and a joint venture of the Group.
- (d) Rental income represents the income derived from leasing of properties to a joint venture of the Group.

The outstanding balances related to transactions with the associates and joint ventures of the Group are included in the following accounts as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade and other receivables	62,456	39,422
Trade and other payables	197,597	747,364
Contract liabilities	5,679	7,987

(iii) Key management personnel remuneration

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Short-term employee benefits	8,446	8,775
Discretionary bonuses	150	10,438
Total	8,596	19,213

Total remuneration is included in "staff costs" in Note 6.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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 30 June 2024 and 31 December 2023.

(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:

The fair value of financial liabilities measured at fair value has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to sales ("EV/S") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by the sales measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding sales measure of the financial liabilities measured at fair value. The directors believe that the estimated fair value resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

(ii) Financial liabilities measured at fair value (Continued)

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.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2024 and 31 December 2023:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial liabilities at fair value through profit or loss	Valuation multiples	Average EV/S multiple of peers	1.5 (31 December 2023: 1.5)	1% (31 December 2023: 1%) increase/decrease in multiple would result in increase/decrease in fair value by RMB572,000 (31 December 2023: RMB572,000)
		Discount for lack of marketability	32% (31 December 2023: 32%)	1% (31 December 2023: 1%) increase/decrease in discount would result in decrease/increase in fair value by RMB645,000 (31 December 2023: RMB645,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the financial liabilities.

The Group has financial liabilities, amounting to RMB39,200,000, which were measured at fair value through profit or loss as disclosed in trade and other payables as at 30 June 2024 (31 December 2023: RMB39,200,000). The fair value measurement hierarchy of the Group's financial liabilities was within level 3. During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and there was no transfers into or out of Level 3 for financial liabilities (31 December 2023: Nil).

(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 30 June 2024 and 31 December 2023.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

24. EVENTS AFTER THE REPORTING PERIOD

As at the date that this interim condensed consolidated financial information was approved, there was no event after the reporting period which should be disclosed.

25. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 30 August 2024.

DEFINITIONS

“A Share(s)”	ordinary share(s) 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
“Audit and Risk Management Committee”	the audit and risk management committee of the Board
“Board” or “Board of Directors”	our board of Directors
“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 Investment”	CDF Investment Development Co., Ltd. (中免投資發展有限公司) (formerly known as CITS (Beijing) Investment Development Co., Ltd. (前稱國旅(北京)投資發展有限公司)), a limited liability company incorporated in the PRC and a subsidiary of the Company
“Central SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“CG Code”	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”	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)
“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
“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

DEFINITIONS

“HK\$”	Hong Kong dollars and cents, the lawful currency of Hong Kong SAR
“Hong Kong SAR”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	August 30, 2024, being the latest practicable date prior to the publication of this interim report for the purpose of ascertaining certain information contained herein
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Macau SAR”	the Macao Special Administrative Region of the PRC
“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
“Prospectus”	the prospectus issued by the Company dated August 15, 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	the six months ended June 30, 2024
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) 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
“Supervisor(s)”	the supervisor(s) of the Company
“SSE” or “Shanghai Stock Exchange”	the Shanghai Stock Exchange
“2024 Interim Report”	interim report of the Group for the six months ended June 30, 2024
“%”	percentage



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