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**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE
DIRECTORS OF CHINA TOURISM GROUP DUTY FREE CORPORATION LIMITED
(中國旅遊集團中免股份有限公司) AND CHINA INTERNATIONAL CAPITAL
CORPORATION HONG KONG SECURITIES LIMITED AND UBS SECURITIES
HONG KONG LIMITED**

Introduction

We report on the historical financial information of China Tourism Group Duty Free Corporation Limited (中國旅遊集團中免股份有限公司, the "Company") (formerly known as China International Travel Service Corporation Limited 中國國旅股份有限公司) and its subsidiaries (together, the "Group") set out on pages I-4 to I-82, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2019, 2020 and 2021 and 31 March 2022, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended 31 December 2019, 2020 and 2021 and the three months ended 31 March 2022 (the "Track Record Period"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-82 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 15 August 2022 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.



Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2019, 2020 and 2021 and 31 March 2022, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statements for the three months ended 31 March 2021 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our 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 HKICPA. A review consists of making enquiries, 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. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.



**REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF
SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE
COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 29(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

A handwritten signature in black ink, appearing to be 'G. P. M.' followed by a stylized flourish.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

15 August 2022

Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in RMB)

	Note	Years ended 31 December			Three months ended 31 March	
		2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
Continuing operations						
Revenue	4	48,012,590	52,597,807	67,675,515	18,133,529	16,782,286
Cost of sales		(23,489,907)	(32,129,333)	(45,381,289)	(10,980,551)	(11,030,469)
Gross profit		24,522,683	20,468,474	22,294,226	7,152,978	5,751,817
Other income and other net gain	5	141,596	979,327	786,300	143,963	194,105
Selling and distribution costs		(16,279,893)	(9,741,005)	(5,408,173)	(2,232,946)	(1,872,622)
Administrative expenses		(1,873,440)	(2,025,341)	(2,708,667)	(531,375)	(538,242)
(Impairment loss)/reversal of impairment on trade and other receivables		(26,361)	18,121	(23,317)	(2,658)	246
Profit from operations		6,484,585	9,699,576	14,940,369	4,529,962	3,535,304
Share of net profits of associates		55,043	16,828	165,016	8,118	46,703
Share of net profits/(losses) of joint ventures		3,926	(1,375)	(2,685)	(758)	(684)
Finance costs	6(a)	(210,616)	(216,675)	(221,855)	(52,412)	(58,400)
Profit before taxation	6	6,332,938	9,498,354	14,880,845	4,484,910	3,522,923
Income tax	7	(1,570,316)	(2,388,991)	(2,439,594)	(1,057,285)	(589,251)
Profit from continuing operations		4,762,622	7,109,363	12,441,251	3,427,625	2,933,672
Discontinued operations						
Profit from discontinued operations, net of tax	31	708,456	—	—	—	—
Profit for the year/period		5,471,078	7,109,363	12,441,251	3,427,625	2,933,672

Note	Years ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Other comprehensive income for the year/period (after tax)					
<i>Items that will not be reclassified to profit or loss:</i>					
– Remeasurements of defined benefit liability	70	20	70	–	–
<i>Items that may be reclassified subsequently to profit or loss:</i>					
– Share of other comprehensive income of associates	189	(522)	(204)	–	–
– Exchange differences on translation of financial statements of foreign operations	68,889	(448,032)	(277,407)	34,958	(93,806)
	69,148	(448,534)	(277,541)	34,958	(93,806)
Total comprehensive income for the year/period	<u>5,540,226</u>	<u>6,660,829</u>	<u>12,163,710</u>	<u>3,462,583</u>	<u>2,839,866</u>
Profit for the year/period attributable to:					
Equity shareholders of the Company	4,497,573	5,931,348	9,726,557	2,869,366	2,579,787
Non-controlling interests	973,505	1,178,015	2,714,694	558,259	353,885
Profit for the year/period	<u>5,471,078</u>	<u>7,109,363</u>	<u>12,441,251</u>	<u>3,427,625</u>	<u>2,933,672</u>
Total comprehensive income for the year/period attributable to:					
Equity shareholders of the Company	4,565,470	5,484,358	9,449,057	2,903,784	2,483,519
Non-controlling interests	974,756	1,176,471	2,714,653	558,799	356,347
Total comprehensive income for the year/period	<u>5,540,226</u>	<u>6,660,829</u>	<u>12,163,710</u>	<u>3,462,583</u>	<u>2,839,866</u>
Earnings per share					
Basic and diluted (RMB)	10	2.3035	3.0379	4.9817	1.4696
Earnings per share-continuing operations					
Basic and diluted (RMB)	10	1.9383	3.0379	4.9817	1.3213

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

		As at 31 December			As at
	Note	2019	2020	2021	31 March
		RMB'000	RMB'000	RMB'000	2022
					RMB'000
Non-current assets					
Investment properties	11	1,385,502	1,281,170	1,196,813	1,171,259
Right-of-use assets	12	6,632,687	6,316,867	6,183,956	5,967,268
Other property, plant and equipment	13	2,719,190	3,522,422	5,533,246	6,062,069
Intangible assets	14	66,639	75,696	116,496	116,707
Goodwill	15	822,460	822,460	822,460	822,460
Interests in associates	17	224,860	765,283	968,400	1,015,103
Interests in joint ventures	18	29,829	25,980	23,294	22,610
Deposits and other receivables	20	537,067	565,362	582,745	561,043
Deferred tax assets	27(b)	543,678	1,525,380	1,132,226	1,187,340
		<u>12,961,912</u>	<u>14,900,620</u>	<u>16,559,636</u>	<u>16,925,859</u>
Current assets					
Inventories	19	8,964,688	14,733,024	19,724,698	20,953,552
Trade and other receivables	20	1,565,015	1,472,651	1,951,678	2,545,498
Income tax recoverable	27(a)	94,508	44,288	9,118	8,682
Restricted bank deposits	21	508,767	54,545	199,657	768,665
Cash and cash equivalents	22	11,985,340	14,658,688	16,656,542	13,962,570
		<u>23,118,318</u>	<u>30,963,196</u>	<u>38,541,693</u>	<u>38,238,967</u>
Current liabilities					
Trade and other payables	23	7,268,541	11,985,168	12,066,164	10,785,768
Contract liabilities	24	451,471	905,708	1,371,639	1,175,748
Interest-bearing borrowings	25	315,889	556,932	545,433	545,018
Lease liabilities	26	735,067	926,421	1,545,488	1,785,444
Income tax payable	27(a)	684,570	2,214,916	1,607,408	1,078,671
Provisions	28	51,367	—	—	—
		<u>9,506,905</u>	<u>16,589,145</u>	<u>17,136,132</u>	<u>15,370,649</u>
Net current assets		<u>13,611,413</u>	<u>14,374,051</u>	<u>21,405,561</u>	<u>22,868,318</u>
Total assets less current liabilities		<u>26,573,325</u>	<u>29,274,671</u>	<u>37,965,197</u>	<u>39,794,177</u>
Non-current liabilities					
Lease liabilities	26	3,736,935	3,458,759	3,486,524	3,161,825
Defined benefit obligation		2,232	1,920	1,010	1,010
Deferred tax liabilities	27(b)	96,911	74,391	55,240	52,389
Deferred income		1,121	3,185	3,426	3,551
		<u>3,837,199</u>	<u>3,538,255</u>	<u>3,546,200</u>	<u>3,218,775</u>
NET ASSETS		<u>22,736,126</u>	<u>25,736,416</u>	<u>34,418,997</u>	<u>36,575,402</u>
CAPITAL AND RESERVES	29				
Share capital		1,952,476	1,952,476	1,952,476	1,952,476
Reserves		17,928,340	19,941,610	27,318,923	29,802,442
Total equity attributable to equity shareholders of the Company		<u>19,880,816</u>	<u>21,894,086</u>	<u>29,271,399</u>	<u>31,754,918</u>
Non-controlling interests		<u>2,855,310</u>	<u>3,842,330</u>	<u>5,147,598</u>	<u>4,820,484</u>
TOTAL EQUITY		<u>22,736,126</u>	<u>25,736,416</u>	<u>34,418,997</u>	<u>36,575,402</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		As at 31 December			As at
	Note	2019	2020	2021	31 March
		RMB'000	RMB'000	RMB'000	2022
					RMB'000
Non-current assets					
Right-of-use assets		–	22,060	30,623	27,451
Other property, plant and equipment		21,291	54,731	66,178	64,629
Intangible assets		2,799	10,925	46,670	45,354
Investments in subsidiaries	16	6,756,351	6,756,351	7,268,964	7,268,964
Interests in associates		–	541,506	725,837	770,861
Other receivables	20	970,000	1,980,000	2,555,000	3,260,000
Deferred tax assets		2,024	19,754	49,462	44,518
		<u>7,752,465</u>	<u>9,385,327</u>	<u>10,742,734</u>	<u>11,481,777</u>
Current assets					
Other receivables	20	4,041,940	4,743,984	4,706,616	4,742,274
Income tax recoverable		819	–	–	–
Cash and cash equivalents		<u>5,745,720</u>	<u>7,296,581</u>	<u>5,947,871</u>	<u>6,325,443</u>
		<u>9,788,479</u>	<u>12,040,565</u>	<u>10,654,487</u>	<u>11,067,717</u>
Current liabilities					
Other payables	23	5,923,317	10,889,688	9,679,977	10,772,344
Interest-bearing borrowings		–	206,598	206,622	208,773
Lease liabilities		–	4,939	12,568	10,762
		<u>5,923,317</u>	<u>11,101,225</u>	<u>9,899,167</u>	<u>10,991,879</u>
Net current assets		<u>3,865,162</u>	<u>939,340</u>	<u>755,320</u>	<u>75,838</u>
Total assets less current liabilities		<u>11,617,627</u>	<u>10,324,667</u>	<u>11,498,054</u>	<u>11,557,615</u>
Non-current liabilities					
Lease liabilities		–	14,134	14,744	14,094
Deferred income		65	172	188	188
		<u>65</u>	<u>14,306</u>	<u>14,932</u>	<u>14,282</u>
NET ASSETS		<u>11,617,562</u>	<u>10,310,361</u>	<u>11,483,122</u>	<u>11,543,333</u>
CAPITAL AND RESERVES	29				
Share capital		1,952,476	1,952,476	1,952,476	1,952,476
Reserves		<u>9,665,086</u>	<u>8,357,885</u>	<u>9,530,646</u>	<u>9,590,857</u>
TOTAL EQUITY		<u>11,617,562</u>	<u>10,310,361</u>	<u>11,483,122</u>	<u>11,543,333</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in RMB)

Attributable to equity shareholders of the Company									
Note	Share capital RMB'000 (Note 29(c))	Capital reserve RMB'000 (Note 29(d)(i))	Statutory reserve RMB'000 (Note 29(d)(ii))	Exchange reserve RMB'000 (Note 29(d)(iii))	Other reserves RMB'000 (Note 29(d)(iv))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	1,952,476	3,851,298	772,211	32,775	(8,775)	9,562,788	16,162,773	2,339,517	18,502,290
Balance at 1 January 2019									
Changes in equity for 2019:									
Profit for the year	-	-	-	-	-	4,497,573	4,497,573	973,505	5,471,078
Other comprehensive income	-	-	-	67,638	259	-	67,897	1,251	69,148
	-	-	-	67,638	259	4,497,573	4,565,470	974,756	5,540,226
Total comprehensive income									
Acquisition of Hainan Duty Free Co., Ltd. ("Hainan DF") under common control	30(a)	-	195,491	-	-	-	195,491	305,529	501,020
Disposal of discontinued operations	31	-	-	-	22,962	8,806	(8,912)	(208,652)	(185,796)
Capital contributions by non-controlling shareholders of subsidiaries		-	-	-	-	-	-	17,470	17,470
Additional contributions by other shareholders of associates		-	8,088	-	-	-	8,088	-	8,088
Dividends declared and paid in respect of the previous year	29(b)	-	-	-	-	(1,073,862)	(1,073,862)	-	(1,073,862)
Dividends paid to non-controlling shareholders of subsidiaries		-	-	-	-	-	-	(573,310)	(573,310)
Appropriation to statutory reserve		-	-	278,775	-	(278,775)	-	-	-
	-	203,579	278,775	22,962	8,806	(1,361,549)	(847,427)	(458,963)	(1,306,390)
	1,952,476	4,054,877	1,050,986	123,375	290	12,698,812	19,880,816	2,855,310	22,736,126
Balance at 31 December 2019									

Note	Attributable to equity shareholders of the Company								
	Share capital RMB'000 (Note 29(c))	Capital reserve RMB'000 (Note 29(d)(i))	Statutory reserve RMB'000 (Note 29(d)(ii))	Exchange reserve RMB'000 (Note 29(d)(iii))	Other reserves RMB'000 (Note 29(d)(iv))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020	1,952,476	4,054,877	1,050,986	123,375	290	12,698,812	19,880,816	2,855,310	22,736,126
Changes in equity for 2020:									
Profit for the year	-	-	-	-	-	5,931,348	5,931,348	1,178,015	7,109,363
Other comprehensive income	-	-	-	(446,488)	(502)	-	(446,990)	(1,544)	(448,534)
Total comprehensive income	-	-	-	(446,488)	(502)	5,931,348	5,484,358	1,176,471	6,660,829
Acquisition of Hainan DF under common control	-	(2,065,306)	-	-	-	-	(2,065,306)	-	(2,065,306)
Disposal of subsidiaries	-	-	-	-	-	-	-	(19,050)	(19,050)
Capital contributions by non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	39,200	39,200
Dividends declared and paid in respect of the previous year	-	-	-	-	-	(1,405,782)	(1,405,782)	-	(1,405,782)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	(209,601)	(209,601)
	-	(2,065,306)	-	-	-	(1,405,782)	(3,471,088)	(189,451)	(3,660,539)
Balance at 31 December 2020	1,952,476	1,989,571	1,050,986	(323,113)	(212)	17,224,378	21,894,086	3,842,330	25,736,416

Attributable to equity shareholders of the Company									
Note	Share capital RMB'000 (Note 29(c))	Capital reserve RMB'000 (Note 29(d)(i))	Statutory reserve RMB'000 (Note 29(d)(ii))	Exchange reserve RMB'000 (Note 29(d)(iii))	Other reserves RMB'000 (Note 29(d)(iv))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	1,952,476	1,989,571	1,050,986	(323,113)	(212)	17,224,378	21,894,086	3,842,330	25,736,416
Balance at 1 January 2021									
Changes in equity for 2020:									
Profit for the year	-	-	-	-	-	9,726,557	9,726,557	2,714,694	12,441,251
Other comprehensive income	-	-	-	(277,367)	(133)	-	(277,500)	(41)	(277,541)
	-	-	-	(277,367)	(133)	9,726,557	9,449,057	2,714,653	12,163,710
Total comprehensive income									
Acquisition of China CTG Asset Operating Co., Ltd. ("CTG Asset Co") under common control	-	(126,482)	-	-	-	-	(126,482)	-	(126,482)
Capital contributions by shareholders of the Company	-	7,214	-	-	-	-	7,214	-	7,214
Disposal of subsidiaries	-	-	-	-	-	-	-	(18,773)	(18,773)
Capital contributions by non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	51,450	51,450
Dividends declared and paid in respect of the previous year	-	-	-	-	-	(1,952,476)	(1,952,476)	-	(1,952,476)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	(1,442,062)	(1,442,062)
	-	(119,268)	-	-	-	(1,952,476)	(2,071,744)	(1,409,385)	(3,481,129)
	1,952,476	1,870,303	1,050,986	(600,480)	(345)	24,998,459	29,271,399	5,147,598	34,418,997
Balance at 31 December 2021									

Note	Attributable to equity shareholders of the Company						
	Share capital RMB'000 (Note 29(c))	Capital reserve RMB'000 (Note 29(d)(i))	Statutory reserve RMB'000 (Note 29(d)(ii))	Exchange reserve RMB'000 (Note 29(d)(iii))	Other reserves RMB'000 (Note 29(d)(iv))	Retained profits RMB'000	Total RMB'000
						Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited) Balance at 1 January 2021	1,952,476	1,989,571	1,050,986	(323,113)	(212)	17,224,378	21,894,086
Changes in equity for the three months ended 31 March 2021:							
Profit for the period	-	-	-	-	-	2,869,366	2,869,366
Other comprehensive income	-	-	-	34,418	-	-	34,418
Total comprehensive income	-	-	-	34,418	-	2,869,366	2,903,784
Balance at 31 March 2021	1,952,476	1,989,571	1,050,986	(288,695)	(212)	20,093,744	24,797,870
						4,401,129	29,198,999

Attributable to equity shareholders of the Company

Note	Share capital RMB'000 (Note 29(c))	Capital reserve RMB'000 (Note 29(d)(i))	Statutory reserve RMB'000 (Note 29(d)(ii))	Exchange reserve RMB'000 (Note 29(d)(iii))	Other reserves RMB'000 (Note 29(d)(iv))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022	1,952,476	1,870,303	1,050,986	(600,480)	(345)	24,998,459	29,271,399	5,147,598	34,418,997
Changes in equity for the three months ended 31 March 2022:									
Profit for the period	-	-	-	-	-	2,579,787	2,579,787	353,885	2,933,672
Other comprehensive income	-	-	-	(96,268)	-	-	(96,268)	2,462	(93,806)
Total comprehensive income	-	-	-	(96,268)	-	2,579,787	2,483,519	356,347	2,839,866
Disposal of subsidiaries	-	-	-	-	-	-	-	(2,217)	(2,217)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	(681,244)	(681,244)
	-	-	-	-	-	-	-	(683,461)	(683,461)
Balance at 31 March 2022	1,952,476	1,870,303	1,050,986	(696,748)	(345)	27,578,246	31,754,918	4,820,484	36,575,402

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

	Note	Years ended 31 December			Three months ended	
		2019	2020	2021	31 March	2022
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Operating activities						
Profit before taxation						
– from continuing operations		6,332,938	9,498,354	14,880,845	4,484,910	3,522,923
– from discontinued operations		899,257	–	–	–	–
		<u>7,232,195</u>	<u>9,498,354</u>	<u>14,880,845</u>	<u>4,484,910</u>	<u>3,522,923</u>
Adjustments for:						
Depreciation of investment properties	11	12,236	42,817	40,207	10,297	9,382
Depreciation of right-of-use assets	12	667,115	758,712	989,697	201,168	265,436
Depreciation of other property, plant and equipment	13	345,038	358,598	387,567	99,612	104,378
Amortisation of intangible assets	14	11,879	14,126	16,873	3,834	4,992
Impairment of other property, plant and equipment	13	166,670	–	–	–	–
Finance costs		210,851	216,675	221,855	52,412	58,400
Share of profits and losses of associates and joint ventures, net		(59,401)	(15,453)	(162,331)	(7,360)	(46,019)
Gains on disposal of discontinued operations	31	(905,200)	–	–	–	–
Losses/(gains) on disposal of other property, plant and equipment, net		971	405	(825)	76	(821)
Other investment gains		(684)	(411)	–	–	–
COVID-19-related rent concessions	6(c)	–	(86,860)	(3,134,717)	–	(281,075)
Exchange losses/(gains), net	5	139,237	(536,990)	(283,426)	(57,236)	(118,361)
Changes in working capital:						
Increase in inventories		(2,430,156)	(5,768,336)	(4,991,674)	(3,728,134)	(1,228,854)
(Increase)/decrease in trade and other receivables		(1,553,794)	42,559	(514,884)	(47,050)	(594,256)
Increase/(decrease) in trade and other payables		979,511	5,648,609	3,051,636	(335,094)	(1,557,973)
Increase/(decrease) in contract liabilities		<u>655,686</u>	<u>454,237</u>	<u>465,931</u>	<u>89,573</u>	<u>(195,891)</u>
Cash generated from/(used in) operations		<u>5,472,154</u>	<u>10,627,042</u>	<u>10,966,754</u>	<u>767,008</u>	<u>(57,739)</u>
Tax paid	27(a)	<u>(1,755,095)</u>	<u>(1,812,647)</u>	<u>(2,637,929)</u>	<u>(687,981)</u>	<u>(1,175,517)</u>
Net cash generated from/(used in) operating activities		<u>3,717,059</u>	<u>8,814,395</u>	<u>8,328,825</u>	<u>79,027</u>	<u>(1,233,256)</u>

		Years ended 31 December			Three months ended 31 March	
	<i>Note</i>	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2021 <i>RMB'000</i> <i>(unaudited)</i>	2022 <i>RMB'000</i>
Investing activities						
Payments for the purchase of property, plant and equipment and other non-current assets		(1,516,172)	(1,233,722)	(2,154,847)	(259,291)	(580,519)
Proceeds from disposal of property, plant and equipment and other non-current assets		701	337	1,652	222	32
Acquisition of subsidiaries under common control	30	492,064	(2,065,306)	(126,482)	–	–
Disposal of discontinued operations, net of cash disposed of	31	360,605	–	–	–	–
Payments for investment in associates	17	–	(541,506)	(61,500)	–	–
Dividends received from associates and joint ventures		25,909	18,362	23,643	14,010	–
Payments for purchase of financial assets at fair value through profit and loss		(500,000)	(1,000,000)	–	–	–
Proceeds from disposal of financial assets at fair value through profit and loss		500,000	1,000,000	–	–	–
Investment income received from financial assets at fair value through profit and loss		5,644	7,733	–	–	–
Net cash used in investing activities		(631,249)	(3,814,102)	(2,317,534)	(245,059)	(580,487)

		Years ended 31 December			Three months ended 31 March	
	Note	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
Financing activities						
Capital contributions from non-controlling shareholders of subsidiaries		18,450	39,200	51,450	-	-
Capital distributions to non-controlling shareholders on liquidation of subsidiaries		(980)	(19,050)	(18,773)	-	-
Proceeds from new bank loans and other loans	22(b)	12,597	255,116	-	-	-
Repayment of bank loans and other loans	22(b)	(60,375)	-	-	-	-
Dividends paid to shareholders of the Company	29(b)	(1,073,862)	(1,405,782)	(1,952,476)	-	-
Dividends paid to non-controlling shareholders of subsidiaries		(561,926)	(244,426)	(1,459,932)	(17,870)	(681,244)
Interests paid	22(b)	(15,081)	(8,166)	(18,455)	(4,202)	(1,850)
Capital element of lease rentals paid	22(b)	(399,995)	(413,660)	(352,134)	(37,059)	(152,073)
Interest element of lease rentals paid	22(b)	(197,620)	(199,786)	(65,888)	(17,142)	(27,021)
Change in deposits from associates through cash pooling arrangement	22(b)	(47,831)	358	-	-	-
Others		192	(60)	(837)	(30)	-
Net cash used in financing activities		<u>(2,326,431)</u>	<u>(1,996,256)</u>	<u>(3,817,045)</u>	<u>(76,303)</u>	<u>(862,188)</u>
Net increase/(decrease) in cash and cash equivalents		759,379	3,004,037	2,194,246	(242,335)	(2,675,931)
Cash and cash equivalents at 1 January	22(a)	11,140,564	11,985,340	14,658,688	14,658,688	16,656,542
Effect of foreign exchange rates changes		<u>85,397</u>	<u>(330,689)</u>	<u>(196,392)</u>	<u>(576)</u>	<u>(18,041)</u>
Cash and cash equivalents at 31 December/31 March	22(a)	<u>11,985,340</u>	<u>14,658,688</u>	<u>16,656,542</u>	<u>14,415,777</u>	<u>13,962,570</u>

Notes to the Historical Financial Information

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

China Tourism Group Duty Free Corporation Limited (中國旅遊集團中免股份有限公司) (formerly known as China International Travel Service Corporation Limited, 原中國國旅股份有限公司) (the “Company”) was a joint stock company incorporated in the People’s Republic of China (the “PRC”) with limited liabilities 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 is immediately controlled by China Tourism Group Co., Ltd. (中國旅遊集團有限公司) (“CTG”), and is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the “Central SASAC”).

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. Details of the principal subsidiaries of the Group are set out in Note 16.

In December 2018, the Company entered into an agreement to dispose of its 100% equity interest in China International Travel Services Agency Limited (“CITS Agency”) to CTG for a total consideration of RMB1,830,846,000. The disposal of CITS Agency was subject to the approval from the Company’s shareholders other than CTG which was obtained in January 2019. As at 31 December 2018, given the remaining shareholdings of the Company were scattered, the outcome of the vote from the shareholders other than CTG was not certain. Accordingly, the directors of the Company considered that such disposal was completed after the approval from the shareholders in January 2019. For the purpose of the Historical Financial Information, the financial performance of CITS Agency prior to its disposal was presented as a single amount in the consolidated statements of profit or loss and other comprehensive income as if the operations had been discontinued from the beginning of the Track Record Period. The directors of the Company also adopted the choice in not presenting the disposal of CITS Agency separately as discontinued operations in the consolidated cash flow statements for the year ended 31 December 2019. Further details of the disposal of CITS Agency are set out in Note 31.

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (the “IASB”). Further details of the significant accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRSs that are effective for the accounting period commencing from 1 January 2022, including IFRS 9, *Financial Instruments*, IFRS 15, *Revenue from contracts with customers* and IFRS 16, *Leases*, consistently throughout the Track Record Period. The Group has not adopted any new standards or interpretations that are not yet effective during the Track Record Period. The new and revised accounting standards and interpretations issued but not yet effective or adopted are set out in Note 37.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The functional currency of the Company is RMB, which is the same as the presentation currency of the Historical Financial Information.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except for other investments in debt and equity securities that are stated at their fair value (see Note 2(g)).

(b) Use of judgements and estimates

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

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

Judgements made by management in the application of IFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Business combination

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

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

(d) Subsidiaries and non-controlling interests

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

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

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

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

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

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

(e) Associates and joint ventures

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

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

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

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

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

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(g)).

(f) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

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

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

(g) Other investments in debt and equity securities

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

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVTPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 32(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

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

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(v)(vi)).
- fair value through other comprehensive income ("FVOCI")-recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as FVTPL or FVOCI, are recognised in profit or loss as other income.

(h) Investment properties

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

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

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

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

(i) Other property, plant and equipment

Other property, plant and equipment are initially stated in the consolidated statement of financial position at cost if it is probable that they will generate future economic benefits. Cost represents the purchase price of the asset and other costs incurred in bringing the asset into its intended use. Subsequent to their initial recognition, property, plant and equipment are carried at cost less accumulated depreciation and impairment losses (see Note 2(l)(ii)).

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

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

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

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

(j) Intangible assets (other than goodwill)

Intangible assets represent software and similar licenses with finite useful life that are acquired by the Group. These intangible assets are stated at cost less accumulated amortisation and impairment losses (see Note 2(l)(ii)). Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives.

The useful lives of software are 2 to 10 years, which are determined based on their technological obsolescence. The useful lives of licenses are 15 years, which are determined based on the terms of expiry of the legal rights in relation to CITS Agency which was disposed of in 2019.

(k) Lease

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

(i) As a lessee

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

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

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

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

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16, *Leases*. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

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

(ii) As a lessor

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

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

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

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

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

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

Measurement of ECLs

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

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

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

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

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

Significant increases in credit risk

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

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

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

Basis of calculation of interest income

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

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

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

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

- Calculation of recoverable amount

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

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

(m) Inventories

Inventories comprise merchandise purchased for resale and are stated at the lower of cost and net realisable value. Cost of merchandise, representing the purchase cost and other costs incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method or the weighted-average cost method. Net realisable value of merchandise is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

(n) Trade and other receivables

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

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(1)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(1)(i).

(p) Trade and other payables

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

(q) Contract liabilities

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

(r) Interest-bearing borrowings

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

(s) **Employee benefits**

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

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

(ii) *Defined benefit plans*

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

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

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

(iii) *Termination benefits*

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

(t) **Income tax**

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

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

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

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

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

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

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

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

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

- (i) in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- (ii) in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) Provisions and contingent liabilities

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

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

(v) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

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

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of merchandise

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

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivables. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iii) Travel related services

Revenue arising from rendering tourism service, travel agency, other travel related services, is recognised in profit or loss when the services are rendered.

(iv) Other service income

Service income is recognised in profit or loss when the services are rendered.

(v) Dividends

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

(vi) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(1)(i)).

(vii) Government grants

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

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

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

(w) Translation of foreign currencies

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

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

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

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

(x) Borrowing costs

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

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

(y) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of profit or loss and other comprehensive income, which comprises:

- (i) the post-tax profit or loss of the discontinued operation; and
- (ii) the post-tax gain or loss recognised on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(z) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group.
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(aa) Segment reporting

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

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

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

(a) Net realisable value of inventories

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

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

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

(c) Depreciation and amortisation

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

(d) Deferred tax assets

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

(e) Customer loyalty program

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

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

	Years ended 31 December			Three months ended 31 March	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
Continuing operations					
Revenue from contracts with customers within the scope of IFRS 15					
Sales of merchandise					
– duty-free	46,441,206	32,361,706	42,935,607	12,613,512	11,369,464
– duty-paid	1,150,656	19,707,555	24,005,704	5,324,661	5,244,726
Provision of related services	243,029	332,248	442,596	118,662	102,539
	47,834,891	52,401,509	67,383,907	18,056,835	16,716,729
Revenue from other sources					
Rental income from investment properties	177,699	196,298	291,608	76,694	65,557
	<u>48,012,590</u>	<u>52,597,807</u>	<u>67,675,515</u>	<u>18,133,529</u>	<u>16,782,286</u>

The Group's customer base is diversified. During the Track Record Period, no revenue amounting to 10% or more of the Group's total revenue was derived from sales to a single customer.

During the Track Record Period, the Group had revenue from contracts with customers recognised over time of RMB18,529,000, RMB64,449,000, RMB137,879,000, RMB40,631,000 and RMB29,138,000 for the years ended 31 December 2019, 2020, 2021 and three months ended 31 March 2021 and 2022, respectively. All revenue from sales of merchandise and the remaining service income were recognised at point in time.

For those revenue from contracts with customers recognised over time, revenue is recognised at the amount to which it has the right to invoice, which corresponds directly with the value to the customer of the Group's performance completed to date, thus management applied practical expedient under IFRS 15 and are not disclosing the aggregate amount of the transaction price allocated to the performance obligation that are unsatisfied or partially satisfied as of the end of the reporting period.

(b) Segment reporting

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

- **Travel retail ("Retail")**

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

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

This segment engages in development of integrated travel retail complex and property letting.

- *Travel services*

This segment engages in the provision of travel related services, including tourism services, travel agency, travel documents handling, and other travel-related services. This segment was disposed of in January 2019, and was classified as discontinued operations for the year ended 31 December 2019. Relevant financial information of this segment is disclosed in Note 31.

(i) Segment results, assets and liabilities

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

Segment assets include all tangible and intangible assets and current assets. Segment liabilities includes 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.

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. Segment profit includes the Group's share of profit/loss arising from the activities of the Group's joint ventures and associates.

Financial information of the Group's reportable segments in the continuing operations for the Track Record Period is set out below.

	Year ended 31 December 2019				
	Retail RMB'000	Property RMB'000	Subtotal RMB'000	Corporate and elimination RMB'000	Total RMB'000
Continuing operations					
Revenue from external customers	47,834,899	177,691	48,012,590	–	48,012,590
Inter-segment revenue	–	370,520	370,520	(370,520)	–
Reportable segment revenue	47,834,899	548,211	48,383,110	(370,520)	48,012,590
Share of net profits of joint ventures and associates	118,367	–	118,367	(59,398)	58,969
Write-down of inventories	(230,015)	–	(230,015)	–	(230,015)
Impairment of other property, plant and equipment	–	(166,670)	(166,670)	–	(166,670)
Impairment loss on trade and other receivables	(26,361)	–	(26,361)	–	(26,361)
Depreciation and amortisation	(908,458)	(124,069)	(1,032,527)	(1,058)	(1,033,585)
Reportable segment profit/(loss) before taxation	6,481,742	(124,464)	6,357,278	(24,340)	6,332,938
Income tax	(1,514,051)	(47,110)	(1,561,161)	(9,155)	(1,570,316)
Reportable segment net profit/(loss)	<u>4,967,691</u>	<u>(171,574)</u>	<u>4,796,117</u>	<u>(33,495)</u>	<u>4,762,622</u>
Reportable segment assets	32,365,258	5,550,418	37,915,676	(1,835,446)	36,080,230
Reportable segment liabilities	<u>16,634,170</u>	<u>3,108,490</u>	<u>19,742,660</u>	<u>(6,398,556)</u>	<u>13,344,104</u>
Year ended 31 December 2020					
	Retail RMB'000	Property RMB'000	Subtotal RMB'000	Corporate and elimination RMB'000	Total RMB'000
Continuing operations					
Revenue from external customers	52,401,277	196,253	52,597,530	277	52,597,807
Inter-segment revenue	–	366,196	366,196	(366,196)	–
Reportable segment revenue	52,401,277	562,449	52,963,726	(365,919)	52,597,807
Share of net profits of joint ventures and associates	81,342	–	81,342	(65,889)	15,453
Write-down of inventories	(908,716)	–	(908,716)	–	(908,716)
Reversal of impairment on trade and other receivables	18,121	–	18,121	–	18,121
Depreciation and amortisation	(1,028,484)	(143,220)	(1,171,704)	(2,549)	(1,174,253)
Reportable segment profit before taxation	9,398,873	120,744	9,519,617	(21,263)	9,498,354
Income tax	(2,369,872)	(46,064)	(2,415,936)	26,945	(2,388,991)
Reportable segment net profit	<u>7,029,001</u>	<u>74,680</u>	<u>7,103,681</u>	<u>5,682</u>	<u>7,109,363</u>
Reportable segment assets	43,967,180	6,617,381	50,584,561	(4,720,745)	45,863,816
Reportable segment liabilities	<u>23,910,381</u>	<u>4,154,231</u>	<u>28,064,612</u>	<u>(7,937,212)</u>	<u>20,127,400</u>

Year ended 31 December 2021					
	Retail	Property	Subtotal	Corporate and elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Continuing operations					
Revenue from external customers	67,385,914	289,601	67,675,515	–	67,675,515
Inter-segment revenue	–	372,675	372,675	(372,675)	–
Reportable segment revenue	67,385,914	662,276	68,048,190	(372,675)	67,675,515
Share of net profits of joint ventures and associates	231,388	–	231,388	(69,057)	162,331
Write-down of inventories	(498,930)	–	(498,930)	–	(498,930)
Impairment on trade and other receivables	(3,408)	(19,909)	(23,317)	–	(23,317)
Depreciation and amortisation	(1,280,339)	(133,963)	(1,414,302)	(20,042)	(1,434,344)
Reportable segment profit before taxation	14,760,502	151,290	14,911,792	(30,947)	14,880,845
Income tax	(2,381,141)	(61,285)	(2,442,426)	2,832	(2,439,594)
Reportable segment net profit	<u>12,379,361</u>	<u>90,005</u>	<u>12,469,366</u>	<u>(28,115)</u>	<u>12,441,251</u>
Reportable segment assets	54,126,653	8,363,328	62,489,981	(7,388,652)	55,101,329
Reportable segment liabilities	<u>26,609,312</u>	<u>5,369,473</u>	<u>31,978,785</u>	<u>(11,296,453)</u>	<u>20,682,332</u>

Three months ended 31 March 2021 (unaudited)					
	Retail	Property	Subtotal	Corporate and elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Continuing operations					
Revenue from external customers	18,056,835	76,694	18,133,529	–	18,133,529
Inter-segment revenue	–	90,055	90,055	(90,055)	–
Reportable segment revenue	18,056,835	166,749	18,223,584	(90,055)	18,133,529
Share of net profits of joint ventures and associates	23,834	–	23,834	(16,474)	7,360
Reversal of write-down of inventories	60,917	–	60,917	–	60,917
Impairment on trade and other receivables	(2,658)	–	(2,658)	–	(2,658)
Depreciation and amortisation	(275,563)	(35,023)	(310,586)	(4,325)	(314,911)
Reportable segment profit before taxation	4,413,305	77,618	4,490,923	(6,013)	4,484,910
Income tax	(1,046,479)	(13,429)	(1,059,908)	2,623	(1,057,285)
Reportable segment net profit	<u>3,366,826</u>	<u>64,189</u>	<u>3,431,015</u>	<u>(3,390)</u>	<u>3,427,625</u>

Three months ended 31 March 2022					
	Retail	Property	Subtotal	Corporate and elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Continuing operations					
Revenue from external customers	16,717,058	65,228	16,782,286	–	16,782,286
Inter-segment revenue	–	115,865	115,865	(115,865)	–
Reportable segment revenue	16,717,058	181,093	16,898,151	(115,865)	16,782,286
Share of net profits of joint ventures and associates	63,739	–	63,739	(17,720)	46,019
Reversal of write-down of inventories	45,243	–	45,243	–	45,243
Reversal of impairment loss on trade and other receivables	246	–	246	–	246
Depreciation and amortisation	(348,452)	(30,094)	(378,546)	(5,642)	(384,188)
Reportable segment profit before taxation	3,489,075	62,864	3,551,939	(29,016)	3,522,923
Income tax	(571,185)	(20,721)	(591,906)	2,655	(589,251)
Reportable segment net profit	<u>2,917,890</u>	<u>42,143</u>	<u>2,960,033</u>	<u>(26,361)</u>	<u>2,933,672</u>
Reportable segment assets	57,634,164	9,258,401	66,892,565	(11,727,739)	55,164,826
Reportable segment liabilities	<u>28,036,409</u>	<u>6,222,404</u>	<u>34,258,813</u>	<u>(15,669,389)</u>	<u>18,589,424</u>

(ii) *Geographic information*

The following tables set out information about the geographical locations of the Group's revenue. The analyses of geographical locations are based on the locations at which the services are provided or the goods are delivered.

	Years ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Continuing operations					
Mainland China	43,973,194	49,756,199	63,574,357	17,183,809	15,896,805
Hong Kong, Macau and overseas	<u>4,039,396</u>	<u>2,841,608</u>	<u>4,101,158</u>	<u>949,720</u>	<u>885,481</u>
	<u>48,012,590</u>	<u>52,597,807</u>	<u>67,675,515</u>	<u>18,133,529</u>	<u>16,782,286</u>

5 OTHER INCOME AND OTHER NET GAIN

	Years ended 31 December			Three months ended	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Continuing operations					
Interest income from financial assets measured at amortised cost	326,562	248,738	226,984	62,216	68,788
Net exchange (losses)/gains	(139,538)	536,990	283,426	57,236	118,361
Government grants	69,163	215,514	277,706	20,238	4,713
Impairment loss on other property, plant and equipment (Note 13)	(166,670)	—	—	—	—
Others	52,079	(21,915)	(1,816)	4,273	2,243
	<u>141,596</u>	<u>979,327</u>	<u>786,300</u>	<u>143,963</u>	<u>194,105</u>

6 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Years ended 31 December			Three months ended	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Continuing operations					
Interest expenses on interest-bearing borrowings	12,996	16,889	18,660	6,533	6,817
Interest expenses on lease liabilities	197,620	199,786	203,195	45,879	51,583
	<u>210,616</u>	<u>216,675</u>	<u>221,855</u>	<u>52,412</u>	<u>58,400</u>

(b) Staff costs

	Years ended 31 December			Three months ended	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Continuing operations					
Salaries, wages and other benefits	2,215,695	2,232,301	2,899,324	623,744	649,434
Contributions to defined contribution retirement plans	155,650	111,395	229,285	52,627	72,312
	<u>2,371,345</u>	<u>2,343,696</u>	<u>3,128,609</u>	<u>676,371</u>	<u>721,746</u>

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

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

(c) Other items

	Years ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Continuing operations					
Cost of inventories (Note 19(b))	23,441,116	32,033,343	45,297,951	10,959,856	11,014,194
Depreciation and amortisation of:					
– Investment properties	12,185	42,817	40,207	10,297	9,382
– Right-of-use assets	667,115	758,712	989,697	201,168	265,436
– Other property, plant and equipment	343,148	358,598	387,567	99,612	104,378
– Intangible assets	11,137	14,126	16,873	3,834	4,992
	1,033,585	1,174,253	1,434,344	314,911	384,188
Lease expenses not included in the measurement of lease liabilities:					
– Variable and short-term leases (i)	12,227,732	5,615,858	2,364,352	782,537	579,113
– COVID-19-related rent concessions from lessors (ii)	–	(86,860)	(3,134,717)	–	(281,075)
	12,227,732	5,528,998	(770,365)	782,537	298,038
Licensing fees for duty-free operation	819,554	930,266	1,626,078	482,443	430,241
Auditors' remuneration:					
– Audit services	4,600	4,482	4,482	–	–

(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*.

(ii) During the year ended 31 December 2021 and the three months ended 31 March 2022, certain subsidiaries obtained unconditional waivers from the facility owners in respect of the lease expenses of RMB3,134,717,000 and RMB281,075,000, respectively, relating to the previous periods. The impact from the waivers was charged into profit or loss for the corresponding period when they were received.

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

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

	Years ended 31 December			Three months ended	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Continuing operations					
Current tax – Hong Kong					
Profits Tax					
Provision for the year/period	323,862	771,696	918,561	231,405	319,362
Current tax – Mainland China					
(including Macau) and other					
countries					
Provision for the year/period	1,390,527	2,569,424	1,128,897	957,041	327,854
Under-provision in respect of					
prior year	27,975	52,093	18,133	1,309	–
	1,418,502	2,621,517	1,147,030	958,350	327,854
Deferred tax					
Origination and reversal of					
temporary differences					
(Note 27(b))	(172,048)	(1,004,222)	183,919	(132,470)	(57,965)
Effect on deferred tax balances					
at 1 January resulting from a					
change in tax rate					
(Note 27(b))	–	–	190,084	–	–
	(172,048)	(1,004,222)	374,003	(132,470)	(57,965)
	1,570,316	2,388,991	2,439,594	1,057,285	589,251

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

	Years ended 31 December			Three months ended	
	2019	2020	2021	31 March	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Continuing operations					
Profit before taxation	6,332,938	9,498,354	14,880,845	4,484,910	3,522,923
Notional tax on profit before taxation, calculated at PRC income tax rate of 25% (i)	1,583,235	2,374,588	3,720,211	1,121,228	880,731
Different tax rates of subsidiaries operating in other jurisdictions and statutory tax concessions (ii) (iii) (iv)	(161,677)	(394,209)	(1,086,353)	(181,875)	(299,788)
Effect on current tax of previous year resulting from a change in tax rate (iv)	–	–	(604,710)	–	–
Effect on deferred tax balances at 1 January resulting from a change in tax rate (iv) (Note 27(b))	–	–	190,084	–	–
Under-provision in respect of prior year	27,975	52,093	18,133	1,309	–
Non-taxable income	(52,120)	(3,544)	(40,675)	(1,840)	(18,606)
Non-deductible expenses	23,994	14,995	9,620	6,918	2,882
Utilisation of previously unrecognised tax losses	(2,569)	(21,770)	(32,699)	–	(5,834)
Utilisation of previously unrecognised temporary differences	(20,519)	(4,999)	(9,597)	(739)	(62,079)
Tax losses and temporary differences not recognised as deferred tax assets	171,997	362,210	275,580	112,284	91,945
Others	–	9,627	–	–	–
	1,570,316	2,388,991	2,439,594	1,057,285	589,251

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

(ii) The subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% and the subsidiaries of the Group incorporated in Macau are subject to Macau Profits Tax rate of 12% during the Track Record Period. The subsidiary of the Group incorporated in Cambodia is subject to income tax rate of 20% during the Track Record Period.

Among the subsidiaries incorporated in Hong Kong, China Duty Free International Limited is eligible for 8.25% tax band under the two-tiered tax regime introduced by the Hong Kong SAR Government in 2021 or 2020.

(iii) Pursuant to the relevant regulations in respect of the Notice on the Implementation of Inclusive Tax Concessions for Small and Micro Enterprises (Cai Shui [2019] No. 13) jointly issued by the Ministry of Finance and the State Administration of Taxation in the PRC, for the portion of annual taxable income which does not exceed RMB1,000,000, the annual taxable income shall be deducted to 25% and the income tax shall be calculated at the rate of 20%; for the portion of annual taxable income from RMB1,000,000 to RMB3,000,000 (inclusive), the taxable income shall be deducted by 50% and the income tax shall be calculated at the rate of 20%. The above-mentioned Small and Micro Enterprises refer to those enterprises that are engaged in industries not restricted or prohibited by the state and meet

certain conditions, including annual taxable income not exceeding RMB3,000,000, number of employees not exceeding 300, and total assets not exceeding RMB50,000,000, and etc. Certain of PRC subsidiaries of the Group enjoyed this preferential income tax treatment during the years ended 31 December 2019, 2020 and 2021.

In 2021, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Implementation of Preferential Income Tax for Small and Micro Enterprises and Individual Entrepreneurs (Cai Shui [2021] No. 12), which provides a 50% reduction in corporate income tax for small and micro enterprises with annual taxable income not exceeding RMB1,000,000, on top of the preferential policies stipulated in Article 2 of Cai Shui [2019] No. 13 for the period from 1 January 2021 to 31 December 2022.

- (iv) According to No. 31 Caishui 2020 “Notice on Preferential Policies for Enterprise Income Tax in Hainan Free Trade Port” (“Hainan FTP”) published by Ministry of Finance and State Administration of Taxation effective on 23 June 2020, a qualified encouraged industrial enterprise registered in the Hainan FTP of the PRC is subject 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 a preferential corporate income tax rate of 15% for the calendar years from 2025 to 2035.

The provision for current income tax in the year of 2020 of the Group’s six subsidiaries in the Hainan FTP was calculated based on the corporate income tax rate of 25%. In September 2021, these subsidiaries received notices from the relevant government authorities that they 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, and the differences between the tax paid by these subsidiaries for the year 2020 calculated based on the corporate income tax rate of 25% and the preferential corporate income tax rate of 15% will be refunded accordingly. The effect of the tax refunds as a result of the change in applicable tax rates were charged to profit or loss for the year ended 31 December 2021.

8 DIRECTORS’ EMOLUMENTS

Details of the emoluments of the directors of the Company during the Track Record Period are as followings:

	Year ended 31 December 2019				Total RMB'000
	Directors' fee RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	
Chairman:					
Mr. Peng Hui	-	2,630	4,408	52	7,090
Mr. Li Gang (resigned on 30 August 2019)	-	-	-	-	-
Executive directors:					
Mr. Chen Guoqiang (appointed on 18 September 2019)	-	1,340	-	15	1,355
Mr. Xue Jun (appointed on 18 September 2019)	-	1,336	-	15	1,351
Mr. Chen Xianjun (resigned on 25 November 2019)	-	-	-	-	-
Independent non-executive directors:					
Mr. Zhang Rungang	116	-	-	-	116
Mr. Wang Bin	112	-	-	-	112
Ms. Liu Yan	112	-	-	-	112
	<u>340</u>	<u>5,306</u>	<u>4,408</u>	<u>82</u>	<u>10,136</u>

Year ended 31 December 2020					
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:					
Mr. Peng Hui	–	2,632	4,149	4	6,785
Executive directors:					
Mr. Chen Guoqiang	–	2,378	4,547	39	6,964
Mr. Xue Jun (resigned on 1 September 2020)	–	1,212	2,860	4	4,076
Ms. Zhang Yin (appointed on 18 February 2020 and resigned on 23 September 2020)	–	–	–	–	–
Independent non-executive directors:					
Mr. Zhang Rungang	201	–	–	–	201
Mr. Wang Bin	201	–	–	–	201
Ms. Liu Yan	201	–	–	–	201
	<u>603</u>	<u>6,222</u>	<u>11,556</u>	<u>47</u>	<u>18,428</u>

Year ended 31 December 2021					
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:					
Mr. Peng Hui	–	1,577	6,339	53	7,969
Executive directors:					
Mr. Chen Guoqiang	–	2,338	5,565	53	7,956
Mr. Wang Xuan (appointed on 18 May 2021)	–	1,918	5,007	53	6,978
Independent non-executive directors:					
Mr. Zhang Rungang	237	–	–	–	237
Mr. Wang Bin	237	–	–	–	237
Ms. Liu Yan	237	–	–	–	237
	<u>711</u>	<u>5,833</u>	<u>16,911</u>	<u>159</u>	<u>23,614</u>

Three months ended 31 March 2021 (Unaudited)

	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:					
Mr. Peng Hui	–	728	6,339	13	7,080
Executive directors:					
Mr. Chen Guoqiang	–	642	5,565	13	6,220
Independent non-executive directors:					
Mr. Zhang Rungang	55	–	–	–	55
Mr. Wang Bin	55	–	–	–	55
Ms. Liu Yan	55	–	–	–	55
	165	1,370	11,904	26	13,465

Three months ended 31 March 2022

	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:					
Mr. Peng Hui	–	2,013	3,271	14	5,298
Executive directors:					
Mr. Chen Guoqiang	–	686	2,800	14	3,500
Mr. Wang Xuan	–	579	2,485	14	3,078
Independent non-executive directors:					
Mr. Zhang Rungang	48	–	–	–	48
Mr. Wang Bin	48	–	–	–	48
Ms. Liu Yan	48	–	–	–	48
	144	3,278	8,556	42	12,020

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

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the Track Record Period, of the five individuals with the highest emoluments, 2, Nil, Nil, 2 and 3 are directors for the years ended 31 December 2019, 2020 and 2021 and three months ended 31 March 2021 and 2022, respectively, whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining individuals during the Track Record Period are as followings:

	Years ended 31 December			Three months ended 31 March	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
Salaries and other emoluments	15,736	21,329	17,965	1,990	983
Discretionary bonuses	6,650	27,021	38,789	16,827	4,230
Retirement scheme contributions	–	110	221	27	27
	<u>22,386</u>	<u>48,460</u>	<u>56,975</u>	<u>18,844</u>	<u>5,240</u>

The emoluments of the remaining 3, 5, 5, 3, 2 individuals for the years ended 31 December 2019, 2020 and 2021 and three months ended 31 March 2021 and 2022, respectively, who are amongst the five highest paid individuals of the Group are within the following bands:

	Years ended 31 December			Three months ended 31 March	
	2019 Number of individuals	2020 Number of individuals	2021 Number of individuals	2021 Number of individuals (unaudited)	2022 Number of individuals
HK\$3,000,001 to HK\$4,000,000	–	–	–	–	2
HK\$7,000,001 to HK\$8,000,000	–	–	–	3	–
HK\$8,000,001 to HK\$9,000,000	3	2	–	–	–
HK\$11,000,001 to HK\$12,000,000	–	–	2	–	–
HK\$12,000,001 to HK\$13,000,000	–	3	–	–	–
HK\$15,000,001 to HK\$16,000,000	–	–	3	–	–
	<u>3</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>2</u>

10 EARNINGS PER SHARE

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

The calculations of basic and diluted earnings per share are based on:

	Years ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021 (unaudited)	2022
Profit attributable to equity shareholders of the Company for the year/period (in RMB'000)					
– Continuing operations	3,784,518	5,931,348	9,726,557	2,869,366	2,579,787
– Discontinued operations	713,055	–	–	–	–
	<u>4,497,573</u>	<u>5,931,348</u>	<u>9,726,557</u>	<u>2,869,366</u>	<u>2,579,787</u>
Weighted average number of ordinary shares (in '000)	<u>1,952,476</u>	<u>1,952,476</u>	<u>1,952,476</u>	<u>1,952,476</u>	<u>1,952,476</u>
Basic and diluted earnings per share (in RMB)					
– Continuing operations	1.9383	3.0379	4.9817	1.4696	1.3213
– Discontinued operations	0.3652	–	–	–	–
	<u>2.3035</u>	<u>3.0379</u>	<u>4.9817</u>	<u>1.4696</u>	<u>1.3213</u>

11 INVESTMENT PROPERTIES

	Years ended 31 December			Three months ended
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Cost:				
At 1 January	289,670	1,477,529	1,400,678	1,328,332
Additions	–	–	11,332	–
Transfer from/(to) right-of-use assets and other property, plant and equipment	1,219,510	(52,051)	(83,054)	(24,671)
Disposal of discontinued operations (Note 31)	(31,816)	–	–	–
Decrease during the year/period	–	(24,800)	–	–
Disposals	–	–	(624)	–
Exchange differences	165	–	–	–
At 31 December/31 March	1,477,529	1,400,678	1,328,332	1,303,661
Accumulated amortisation:				
At 1 January	(69,633)	(92,027)	(119,508)	(131,519)
Charge for the year/period	(12,236)	(42,817)	(40,207)	(9,382)
Transfer (from)/to right-of-use assets and other property, plant and equipment	(23,984)	15,336	27,786	8,499
Disposal of discontinued operations (Note 31)	13,826	–	–	–
Disposals	–	–	410	–
At 31 December/31 March	(92,027)	(119,508)	(131,519)	(132,402)
Carrying amount at 31 December/31 March	1,385,502	1,281,170	1,196,813	1,171,259

- (a) Amounts recognised in the consolidated statements of profit or loss and other comprehensive income for investment properties

	Years ended 31 December			Three months ended	
	2019	2020	2021	31 March	
	RMB'000	RMB'000	RMB'000	2021	2022
				RMB'000	RMB'000
				(unaudited)	
Rental income from operating leases	177,699	196,298	291,608	76,694	65,557

(b) Leasing income

The Group leases out investment properties under operating leases which typically run for an initial period of 1 to 3 years. The Group's total future minimum lease receivable under non-cancellable operating leases are as follows:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Within 1 year	174,248	176,433	106,599	85,859
After 1 year but within 5 years	326,904	184,668	93,798	81,825
After 5 years	16,666	10,065	5,482	4,557
	<u>517,818</u>	<u>371,166</u>	<u>205,879</u>	<u>172,241</u>

(c) Fair value hierarchy

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

An independent professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, has been engaged to measure the fair value of the investment properties during the Track Record Period. The valuation included the fair value of the buildings, and the associated leasehold land use rights classified as investment properties. As at 31 December 2019, 2020 and 2021 and 31 March 2022, the fair values of the investment properties are RMB3,054,033,000, RMB2,943,032,000, RMB3,153,300,000, and RMB3,188,000,000 respectively.

Fair values are categorised into the three-level fair value hierarchy as disclosed in Note 32(e). The fair value measurement for investment properties has been categorised as Level 3 fair value based on the inputs to the valuation technique used.

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

Description	Valuation techniques	Unobservable inputs	Relationship of unobservable inputs to fair value
Property units located in Mainland China	Income approach	Market rent	The higher the unit rent per square meter, the higher the fair value.
		Market yield	The higher the yield, the lower the fair value. The ranges of adopted yield are from 6.0% to 6.5%, 6.0% to 6.5%, 6.0% to 6.5% and 6.0% to 6.5% as at 31 December 2019, 2020 and 2021 and 31 March 2022 respectively.

12 RIGHT-OF-USE ASSETS

	Ownership interests in leasehold land for own use RMB'000	Buildings RMB'000	Motor vehicles, furniture, and others RMB'000	Total RMB'000
Cost:				
At 1 January 2019	2,105,477	4,318,384	5,345	6,429,206
Acquisition through business combination (Note 30(a))	—	8,656	—	8,656
Additions	670,526	907,385	1,876	1,579,787
Transfer to investment properties	(218,914)	—	—	(218,914)
Exchange differences	—	5,892	91	5,983
At 31 December 2019	2,557,089	5,240,317	7,312	7,804,718
Additions	26,883	430,296	2,331	459,510
Termination of leases	—	—	(5,233)	(5,233)
Transfer from investment properties	13,362	—	—	13,362
Exchange differences	—	(22,783)	(109)	(22,892)
At 31 December 2020	2,597,334	5,647,830	4,301	8,249,465
Additions	—	930,808	6,373	937,181
Disposals	—	(35,590)	(23)	(35,613)
Modification	—	(21,181)	—	(21,181)
Transfer from investment properties	21,321	—	—	21,321
Exchange differences	—	(16,576)	(47)	(16,623)
At 31 December 2021	2,618,655	6,505,291	10,604	9,134,550
Additions	—	65,295	—	65,295
Disposals	—	(179,374)	(157)	(179,531)
Modification	—	(2,882)	—	(2,882)
Transfer from investment properties	6,333	—	—	6,333
Exchange differences	—	(7,557)	(10)	(7,567)
At 31 March 2022	2,624,988	6,380,773	10,437	9,016,198
Accumulated depreciation:				
At 1 January 2019	(161,617)	(351,857)	(1,992)	(515,466)
Charge for the year	(64,458)	(613,233)	(1,980)	(679,671)
Transfer to investment properties	24,165	—	—	24,165
Exchange differences	—	(1,058)	(1)	(1,059)
At 31 December 2019	(201,910)	(966,148)	(3,973)	(1,172,031)
Charge for the year	(62,377)	(705,684)	(2,339)	(770,400)
Written back on termination	—	—	5,233	5,233
Transfer from investment properties	(2,232)	—	—	(2,232)
Exchange differences	—	6,806	26	6,832
At 31 December 2020	(266,519)	(1,665,026)	(1,053)	(1,932,598)
Charge for the year	(63,182)	(960,519)	(2,227)	(1,025,928)
Written back on disposals	—	11,210	17	11,227
Transfer from investment properties	(4,131)	—	—	(4,131)
Exchange differences	—	828	8	836
At 31 December 2021	(333,832)	(2,613,507)	(3,255)	(2,950,594)
Charge for the period	(15,938)	(257,089)	(647)	(273,674)
Written back on disposals	—	175,361	67	175,428
Transfer from investment properties	(1,270)	—	—	(1,270)
Exchange differences	—	1,176	4	1,180
At 31 March 2022	(351,040)	(2,694,059)	(3,831)	(3,048,930)
Carrying amount:				
At 31 December 2019	2,355,179	4,274,169	3,339	6,632,687
At 31 December 2020	2,330,815	3,982,804	3,248	6,316,867
At 31 December 2021	2,284,823	3,891,784	7,349	6,183,956
At 31 March 2022	2,273,948	3,686,714	6,606	5,967,268

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

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Included in "Right-of-use assets":				
– Ownership interests in leasehold land for own use	2,355,179	2,330,815	2,284,823	2,273,948
– Buildings	4,274,169	3,982,804	3,891,784	3,686,714
– Motor vehicles, furniture, and others	3,339	3,248	7,349	6,606
	6,632,687	6,316,867	6,183,956	5,967,268
Included in "Investment properties":				
– Ownership interests in leasehold land held for lease	249,197	230,902	206,905	200,282
	6,881,884	6,547,769	6,390,861	6,167,550

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

	Years ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Depreciation charges of right-of-use assets by class of underlying assets:					
– Ownership interests in leasehold land for own use	51,902	50,689	26,951	15,785	7,700
– Buildings	613,233	705,684	960,519	185,086	257,089
– Motor vehicles, furniture, and others	1,980	2,339	2,227	297	647
– Ownership interests in leasehold land held for lease	1,693	7,165	6,808	1,702	1,560
	668,808	765,877	996,505	202,870	266,996
Interest expenses on lease liabilities (Note 6(a))	197,620	199,786	203,195	45,879	51,583
Variable lease payments not included in the measurement of lease liabilities (Note 6(c))	12,227,732	5,615,858	2,364,352	782,537	579,113
COVID-19-related rent concessions from lessors (Note 6(c))	–	(86,860)	(3,134,717)	–	(281,075)

- (c) **Ownership interests in leasehold land for own use**

The Group has obtained land use rights in the Mainland China where certain retail complexes are located. The land use rights are typically granted for 30-50 years, on the expiry of which the land 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).

13 OTHER PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Furniture and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2019	2,294,259	10,068	182,488	251,766	491,555	833,129	4,063,265
Acquisition through business combination (Note 30(a))	42,375	347	3,721	22,132	171,827	6,197	246,599
Additions	1,171	9,595	15,274	24,449	36,518	1,104,672	1,191,679
Disposals	-	(705)	(10,835)	(16,868)	-	-	(28,408)
Transfer within other property, plant and equipment	77,563	157	-	263	294,430	(372,413)	-
Transfer from/(to) investment properties	617	-	-	-	-	(1,001,213)	(1,000,596)
Disposal of discontinued operations (Note 31)	(340,292)	(1,702)	(60,870)	(91,852)	(37,491)	-	(532,207)
Exchange differences	132	11	146	443	1,712	-	2,444
At 31 December 2019	2,075,825	17,771	129,924	190,333	958,551	570,372	3,942,776
Additions	-	5,921	5,611	27,463	32,420	1,076,304	1,147,719
Disposals	-	(400)	(5,738)	(6,041)	-	-	(12,179)
Transfer within other property, plant and equipment	7,155	-	-	-	239,676	(246,831)	-
Transfer from investment properties	38,689	-	-	-	-	-	38,689
Exchange differences	-	(33)	(398)	(1,753)	(9,908)	-	(12,092)
At 31 December 2020	2,121,669	23,259	129,399	210,002	1,220,739	1,399,845	5,104,913
Additions	-	2,824	3,548	32,962	156,602	2,199,258	2,395,194
Disposals	(1,250)	(772)	(3,545)	(8,315)	(26,026)	-	(39,908)
Transfer within other property, plant and equipment	330,295	-	-	-	211,599	(541,894)	-
Transfer from investment properties	61,733	-	-	-	-	-	61,733
Exchange differences	-	(20)	(155)	(821)	(8,676)	(597)	(10,269)
At 31 December 2021	2,512,447	25,291	129,247	233,828	1,554,238	3,056,612	7,511,663
Additions	-	593	622	3,470	4,001	616,967	625,653
Disposals	-	-	(617)	(372)	-	-	(989)
Transfer within other property, plant and equipment	-	-	-	615	3,969	(4,584)	-
Transfer from investment properties	18,338	-	-	-	-	-	18,338
Exchange differences	-	(7)	(37)	(250)	(1,578)	(1,509)	(3,381)
At 31 March 2022	2,530,785	25,877	129,215	237,291	1,560,630	3,667,486	8,151,284

	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
Accumulated depreciation:							
At 1 January 2019	(508,175)	(7,754)	(128,720)	(164,507)	(165,329)	-	(974,485)
Charge for the year	(133,855)	(1,047)	(20,465)	(20,832)	(168,938)	-	(345,137)
Acquisition through business combination (Note 30(a))	(538)	(254)	(1,298)	(12,687)	-	-	(14,777)
Written back on disposals	-	480	10,063	14,956	-	-	25,499
Transfer from investment properties	(181)	-	-	-	-	-	(181)
Disposal of discontinued operations (Note 31)	126,529	1,029	54,761	62,125	8,074	-	252,518
Exchange differences	-	(6)	(171)	(176)	-	-	(353)
At 31 December 2019	(516,220)	(7,552)	(85,830)	(121,121)	(326,193)	-	(1,056,916)
Charge for the year	(124,951)	(2,619)	(12,900)	(21,982)	(196,185)	-	(358,637)
Written back on disposals	-	380	5,467	5,545	-	-	11,392
Transfer from investment properties	(13,104)	-	-	-	-	-	(13,104)
Exchange differences	-	21	281	1,142	-	-	1,444
At 31 December 2020	(654,275)	(9,770)	(92,982)	(136,416)	(522,378)	-	(1,415,821)
Charge for the year	(116,082)	(3,767)	(10,198)	(21,764)	(235,929)	-	(387,740)
Written back on disposals	858	473	2,806	6,583	4,075	-	14,795
Transfer from investment properties	(23,655)	-	-	-	-	-	(23,655)
Exchange differences	-	10	119	545	-	-	674
At 31 December 2021	(793,154)	(13,054)	(100,255)	(151,052)	(754,232)	-	(1,811,747)
Charge for the period	(31,221)	(1,229)	(1,825)	(5,802)	(64,338)	-	(104,415)
Written back on disposals	-	-	586	119	-	-	705
Transfer from investment properties	(7,229)	-	-	-	-	-	(7,229)
Exchange differences	-	3	31	107	-	-	141
At 31 March 2022	(831,604)	(14,280)	(101,463)	(156,628)	(818,570)	-	(1,922,545)
Impairment losses:							
At 1 January 2019	-	-	-	-	-	-	-
Impairment loss (iii)	-	-	-	-	-	(166,670)	(166,670)
At 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022	-	-	-	-	-	(166,670)	(166,670)
Carrying amount:							
At 31 December 2019	1,559,605	10,219	44,094	69,212	632,358	403,702	2,719,190
At 31 December 2020	1,467,394	13,489	36,417	73,586	698,361	1,233,175	3,522,422
At 31 December 2021	1,719,293	12,237	28,992	82,776	800,006	2,889,942	5,533,246
At 31 March 2022	1,699,181	11,597	27,752	80,663	742,060	3,500,816	6,062,069

- (i) The Group is in the process of obtaining ownership certificates for buildings with an aggregate carrying amount of RMB179,463,000, RMB98,979,000, RMB419,348,000 and RMB414,856,000 at 31 December 2019, 2020 and 2021 and 31 March 2022, respectively. 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.

- (ii) At 31 December 2019, an impairment loss of RMB166,670,000 was made over a construction project relating to phase I site 2 development of Sanya International Duty-Free Complex resulted from the change of the policies in respect of the property development in that region.
- (iii) The analyses of the Group's non-current assets, including investment properties, right-of-use assets, other property, plant and equipment, are presented below based on the physical location of the assets.

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Mainland China	10,274,246	10,732,069	11,911,401	12,231,433
Hong Kong, Macau and overseas	463,133	388,390	1,002,614	969,163
	<u>10,737,379</u>	<u>11,120,459</u>	<u>12,914,015</u>	<u>13,200,596</u>

14 INTANGIBLE ASSETS

Intangible assets of the Group represent software and similar licenses with finite lives.

	Years ended 31 December			Three months ended 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January	193,546	126,438	149,420	201,762
Acquisitions through business combinations (Note 30)	14,025	—	—	—
Additions	43,937	23,359	59,164	5,219
Disposals	(155)	—	(6,647)	—
Disposal of discontinued operations (Note 31)	(124,605)	—	—	—
Exchange differences	(310)	(377)	(175)	(50)
At 31 December/31 March	<u>126,438</u>	<u>149,420</u>	<u>201,762</u>	<u>206,931</u>
Accumulated amortisation:				
At 1 January	(125,281)	(59,799)	(73,724)	(85,266)
Charge for the year/period	(11,879)	(14,126)	(16,873)	(4,992)
Acquisitions through business combinations (Note 30)	(10,383)	—	—	—
Disposals	41	—	5,222	—
Disposal of discontinued operations (Note 31)	87,741	—	—	—
Exchange differences	(38)	201	109	34
At 31 December/31 March	<u>(59,799)</u>	<u>(73,724)</u>	<u>(85,266)</u>	<u>(90,224)</u>
Carrying amount:				
At 31 December/31 March	<u>66,639</u>	<u>75,696</u>	<u>116,496</u>	<u>116,707</u>

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

15 GOODWILL

RMB'000

Cost:

At 1 January 2019	824,591
Disposal of discontinued operations	(2,131)

At 31 December 2019, 2020, and 2021 and 31 March 2022 822,460

Accumulated impairment:

At 1 January 2019	(2,131)
Disposal of discontinued operations (Note 31)	2,131

At 31 December 2019, 2020, and 2021 and 31 March 2022 —

Carrying amount:

At 31 December 2019, 2020, and 2021 and 31 March 2022 822,460

Impairment tests for cash-generating units containing goodwill

The carrying amount of goodwill before impairment allocated to the groups of cash-generating units are as follows:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Sunrise Shanghai	<u>822,460</u>	<u>822,460</u>	<u>822,460</u>	<u>822,460</u>

The Group performs annual impairment test on goodwill at the end of the reporting year. For Sunrise Shanghai, the recoverable amount of the cash-generating unit was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five to seven years period. Projections for a period of greater than five years and not more than seven years in general were used on the basis that a longer projection period represents the long-dated nature of the airport lease agreement and is a more appropriate reflection of the future cash flows generated from the airport duty-free stores operation.

The weighted average growth rates in revenue within the forecast period are determined based on the average growth rate achieved in the recent period before the budget year, adjusted for expected market development. The long-term growth rates used over the forecast period, which are 2.40%, 2.60% and 2.30% as at 31 December 2019, 2020 and 2021, respectively, do not exceed the long-term average growth rates in relevant industry reports. The pre-tax discount rates of 17.72%, 17.12% and 17.63% adopted as at 31 December 2019, 2020 and 2021 reflected the current market assessment of the time value of money and the risks specific to the Sunrise Shanghai CGU.

The recoverable amounts determined on the above basis exceeded the carrying amounts of the Sunrise Shanghai CGU by RMB3,251,000,000, RMB6,546,000,000 and RMB1,745,000,000 as of 31 December 2019, 2020 and 2021, respectively. Considering the headroom was multiple times of the carrying amounts of the Sunrise Shanghai CGU at each reporting year end date, the directors of the Company believe that there is no reasonably possible change in key parameters that would cause the carrying amount of the Sunrise Shanghai CGU to exceed its recoverable amount.

As a result of the above impairment tests, the directors are of the view that there was no impairment on the goodwill allocated to Sunrise Shanghai as at 31 December 2019, 2020 and 2021. As of 31 March 2022, the directors of the Company consider there are no significant changes to Sunrise Shanghai's operations, and given the amount of headroom as at 31 December 2021 mentioned above, the directors of the Company consider that there is no impairment losses on the related goodwill.

16 INVESTMENTS IN SUBSIDIARIES

As at the date of report, particulars of the Company's principal subsidiaries are as follows:

Name of company	Place and date of establishment/ incorporation	Particulars of issued/paid-in capital ('000)	The Group's effective interest		Principal activities
			Direct	Indirect	
China Duty Free Group Co., Ltd. ("CDFG") 中國免稅品(集團)有限責任公司 (v) (vi)	The PRC 8 February 1985	RMB4,250,000	100%	–	Travel retail business
China Duty Free International Limited 中免國際有限公司 (iii)	Hong Kong 21 November 1996	HK\$42,750	–	100%	Travel retail business
Sunrise Shanghai (v)	The PRC 23 June 1999	US\$1,020	–	51%	Travel retail business
Sunrise Duty Free (China) Co., Ltd. ("Sunrise China") 日上免稅行(中國) 有限公司 (v)	The PRC 28 November 2005	US\$6,260	–	51%	Travel retail business
CDFG (Guangzhou Xinmian) Duty Free Co., Ltd. 廣州新免稅品有限公司 (v) (vi)	The PRC 4 January 2008	RMB220,600	–	100%	Travel retail business
CDFG Sanya Downtown Duty Free Store Co., Ltd. 中免集團三亞市內免稅店有限公司 (v) (vi)	The PRC 4 June 2009	RMB1,850,550	–	100%	Travel retail business
CDF Investment Development Co., Ltd. 中免投資發展有限公司 (v) (vi)	The PRC 4 May 2010	RMB3,000,000	100%	–	Investment and development of integrated travel retail complex
CDF (Sanya) Investment Development Co., Ltd. 中免(三亞)投資發展有限公司 (v) (vi)	The PRC 4 August 2011	RMB387,755	–	100%	Investment and development of integrated travel retail complex
Hainan Duty Free Co., Ltd. ("Hainan DF") 海南省免稅品有限公司 (iv) (vi)	The PRC 31 October 2011	RMB200,000	–	51%	Travel retail business
CDF (Sanya) Haitang Bay Investment Development Co., Ltd. 中免(三亞)海棠灣投資發展有限公司 (v) (vi)	The PRC 31 July 2014	RMB240,000	–	100%	Investment and development of integrated travel retail complex
CDF-Lagardere Company Limited 中免-拉格代爾有限公司 (iii)	Hong Kong 16 January 2017	HK\$130,000	–	80%	Travel retail business
CDFG Beijing Capital Airport Duty Free Co., Ltd. 中免集團北京首都機場免稅品有限公司 (v) (vi)	The PRC 25 December 2017	RMB200,000/ RMB65,000	–	51%	Travel retail business
China Duty Free Group (Hainan) Operation Headquarter Co., Ltd. 中免集團(海南)運營總部有限公司 (v) (vi)	The PRC 29 May 2018	RMB2,500,000	–	100%	Travel retail business

- (i) The above table lists out the subsidiaries of the Company which, in the opinion of the directors, principally affected the results during the Track Record Period or formed a substantial portion of the net assets of the Group.
- (ii) All companies comprising the Group have adopted 31 December as their financial year end date. The financial statements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries/regions in which they were incorporated and/or established.
- (iii) China Duty Free International Limited and CDF-Lagardere Company Limited are established in Hong Kong. The statutory financial statements of these two entities for the years ended 31 December 2019 and 2020 were audited by KPMG. As of the date of this report, the statutory audit of these entities for the year ended 31 December 2021 has not been completed.

- (iv) Hainan DF was acquired through business combination under common control in 2020. The financial information of this entity was included in the Historical Financial Information from the date when this entity and the Company became under common control under CTG in January 2019. The statutory financial statements of Hainan DF for the year ended 31 December 2019 have been audited by Ernst & Young Huaming LLP and the statutory financial statements for the years ended 31 December 2020 and 2021 have been audited by KPMG Huazhen LLP.
- (v) Sunrise Shanghai and Sunrise China are Sino-foreign joint ventures established in the PRC. All the other entities are domestic enterprises established in the PRC. The statutory financial statements of the Company, Sunrise Shanghai, Sunrise China and the remaining entities listed above for the years ended 31 December 2019, 2020 and 2021 have been audited by KPMG Huazhen LLP.
- (vi) The official names of these entities are in Chinese. The English translations are included for identification purpose only.

Summarised financial information on subsidiaries with material non-controlling interests

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

Summarised financial information of Sunrise China

	As at 31 December			As at 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	349,060	955,503	449,409		433,646
Current assets	1,945,982	1,676,461	1,226,268		1,441,910
Non-current liabilities	27,494	89,570	48,452		35,920
Current liabilities	1,143,977	2,973,765	673,324		892,387
Net assets/(liabilities)	<u>1,123,571</u>	<u>(431,371)</u>	<u>953,901</u>		<u>947,249</u>
Carrying amount of non-controlling interests	<u>550,550</u>	<u>(211,372)</u>	<u>467,411</u>		<u>464,152</u>

	Years ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue	7,477,132	3,202,231	1,906,790	492,857	262,892
Profit/(loss) after taxation and total comprehensive income	275,049	(1,554,942)	1,385,272	(163,959)	(6,652)
Profit/(loss) attributable to non-controlling interests	<u>134,774</u>	<u>(761,922)</u>	<u>678,783</u>	<u>(80,340)</u>	<u>(3,259)</u>
Cash flows (used in)/generated from operating activities	(283,636)	1,888	81,508	3,273	200,774
Cash flows generated from/(used in) investing activities	234,018	(187,929)	7,910	42,223	(211,390)
Cash flows used in financing activities	<u>(11,505)</u>	<u>(11,545)</u>	<u>(37,274)</u>	<u>(9,604)</u>	<u>(17,912)</u>

Summarised financial information of Sunrise Shanghai

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Non-current assets	989,238	922,327	838,284	801,763
Current assets	3,510,636	7,055,824	6,631,273	4,723,967
Non-current liabilities	175,827	155,451	108,812	103,555
Current liabilities	1,777,181	2,833,039	3,155,768	2,388,891
Net assets	<u>2,546,866</u>	<u>4,989,661</u>	<u>4,204,977</u>	<u>3,033,284</u>
Carrying amount of non-controlling interests	<u>1,247,964</u>	<u>2,444,934</u>	<u>2,060,439</u>	<u>1,486,309</u>

	Years ended 31 December			Three months ended	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue	15,148,540	13,729,587	12,490,727	2,953,951	2,949,353
Profit after taxation and total comprehensive income	879,622	2,442,796	1,354,385	654,874	203,600
Profit attributable to non-controlling interests	431,015	1,196,970	663,649	320,888	99,764
Dividends paid to non-controlling interests	<u>302,773</u>	<u>–</u>	<u>1,048,144</u>	<u>–</u>	<u>673,894</u>
Cash flows generated from/(used in) operating activities	491,992	4,027,648	1,094,082	(66,410)	(1,095,874)
Cash flows generated from/(used in) investing activities	511,341	(4,071,399)	1,798,915	956,112	2,135,279
Cash flows used in financing activities	<u>(596,015)</u>	<u>(22,772)</u>	<u>(2,166,450)</u>	<u>(54,518)</u>	<u>(1,312,016)</u>

Summarised financial information of Hainan DF

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Non-current assets	246,098	244,185	250,875	260,037
Current assets	1,659,150	6,261,060	4,860,278	4,904,710
Non-current liabilities	3,220	50	11,863	21,887
Current liabilities	1,130,570	4,372,468	1,463,667	1,255,789
Net assets	<u>771,458</u>	<u>2,132,727</u>	<u>3,635,623</u>	<u>3,887,071</u>
Carrying amount of non-controlling interests	<u>451,537</u>	<u>1,249,588</u>	<u>1,959,736</u>	<u>2,101,871</u>

	From the date under common control of CTG to			Three months ended	
	31 December 2019	Years ended 31 December 2020	31 December 2021	31 March 2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue	2,999,140	9,911,439	15,962,498	3,677,692	2,396,082
Profit after taxation and total comprehensive income	319,437	1,544,313	1,845,896	555,660	251,448
Profit attributable to non-controlling interests	195,008	887,743	1,053,148	318,427	142,135
Dividends paid to non-controlling interests	49,000	89,692	343,000	—	—
Cash flows generated from/(used in) operating activities	198,140	557,048	40,674	(169,651)	(12,814)
Cash flows (used in)/generated from investing activities	(17,931)	(98,725)	(131,176)	(10,049)	21,018
Cash flows used in financing activities	(92,192)	(216,197)	(374,068)	(11,133)	(4,628)

17 INTERESTS IN ASSOCIATES

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	301,360	841,783	1,044,900	1,091,603
Impairment loss	(76,500)	(76,500)	(76,500)	(76,500)
	224,860	765,283	968,400	1,015,103

Aggregate information of the associates that are not individually material:

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated statements of financial position	224,860	765,283	968,400	1,015,103
Aggregate amount of the Group's share of the associates				
Profit for the year/period	55,476	16,828	165,016	46,703
Other comprehensive income	189	(522)	(204)	—
Total comprehensive income	55,665	16,306	164,812	46,703

18 INTERESTS IN JOINT VENTURES

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Share of net assets	29,829	25,980	23,294	22,610

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

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated statements of financial position	29,829	25,980	23,294	22,610
Aggregate amount of the Group's share of the joint ventures Profit/(loss) and total comprehensive income for the year/period	3,926	(1,375)	(2,685)	(684)

19 INVENTORIES

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

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Merchandise held for trading	8,964,688	14,733,024	19,724,698	20,953,552

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

	Years ended 31 December			Three months ended	
	2019	2020	2021	31 March	
	RMB'000	RMB'000	RMB'000	2021	2022
				RMB'000	RMB'000
				(unaudited)	
Carrying amount of inventories sold	23,211,101	31,124,627	44,799,021	11,020,773	11,059,437
Write-down/(reversal of write-down) of inventories	230,015	908,716	498,930	(60,917)	(45,243)
	23,441,116	32,033,343	45,297,951	10,959,856	11,014,194

20 TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Non-current				
Lease and other deposits	537,067	565,362	582,745	561,043
Current				
Trade receivables	307,084	283,554	297,722	117,685
Prepayments for purchases of merchandise	383,186	255,598	286,621	436,943
Prepayments for variable and short-term leases	174,313	317,138	286,339	265,253
Value-added tax recoverable	102,747	236,699	657,631	997,944
Lease and other deposits	137,479	195,086	210,142	244,617
Others	460,206	184,576	213,223	483,056
	<u>1,565,015</u>	<u>1,472,651</u>	<u>1,951,678</u>	<u>2,545,498</u>
	<u>2,102,082</u>	<u>2,038,013</u>	<u>2,534,423</u>	<u>3,106,541</u>

Except for lease and other deposits 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.

(a) Ageing analyses

The ageing analyses of trade receivables, based on the invoice date and net of loss allowance, are as follows:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Within 1 year	305,745	282,256	297,722	117,685
1 to 2 years	1,218	61	–	–
Over 2 years	121	1,237	–	–
	<u>307,084</u>	<u>283,554</u>	<u>297,722</u>	<u>117,685</u>

Details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 32(a).

The Company

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Non-current				
Loans due from subsidiaries	970,000	1,980,000	2,555,000	3,260,000
Current				
Loans due from subsidiaries	245,000	260,000	635,000	610,000
Amounts due from subsidiaries	3,759,973	4,458,699	4,008,880	4,071,102
Value-added tax recoverable	—	7,150	4,228	808
Others	36,967	18,135	58,508	60,364
	4,041,940	4,743,984	4,706,616	4,742,274
	5,011,940	6,723,984	7,261,616	8,002,274

As at 31 December 2019, 2020 and 2021 and 31 March 2022, certain subsidiaries borrowed loans from the Company, carrying interest at 4.75%, 4.275%, 4.275% and 4.275% per annum, respectively.

21 RESTRICTED BANK DEPOSITS

As at 31 December 2019, 2020, 2021 and 31 March 2022, the restricted bank deposits mainly represented deposits relating to certain subsidiaries' duty-free business stipulated by certain authority to be held in specified bank accounts with restricted usage.

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Cash at bank and on hand	6,311,120	7,407,336	10,821,410	7,904,706
Deposits at CTG Finance Company Limited (formerly known as China National Travel Service (HK) Finance Company Limited) ("CTG Finance"), a related financial institution	5,674,220	7,251,352	5,835,132	6,057,864
Cash and cash equivalents included in the consolidated statements of financial position and the consolidated cash flow statements	11,985,340	14,658,688	16,656,542	13,962,570

(b) Reconciliations of liabilities arising from financing activities

The tables below detail the changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Interest-bearing borrowings RMB'000 (Note 25)	Lease liabilities RMB'000 (Note 26)	Deposit from associates RMB'000	Total RMB'000
At 1 January 2019	366,230	3,950,018	60,470	4,376,718
Changes from financing cash flows:				
Proceeds from new bank loans and other loans	12,597	—	—	12,597
Repayment of bank loans and other loans	(60,375)	—	—	(60,375)
Interests paid	(14,603)	—	(478)	(15,081)
Capital element of lease rentals paid	—	(399,995)	—	(399,995)
Interest element of lease rentals paid	—	(197,620)	—	(197,620)
Change of deposits from associates	—	—	(47,831)	(47,831)
Total changes from financing cash flows	(62,381)	(597,615)	(48,309)	(708,305)
Exchange adjustments	8,912	4,062	—	12,974
Other changes:				
Capitalisation of new leases	—	909,261	—	909,261
Interest expenses	12,753	197,620	478	210,851
Acquisition through business combination (Note 30(a))	50,375	8,656	—	59,031
Disposal of discontinued operations (Note 31)	(60,000)	—	(10,505)	(70,505)
	3,128	1,115,537	(10,027)	1,108,638
At 31 December 2019	315,889	4,472,002	2,134	4,790,025

	Interest-bearing borrowings RMB'000 (Note 25)	Lease liabilities RMB'000 (Note 26)	Deposit from associates RMB'000	Total RMB'000
At 1 January 2020	315,889	4,472,002	2,134	4,790,025
Changes from financing cash flows:				
Proceeds from new bank loans and other loans	255,116	–	–	255,116
Interests paid	(8,136)	–	(30)	(8,166)
Capital element of lease rentals paid	–	(413,660)	–	(413,660)
Interest element of lease rentals paid	–	(199,786)	–	(199,786)
Change of deposits from associates	–	–	358	358
Total changes from financing cash flows	246,980	(613,446)	328	(366,138)
Exchange adjustments	(22,796)	(18,929)	–	(41,725)
Other changes:				
Capitalisation of new leases	–	432,627	–	432,627
COVID-19-related rent concessions from lessors	–	(86,860)	–	(86,860)
Interest expenses (Note 6(a))	16,859	199,786	30	216,675
	16,859	545,553	30	562,442
At 31 December 2020	556,932	4,385,180	2,492	4,944,604
	Interest-bearing borrowings RMB'000 (Note 25)	Lease liabilities RMB'000 (Note 26)	Deposit from associates RMB'000	Total RMB'000
At 1 January 2021	556,932	4,385,180	2,492	4,944,604
Changes from financing cash flows:				
Interests paid	(18,407)	–	(48)	(18,455)
Capital element of lease rentals paid	–	(352,134)	–	(352,134)
Interest element of lease rentals paid	–	(65,888)	–	(65,888)
Total changes from financing cash flows	(18,407)	(418,022)	(48)	(436,477)
Exchange adjustments	(11,704)	(14,193)	–	(25,897)
Other changes:				
Capitalisation of new leases	–	937,181	–	937,181
Adjustment from lease disposal	–	(23,339)	–	(23,339)
Adjustment from lease modification	–	(21,181)	–	(21,181)
COVID-19-related rent concessions from lessors	–	(16,809)	–	(16,809)
Interest expenses (Note 6(a))	18,612	203,195	48	221,855
	18,612	1,079,047	48	1,097,707
At 31 December 2021	545,433	5,032,012	2,492	5,579,937

	Interest-bearing borrowings RMB'000 (Note 25)	Lease liabilities RMB'000 (Note 26)	Deposit from associates RMB'000	Total RMB'000
At 1 January 2022	545,433	5,032,012	2,492	5,579,937
Changes from financing cash flows:				
Interests paid	(1,835)	–	(15)	(1,850)
Capital element of lease rentals paid	–	(152,073)	–	(152,073)
Interest element of lease rentals paid	–	(27,021)	–	(27,021)
Change of deposits from associates	–	–	–	–
Total changes from financing cash flows	(1,835)	(179,094)	(15)	(180,944)
Exchange adjustments	(5,382)	(5,972)	–	(11,354)
Other changes:				
Capitalisation of new leases	–	65,295	–	65,295
Adjustment from lease disposal	–	(2,945)	–	(2,945)
Adjustment from lease modification	–	(2,882)	–	(2,882)
COVID-19-related rent concessions from lessors	–	(10,728)	–	(10,728)
Interest expenses (Note 6(a))	6,802	51,583	15	58,400
Total other changes	6,802	100,323	15	107,140
At 31 March 2022	545,018	4,947,269	2,492	5,494,779

(c) **Total cash outflow for leases**

	Years ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Within operating cash flows	12,167,115	2,126,438	2,184,018	813,976	614,753
Within investing cash flows	670,526	26,883	–	–	–
Within financing cash flows	597,615	613,446	418,022	54,201	179,094
	<u>13,435,256</u>	<u>2,766,767</u>	<u>2,602,040</u>	<u>868,177</u>	<u>793,847</u>

These amounts relate to the following:

	Years ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Lease rentals paid	12,764,730	2,739,884	2,602,040	868,177	793,847
Payments for land use right	670,526	26,883	–	–	–
	<u>13,435,256</u>	<u>2,766,767</u>	<u>2,602,040</u>	<u>868,177</u>	<u>793,847</u>

23 TRADE AND OTHER PAYABLES

The Group

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	3,299,979	3,954,235	5,263,433	4,119,864
Payables for property constructions	341,320	372,503	616,479	697,654
Dividends payable	53,143	19,469	2,099	2,099
Employee benefits payable	624,981	413,016	411,406	531,396
Licensing fees payable	908,830	1,054,327	1,627,580	2,057,562
Other taxes payable	43,896	402,091	1,487,498	1,034,599
Variable and short-term lease and other operating expenses payable	1,525,154	5,026,130	2,040,948	1,710,585
Others	471,238	743,397	616,721	632,009
	<u>7,268,541</u>	<u>11,985,168</u>	<u>12,066,164</u>	<u>10,785,768</u>

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

(a) Ageing analyses

At 31 December 2019, 2020 and 2021 and 31 March 2022, the ageing analyses of trade payables, based on the invoice date, are as follows:

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	3,034,709	3,488,933	4,797,110	3,649,863
1 to 2 years	259,812	222,017	14,103	16,131
2 to 3 years	3,209	239,560	216,517	215,774
Over 3 years	2,249	3,725	235,703	238,096
	<u>3,299,979</u>	<u>3,954,235</u>	<u>5,263,433</u>	<u>4,119,864</u>

The Company

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to subsidiaries	5,907,402	10,871,174	9,648,003	10,730,321
Employee benefits payables	6,305	6,208	1,889	2,454
Others	9,610	12,306	30,085	39,569
	<u>5,923,317</u>	<u>10,889,688</u>	<u>9,679,977</u>	<u>10,772,344</u>

24 CONTRACT LIABILITIES

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Customer loyalty program liabilities (i)	315,170	428,758	898,917	921,784
Advances receipt from customers for: (ii)				
– Sales of merchandise	136,301	470,864	469,048	252,834
– Provision of property management services	–	6,086	3,674	1,130
	<u>451,471</u>	<u>905,708</u>	<u>1,371,639</u>	<u>1,175,748</u>

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

25 INTEREST-BEARING BORROWINGS

The Group's short-term bank borrowings are analysed as follows:

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings (i)	223,945	210,766	204,714	203,052
Loans from non-controlling shareholders (ii)	91,944	139,568	134,097	133,193
Loans from CTG (iii)	–	206,598	206,622	208,773
	<u>315,889</u>	<u>556,932</u>	<u>545,433</u>	<u>545,018</u>

- (i) As at 31 December 2019, 2020, and 2021 and 31 March 2022, CDF-Lagardere Company Limited has drawn down bank loans bearing interest at three-month Hong Kong Interbank Offered Rate ("HIBOR") plus 1.9% per annum.
- (ii) As at 31 December 2019 and 2020, certain subsidiaries of the Group have borrowed loans from the non-controlling shareholders, carrying floating interest at three-month HIBOR plus 1.7% per annum and fixed interest at 2.69% per annum. As at 31 December 2021 and 31 March 2022, such loans carried interest at three-month HIBOR plus 1.7% per annum and fixed interest at 0.73% per annum.
- (iii) As at 31 December 2020, 2021 and 31 March 2022, the Company has borrowed shareholder loans from CTG carrying interest at 4.35% per annum.

26 LEASE LIABILITIES

The following tables show the remaining contractual maturities of the Group's lease liabilities at 31 December 2019, 2020 and 2021 and 31 March 2022.

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	735,067	926,421	1,545,488	1,785,444
After 1 year but within 2 years	897,724	973,152	965,967	857,832
After 2 years but within 5 years	2,088,375	2,237,200	2,110,883	1,955,557
After 5 years	750,836	248,407	409,674	348,436
	<u>3,736,935</u>	<u>3,458,759</u>	<u>3,486,524</u>	<u>3,161,825</u>
	<u>4,472,002</u>	<u>4,385,180</u>	<u>5,032,012</u>	<u>4,947,269</u>

27 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represent:

	Years ended 31 December			Three months ended 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January	429,806	590,062	2,170,628	1,598,290
Acquisitions through business combinations (Note 30)	4,195	—	—	—
Disposal of discontinued operations (Note 31)	(22,009)	—	—	—
Under-provision in respect of prior year/period	27,975	52,093	18,133	—
Provision for current taxation for the year/period	1,905,190	3,341,120	2,047,458	647,216
Payments during the year/period	<u>(1,755,095)</u>	<u>(1,812,647)</u>	<u>(2,637,929)</u>	<u>(1,175,517)</u>
As at 31 December/31 March	<u>590,062</u>	<u>2,170,628</u>	<u>1,598,290</u>	<u>1,069,989</u>
Representing:				
– Income tax recoverable	(94,508)	(44,288)	(9,118)	(8,682)
– Income tax payable	<u>684,570</u>	<u>2,214,916</u>	<u>1,607,408</u>	<u>1,078,671</u>
	<u>590,062</u>	<u>2,170,628</u>	<u>1,598,290</u>	<u>1,069,989</u>

(b) Deferred tax assets and liabilities recognised

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

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements throughout the Track Record Period are as follows:

	Unused tax losses RMB'000	Unrealised profits for inter- company transactions RMB'000	Fair value adjustments arising from acquisition of a subsidiary RMB'000	Customer loyalty program RMB'000	Depreciation charges of right-of-use assets RMB'000	Accruals and other temporary differences RMB'000	Total RMB'000
At 1 January 2019	1,169	178,800	(122,270)	38,654	27,498	157,699	281,550
Credited/(charged) to profit or loss (Note 7(a))	6,651	92,726	23,665	29,347	39,781	(20,122)	172,048
Acquisition through business combination (Note 30(a))	–	6,905	–	–	–	6,469	13,374
Disposal of discontinued operations (Note 31)	(98)	(70)	2,198	–	–	(22,235)	(20,205)
At 31 December 2019	7,722	278,361	(96,407)	68,001	67,279	121,811	446,767
Credited/(charged) to profit or loss (Note 7(a))	770,058	210,315	22,487	(19,384)	(53,774)	74,520	1,004,222
At 31 December 2020	777,780	488,676	(73,920)	48,617	13,505	196,331	1,450,989
Effect on deferred tax balances at 1 January resulting from a change in tax rate (Note 7(b))	–	(178,488)	–	–	–	(11,596)	(190,084)
(Charged)/credited to profit or loss (Note 7(a))	(478,112)	88,446	19,926	118,121	6,517	61,183	(183,919)
At 31 December 2021	299,668	398,634	(53,994)	166,738	20,022	245,918	1,076,986
(Charged)/credited to profit or loss (Note 7(a))	(2,562)	57,765	2,238	18,939	5,712	(24,127)	57,965
At 31 March 2022	297,106	456,399	(51,756)	185,677	25,734	221,791	1,134,951

(ii) *Reconciliations to the consolidated statements of financial position*

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	543,678	1,525,380	1,132,226	1,187,340
Deferred tax liabilities	(96,911)	(74,391)	(55,240)	(52,389)
	<u>446,767</u>	<u>1,450,989</u>	<u>1,076,986</u>	<u>1,134,951</u>

(c) **Deferred tax assets not recognised**

In accordance with the accounting policy set out in Note 2(t), the Group has not recognised deferred tax assets in respect of the items below as it is not probable that future taxable profits against which these items can be utilised will be available in the relevant tax jurisdictions and entities.

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Deductible temporary differences	228,858	904,589	1,447,061	1,775,858
Tax losses	989,838	1,532,403	1,172,579	1,279,846
	<u>1,218,696</u>	<u>2,436,992</u>	<u>2,619,640</u>	<u>3,055,704</u>

Exclude the tax losses of the entities which do not expire, the tax losses of its subsidiaries established in the Mainland China can be carried forward up to five years from the year in which the losses originated, and will expire in the following years:

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
2020	39,027	–	–	–
2021	70,339	65,304	–	–
2022	98,804	94,331	80,074	77,440
2023	25,818	27,064	7,853	6,584
2024	265,727	586,438	191,146	186,677
2025	–	389,455	325,807	199,353
2026	–	–	197,888	234,895
	<u>–</u>	<u>–</u>	<u>–</u>	<u>172,870</u>
	<u>499,715</u>	<u>1,162,592</u>	<u>802,768</u>	<u>877,819</u>

28 PROVISIONS

Provisions as at 31 December 2019 were related to disputes for certain lease arrangements. The Group made the provisions, based on the best estimates about the final outcome and expected cost after consulting with external legal consultants. The final outcome for these disputes were in favour of the Group and the provisions were written-back when the Group received the final outcome and results of these disputes.

29 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliations between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity during the Track Record Period are set out below:

	Share capital RMB'000 (Note 29(c))	Capital reserve RMB'000 (Note 29(d)(i))	Statutory reserve RMB'000 (Note 29(d)(ii))	Retained profits RMB'000	Total equity RMB'000
At 1 January 2019	1,952,476	4,056,125	771,034	3,136,097	9,915,732
Changes in equity:					
Profit and total comprehensive income for the year	–	–	–	2,775,692	2,775,692
Appropriation to statutory reserve	–	–	277,569	(277,569)	–
Dividends declared and paid in respect of the previous year (Note 29(b))	–	–	–	(1,073,862)	(1,073,862)
At 31 December 2019	1,952,476	4,056,125	1,048,603	4,560,358	11,617,562
Changes in equity:					
Profit and total comprehensive income for the year	–	–	–	98,581	98,581
Dividends declared and paid in respect of the previous year (Note 29(b))	–	–	–	(1,405,782)	(1,405,782)
At 31 December 2020	1,952,476	4,056,125	1,048,603	3,253,157	10,310,361
Changes in equity:					
Profit and total comprehensive income for the year	–	–	–	3,239,107	3,239,107
Acquisition of a subsidiary under common control	–	(113,870)	–	–	(113,870)
Dividends declared and paid in respect of the previous year (Note 29(b))	–	–	–	(1,952,476)	(1,952,476)
At 31 December 2021	1,952,476	3,942,255	1,048,603	4,539,788	11,483,122
Changes in equity:					
Profit and total comprehensive income for the period	–	–	–	60,211	60,211
At 31 March 2022	<u>1,952,476</u>	<u>3,942,255</u>	<u>1,048,603</u>	<u>4,599,999</u>	<u>11,543,333</u>

(b) Dividends

Dividends declared and paid to the equity shareholders of the Company during the Track Record Period are as follows:

	Years ended 31 December			Three months ended 31 March	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
Final dividend in respect of the previous year, declared and paid in the following year	<u>1,073,862</u>	<u>1,405,782</u>	<u>1,952,476</u>	<u>-</u>	<u>-</u>
Dividend per ordinary share (RMB)	<u>0.55</u>	<u>0.72</u>	<u>1.00</u>	<u>-</u>	<u>-</u>

(c) Share capital

	As at 31 December			As at 31 March
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000
Number of shares registered, issued and fully paid (at par value of RMB1 each)	<u>1,952,476</u>	<u>1,952,476</u>	<u>1,952,476</u>	<u>1,952,476</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Capital reserve

Capital reserve represents (i) the net proceeds received in excess of the total amount of the par value of the Company's shares, (ii) the difference between the consideration and the net assets acquired in business combination under common control, and (iii) the difference between contributions made by non-controlling interests and the share of the net assets in subsidiaries of the Group.

(ii) Statutory reserve

Pursuant to the Company's Articles of Association, the Company is required to transfer 10% of net profit (after offsetting prior year losses) determined in accordance with the accounting rules and regulations of the PRC to the statutory reserve until such reserve reaches 50% of the registered capital of the Company. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the Company and is non-distributable other than in liquidation.

(iii) Exchange reserve

The exchange reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations into RMB. The reserve is dealt with in accordance with the accounting policy set out in Note 2(w).

(iv) Other reserves

Other reserves mainly represent the remeasurements of net defined benefit liabilities and the share of other comprehensive income of associates.

(e) **Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

30 BUSINESS COMBINATIONS

(a) **Acquisition of Hainan DF**

Hainan DF is principally engaged in the sales of duty-free products. In January 2019, CTG acquired 51% equity interests in Hainan DF and Hainan DF became a subsidiary of CTG. In May 2020, the Group entered into a share purchase agreement with CTG to acquire 51% equity interests of Hainan DF for a cash consideration of RMB2,065,306,000. Hainan DF became a subsidiary of the Company upon the completion of the acquisition.

Since the Company and Hainan DF are under common control of CTG, the Group's acquisition of Hainan DF has been accounted for as a business combination under common control as if such acquisition had been completed at the date when the Company and Hainan DF came under the common control of the controlling shareholder. The assets and liabilities of Hainan DF were included using the existing book values from the controlling shareholder's perspective. No adjustments were made to reflect fair values, or recognise any new assets or liabilities as a result of such acquisition. The results and cash flows of Hainan DF were included since the date when Hainan DF and the Company came under the common control of the ultimate holding company.

The carrying amount of the assets and liabilities of Hainan DF recognised by CTG on the date of the acquisition is set out as follows:

	As at the date under control of CTG RMB'000
Right-of-use assets	8,656
Other property, plant and equipment	231,822
Intangible assets	3,642
Deferred tax assets	13,374
Inventories	592,706
Trade and other receivables	78,776
Cash and cash equivalents	492,064
Interest-bearing borrowings	(50,375)
Trade and other payables	(855,768)
Contract liabilities	(1,026)
Income tax payables	(4,195)
Lease liabilities	(8,656)
	<hr/>
Net assets	501,020
Less: Non-controlling interest	(305,529)
	<hr/>
Net assets acquired	<u>195,491</u>

The difference between the carrying amount of net assets of Hainan DF acquired when the Company and Hainan DF came under common control of CTG and the consideration paid by the Group was debited against the capital reserve.

The Group incurred acquisition-related costs of RMB2,040,000 relating to external legal fees and due diligence costs. The legal fees and due diligence costs were charged to profit or loss as incurred and had been included in administrative expenses.

(b) Acquisition of CTG Asset Co

CTG Asset Co is principally engaged in the sales of duty-free products. Before the acquisition, CTG Asset Co was a wholly owned subsidiary of CTG. In December 2021, the Group entered into an agreement with CTG to acquire 100% equity interests of CTG Asset Co for a cash consideration of RMB126,482,000. CTG Asset Co became a subsidiary of the Company upon the completion of the acquisition in December 2021. As at the date of acquisition, the carrying amount of the net assets of CTG Asset Co was RMB12,612,000.

Since the Company and CTG Asset Co are under common control of CTG, the Group's acquisition of CTG Asset Co has been accounted for as a business combination under common control as if such acquisition had been completed at the date when the Company and CTG Asset Co came under the common control of the controlling shareholder. The assets and liabilities of CTG Asset Co were included using the existing book values from the controlling shareholder's perspective. No adjustments were made to reflect fair values, or recognise any new assets or liabilities as a result of such acquisition. The results and cash flows of CTG Asset Co were included since the beginning of the Track Record Period. The consideration paid by the Group on the date of acquisition was debited against the capital reserve.

31 DISCONTINUED OPERATIONS

In January 2019, the Group disposed 100% equity interest in CITS Agency to CTG for a cash consideration of RMB1,830,846,000. CITS Agency was primarily engaged in the provision of travel services, which constituted a separate reporting segment of the Group for the year ended 31 December 2019. The financial results of CITS Agency were presented in the Historical Financial Information as discontinued operations for the year ended 31 December 2019.

(a) Effect of disposal on the financial position of the Group

	As at the date of disposal RMB'000
Investment properties	17,990
Other property, plant and equipment	279,689
Intangible assets	36,864
Interests in associates	89,106
Other financial assets	260
Deferred tax assets	20,205
Inventories	1,308
Trade and other receivables	1,551,273
Income tax recoverable	67
Restricted bank deposits	98,658
Cash and cash equivalents	1,470,241
Interest-bearing borrowings	(60,000)
Trade and other payables	(1,239,124)
Contract liabilities	(1,067,477)
Income tax payable	(22,076)
Defined benefit obligation	(39,304)
Deferred income	(690)
Net assets	1,136,990
Less: Non-controlling interests	(235,465)
Net assets attributable to shareholders of the Company	901,525
Add: Gain on disposal	905,200
Other effect	24,121
Cash consideration received	1,830,846
Less: Cash and cash equivalents disposed of	(1,470,241)
Net cash inflow included in cash flows generated from investing activities in the consolidated cash flow statements	360,605

(b) Results of discontinued operations

	From 1 January to the date of disposal in 2019 RMB'000
Revenue	602,718
Cost of sales	(527,634)
Other income and other net gain	547
Selling and distribution costs	(56,135)
Administrative expenses	(25,636)
Impairment loss on trade and other receivables	(1)
Finance costs	(235)
Share of net profits of associates	433
	<hr/>
Loss before taxation	(5,943)
Income tax	(1,816)
	<hr/>
Loss after tax	(7,759)
Gain on disposal	905,200
Income tax on gain on disposal of discontinued operations	(188,985)
	<hr/>
Profit from discontinued operations for the year/period	708,456
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Profit from discontinued operations	
Equity shareholders of the Company	713,055
Non-controlling interests	(4,599)
	<hr/>
Profit from discontinued operations	708,456
	<hr/>

(c) Cash flow generated from discontinued operations

	From 1 January to the date of disposal in 2019 RMB'000
Net cash used in operating activities	(110,982)
Net cash generated from investing activities	544,608
Net cash used in financing activities	(10,234)
Net foreign exchange differences	(1,766)
	<hr/>
Net cash flows for the period	421,626
	<hr/>

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and restricted bank deposits is limited because the counterparties are banks and financial institutions with high credit standing assigned by the management of the Group, for which the Group considers to have low credit risk.

The Group's trade receivables are primarily resulted from credit card sales and sales through online sales channels. The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

The following table provides information about the Group's exposure to credit risk for trade receivables at 31 December 2019, 2020 and 2021 and 31 March 2022:

As at 31 December 2019			
	Gross carrying amount	Loss allowance	Percentage
	RMB'000	RMB'000	%
Within 1 year	306,428	(683)	0.2%
1 to 2 years	2,193	(975)	44.5%
Over 2 years	17,874	(17,753)	99.3%
	<u>326,495</u>	<u>(19,411)</u>	
As at 31 December 2020			
	Gross carrying amount	Loss allowance	Percentage
	RMB'000	RMB'000	%
Within 1 year	282,685	(429)	0.2%
1 to 2 years	147	(86)	58.5%
Over 2 years	14,536	(13,299)	91.5%
	<u>297,368</u>	<u>(13,814)</u>	
As at 31 December 2021			
	Gross carrying amount	Loss allowance	Percentage
	RMB'000	RMB'000	%
Within 1 year	297,766	(44)	0.0%
1 to 2 years	—	—	0.0%
Over 2 years	10,176	(10,176)	100.0%
	<u>307,942</u>	<u>(10,220)</u>	

As at 31 March 2022			
	Gross carrying amount	Loss allowance	Percentage
	RMB'000	RMB'000	%
Within 1 year	117,721	(36)	0.0%
1 to 2 years	–	–	0.0%
Over 2 years	10,176	(10,176)	100.0%
	<u>127,897</u>	<u>(10,212)</u>	

Expected loss rates are based on actual loss experience over the recent past two years. These rates are adjusted to reflect difference between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	Years ended 31 December			Three months ended
	2019	2020	2021	31 March 2022
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	78,784	19,411	13,814	10,220
Acquisitions through business combinations (Note 30)	4,298	–	–	–
Disposal of discontinued operations (Note 31)	(72,581)	–	–	–
Loss allowance recognised/ (reversed) during the year/period	9,177	(5,597)	(162)	(8)
Write-off during the year/period	–	–	(3,432)	–
Exchange differences	(267)	–	–	–
At 31 December/31 March	<u>19,411</u>	<u>13,814</u>	<u>10,220</u>	<u>10,212</u>

Movement in the loss allowance account in respect of other receivables during the Track Record Period is as follows:

	Years ended 31 December			Three months ended
	2019	2020	2021	31 March 2022
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	105,478	37,777	24,855	47,925
Disposal of discontinued operations (Note 31)	(85,029)	–	–	–
Loss allowance recognised/ (reversed) during the year/period	17,185	(12,524)	23,479	(238)
Write-off during the year/period	–	–	(232)	–
Exchange differences	143	(398)	(177)	(75)
At 31 December/31 March	<u>37,777</u>	<u>24,855</u>	<u>47,925</u>	<u>47,612</u>

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following are the contractual maturities of the Group's financial liabilities as at 31 December 2019, 2020 and 2021 and 31 March 2022, which are based on contractual undiscounted cash flows and the earliest dates the Group can be required to pay.

	As at 31 December 2019					Financial statement carrying amount
	Within 1 year RMB'000	After 1 year but within 2 years RMB'000	After 2 years but within 5 years RMB'000	After 5 years RMB'000	Total RMB'000	
Interest-bearing borrowings	320,358	—	—	—	320,358	315,889
Trade and other payables	7,268,541	—	—	—	7,268,541	7,268,541
Lease liabilities	926,774	1,064,232	2,493,192	760,826	5,245,024	4,472,002
	<u>8,515,673</u>	<u>1,064,232</u>	<u>2,493,192</u>	<u>760,826</u>	<u>12,833,923</u>	<u>12,056,432</u>
	As at 31 December 2020					Financial statement carrying amount
	Within 1 year RMB'000	After 1 year but within 2 years RMB'000	After 2 years but within 5 years RMB'000	After 5 years RMB'000	Total RMB'000	
Interest-bearing borrowings	562,159	—	—	—	562,159	556,932
Trade and other payables	11,985,168	—	—	—	11,985,168	11,985,168
Lease liabilities	1,108,590	1,108,878	2,536,585	256,551	5,010,604	4,385,180
	<u>13,655,917</u>	<u>1,108,878</u>	<u>2,536,585</u>	<u>256,551</u>	<u>17,557,931</u>	<u>16,927,280</u>
	As at 31 December 2021					Financial statement carrying amount
	Within 1 year RMB'000	After 1 year but within 2 years RMB'000	After 2 years but within 5 years RMB'000	After 5 years RMB'000	Total RMB'000	
Interest-bearing borrowings	549,271	—	—	—	549,271	545,433
Trade and other payables	12,066,164	—	—	—	12,066,164	12,066,164
Lease liabilities	1,738,084	1,114,510	2,347,026	469,077	5,668,697	5,032,012
	<u>14,353,519</u>	<u>1,114,510</u>	<u>2,347,026</u>	<u>469,077</u>	<u>18,284,132</u>	<u>17,643,609</u>

	As at 31 March 2022					Financial statement carrying amount RMB'000
	Within 1 year RMB'000	After 1 year but within 2 years RMB'000	After 2 years but within 5 years RMB'000	After 5 years RMB'000	Total RMB'000	
Interest-bearing borrowings	547,019	–	–	–	547,019	545,018
Trade and other payables	10,785,768	–	–	–	10,785,768	10,785,768
Lease liabilities	1,967,457	997,526	2,167,073	400,531	5,532,587	4,947,269
	<u>13,300,244</u>	<u>997,526</u>	<u>2,167,073</u>	<u>400,531</u>	<u>16,865,374</u>	<u>16,278,055</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cash at bank, lease liabilities, and interest-bearing borrowings are the major types of the Group's financial instruments subject to interest rate risk.

The Group's cash at bank, lease liabilities, interest-bearing borrowings and interest rates as at 31 December 2019, 2020 and 2021 and 31 March 2022 are set out as follows:

	As at 31 December			As at 31 March 2022
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000
Variable rate instruments:				
Bank loans	(223,945)	(210,766)	(204,714)	(203,052)
Loans from non-controlling shareholders	<u>(36,429)</u>	<u>(33,865)</u>	<u>(32,858)</u>	<u>(32,590)</u>
	<u>(260,374)</u>	<u>(244,631)</u>	<u>(237,572)</u>	<u>(235,642)</u>
Fixed rate instruments:				
Restricted bank deposits	508,767	54,545	199,657	768,665
Cash at bank	11,979,188	14,655,859	16,654,848	13,960,804
Loans from CTG	–	(206,598)	(206,622)	(208,773)
Loans from non-controlling shareholders	(55,515)	(105,703)	(101,239)	(100,603)
Lease liabilities	<u>(4,472,002)</u>	<u>(4,385,180)</u>	<u>(5,032,012)</u>	<u>(4,947,269)</u>
	<u>7,960,438</u>	<u>10,012,923</u>	<u>11,514,632</u>	<u>9,472,824</u>

Sensitivity analyses

As at 31 December 2019, 2020 and 2021 and 31 March 2022, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have increase/decrease the Group's profit after tax and retained profits by approximately RMB59,739,000, RMB76,290,000, RMB89,107,000, RMB71,456,000 respectively.

The sensitivity analysis above indicates that instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of each of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of each the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each reporting period, the impact of the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rate.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to cash, receivables and payables balances that are denominated in a currency other than the functional currency of the operations to which they relate. The currency gives rise to this risk is primarily relating to United States Dollar ("US\$") and Hong Kong Dollar ("HK\$").

	As at 31 December				As at 31 March			
	2019	2019	2020	2020	2021	2021	2022	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	US\$	HK\$	US\$	HK\$	US\$	HK\$	US\$	HK\$
Cash at bank	3,750,340	433,209	3,524,901	1,494,123	7,226,957	165,377	4,828,459	1,085,812
Trade receivables	543,062	60,536	7,044	1,004	2,503	23	4,048	5,226
Trade payables	(1,998,480)	(284,586)	(4,246,308)	–	(3,251,043)	(14,894)	(3,051,952)	(14,850)
Interest-bearing borrowings	–	(223,945)	–	(210,400)	–	–	–	–
Net exposure	<u>2,294,922</u>	<u>(14,786)</u>	<u>(714,363)</u>	<u>1,284,727</u>	<u>3,978,417</u>	<u>150,506</u>	<u>1,780,555</u>	<u>1,076,188</u>

Sensitivity analyses

The following tables indicate the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

		Effect on profit after tax (and retained profits)			
	Increase/ (decrease) in foreign exchange rates	As at 31 December			As at 31 March
		2019	2020	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000
US\$	1%	17,212	(5,358)	29,838	13,354
	(1%)	(17,212)	5,358	(29,838)	(13,354)
HK\$	1%	(111)	9,635	1,129	8,071
	(1%)	<u>111</u>	<u>(9,635)</u>	<u>(1,129)</u>	<u>(8,071)</u>

Results of the analyses as presented in the above tables represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rates ruling at the end of each reporting period for presentation purposes.

The sensitivity analyses assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analyses exclude differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency, which depends on the foreign currencies the Group is exposed to, may or may not have an effect on the Group's net assets. The analyses are performed on the same basis during the Track Record Period.

(e) **Fair values measurement**

Fair value hierarchy

Fair values are categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

(i) *Financial assets measured at fair value*

The Group did not hold any financial instruments measured at fair value as at 31 December 2019, 2020, 2021 and 31 March 2022.

(ii) *Fair values of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2019, 2020 and 2021 and 31 March 2022.

33 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) **Names and relationships of the related parties that had material transactions with the Group during the Track Record Period:**

Names of related parties	Relationship
CTG	Holding company
Shanghai Ocean Shipping Supply Co., Ltd. 上海外輪供應有限公司	Joint venture
CDFG Nanjing Airport Entry Duty Free Goods Co., Ltd. 中免集團南京機場進境免稅品有限公司	Joint venture
CDF Sunrise Internet Technology Co., Ltd. 中免日上互聯科技有限公司	Associate
CDFG (Shenzhen Luohu) Duty Free Merchandise Co., Ltd. 深圳市羅湖中免免稅品有限責任公司	Associate
Dalian Free Trade Zone CDF Friendship Shipping Service Co., Ltd. 大連保稅區中免友誼航運服務有限公司	Associate
Dalian CDF Friendship Overseas Supply Duty Free Co., Ltd. 大連中免友誼外供免稅品有限公司	Associate
CDFG (Guangzhou Southern Airlines) Duty Free Merchandise Co., Ltd. 廣州南航中免免稅品有限公司	Associate
CDFG (Hainan HAI) Duty Free Merchandise Co., Ltd. 海南海航中免免稅品有限公司	Associate
Shanghai Eastern Airlines CDF Duty-Free Goods Co., Ltd. 上海東航中免免稅品有限公司	Associate
CDFG (Xi'an Xianyang International Airport) Duty Free Merchandise Co., Ltd. 西安咸陽國際機場免稅品有限公司	Associate
CTG Finance Company Limited 中旅集團財務有限公司 (formerly known as China National Travel Service (HK) Finance Company Limited 港中旅財務有限公司) ("CTG Finance")	Associate
CDFG (Shenzhen) Duty Free Goods Co., Ltd. 深圳市中免免稅品有限責任公司	Associate

Names of related parties	Relationship
CDFG (Zhuhai) Duty Free Merchandise Co., Ltd. 珠海市中免免稅品有限責任公司	Associate
CDFG (Shenzhen Dongmian) Duty Free Merchandise Co., Ltd. 深圳市東免免稅品有限公司	Associate
Hainan Duty Free&Mission Hills International Shopping Center Co., Ltd. 海南海免觀瀾湖國際購物中心有限公司	Associate
CDFG (Shenzhen Zhaoshang) Duty Free Merchandise Co., Ltd. 深圳市中免招商免稅品有限公司	Associate
Beijing Tianma Tourist Automobile Co., Ltd. 北京天馬旅遊汽車有限公司	Company controlled by the holding company
CITS Property Management Co., Ltd. 國旅物業管理有限公司	Company controlled by the holding company
China International Travel Service Limited 中國國際旅行社總社有限公司 (ii)	Company controlled by the holding company
CITS International M.I.C.E. Co., Ltd. 國旅國際會議展覽有限公司 (ii)	Company controlled by the holding company
China Travel Service (Hong Kong) Co., Ltd. 中國國旅(香港)旅行社有限公司 (ii)	Company controlled by the holding company
China International Travel Service (Hainan) Co., Ltd. 中國國旅(海南)國際旅行社有限公司 (ii)	Company controlled by the holding company
China Tourism Group Investment and Asset Management Co., Ltd. 中國旅遊集團投資和資產管理有限公司	Company controlled by the holding company
CITS Hainan M.I.C.E. Co., Ltd. 中旅國際會議展覽(海南)有限公司	Company controlled by the holding company
China Tourism Group Financial Holding (Shenzhen) Co., Ltd. 中旅金融控股(深圳)有限公司	Company controlled by the holding company
Sansha Nanhai Dream Cruises Co., Ltd. 三沙南海夢之旅郵輪有限公司	Associate of the holding company
Wuhan Yangtze River Cruise Co., Ltd. 武漢揚子江遊船有限公司	Associate of the holding company
(i) The official names of these entities are in Chinese. The English translation of the names are for identification purpose only.	
(ii) During the Track Record Period, CITS Agency and its subsidiaries were disposed by the Group as disclosed in Note 31. Upon completion of the disposal, these entities become the related parties of the Group.	

(b) Transactions with related parties during the Track Record Period

	Years ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sales of merchandise income from					
– Associates of the holding company	–	–	7	7	–
– Associates	783,625	336,979	246,482	64,491	18,361
– Joint ventures	89,579	29,572	13,227	3,660	1,806
Travel-related income from (i)					
– Companies controlled by the holding company	903	–	46	–	–
Service fees paid/payable					
– Companies controlled by the holding company	51,005	50,333	93,369	9,250	21,915
– Associates	–	8,592	529,514	3,784	147,176
– Joint ventures	–	26	392	67	185
Rental expenses paid/payable					
– Companies controlled by the holding company	10,714	8,528	7,332	821	–
Rental income from					
– Companies controlled by the holding company	116	116	116	29	1,113
Interest income from CTG Finance	185,440	158,390	167,000	50,233	43,080
Loan borrowed from CTG	–	200,000	–	–	–
Interest expenses paid to					
– Associates	478	30	48	12	15
Disposal of discontinued operations to CTG	1,830,846	–	–	–	–
Acquisition of Hainan DF from CTG	–	2,065,306	–	–	–
Acquisition of a subsidiary from CTG	–	–	126,482	–	–
Acquisition of an associate, CTG Finance	–	541,506	–	–	–

(i) During the Track Record Period, CITS Agency and its subsidiaries were disposed by the Group as disclosed in Note 31. These transactions did not continue after the disposal.

(ii) The Group acquired 20% equity interests of CTG Finance in 2020, which strengthens its credit risk management over the significant deposit balance with CTG Finance, and also is conducive to obtaining relatively favourable financing support in due course.

(c) **Balances with related parties**

The Group's balances with related parties as at the end of each reporting period are as follows:

	At 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Deposits at CTG Finance	5,674,220	7,251,352	5,835,132	6,057,864
Loans from CTG	–	206,598	206,622	208,773
Trade and other receivables				
– Companies controlled by the holding company	4,838	3,062	5,381	5,027
– Associates	79,553	47,129	24,958	17,506
– Joint ventures	2,518	2,275	–	–
Trade and other payables				
– Companies controlled by the holding company	18,622	5,229	8,022	11,500
– Associates	2,134	14,049	5,833	126,829
– Joint ventures	–	2,206	346	501
Contract liabilities				
– Associates	10,935	3,630	4,063	5,703
– Joint ventures	151	991	1,030	991

The directors of the Company are of the opinion that the above transactions were conducted on normal commercial terms and in the ordinary course of business of the Group. These balances will be settled in accordance with the contractual terms. Deposits at CTG Finance are carrying interests which are not unfavourable compared to market terms and are subjected to the Group's treasury and liquidity management policy. The deposits at CTG Finance are included in cash and cash equivalents during the Track Record Period.

(d) **Key management personnel remuneration**

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

	Years ended 31 December			Three months ended	
	2019	2020	2021	31 March	2022
	RMB'000	RMB'000	RMB'000	2021	2022
				RMB'000	RMB'000
				(unaudited)	
Short-term employee benefits	15,680	18,095	16,383	4,587	6,450
Discretionary bonuses	31,949	30,828	34,379	33,053	19,107
	47,629	48,923	50,762	37,640	25,557

Total remuneration is included in "staff costs" in Note 6(b).

34 COMMITMENTS

The Group had the following capital commitments at the end of each of the Track Record Period:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
Contracted, but not provided for purchase of property, plant and equipment	1,075,000	1,023,000	2,599,000	2,369,000

35 SUBSEQUENT EVENTS

(a) Impact of the COVID-19 pandemic

In April and May of 2022, due to a large increase of COVID-19 cases in China, especially an unexpected outbreak in Shanghai, further travel restrictions and pandemic control measures, were implemented. The pandemic control measures periodically and temporarily impacted the Group's operation and logistics as certain stores had to close operations for a short period. By early June 2022, the Group was able to resume most of the operation that were disrupted.

The Group is closely paying attention to the development of COVID-19 pandemic and so as to adopt positive measures to overcome any challenges arising, and is continuously evaluating any potential impact of the pandemic that may have on the financial position and operating performance of the Group.

(b) Final dividend for the year ended 31 December 2021

On 23 April 2022, the directors of the Company proposed a final dividend of RMB1.50 per ordinary share to the shareholders for the year ended 31 December 2021 with total amount of approximately RMB2,928,713,000. The proposed final dividend was approved by the shareholders at the annual general meeting on 17 May 2022.

(c) COVID-19-related rent concessions from lessors

In June 2022, certain subsidiaries of the Group obtained unconditional waivers from the facility owners in respect of the lease expenses relating to previous period with total amount of approximately RMB869,000,000. Such amounts were recognised in profit or loss when the waivers were received in June 2022.

36 IMMEDIATE AND ULTIMATE CONTROLLING SHAREHOLDER

At 31 March 2022, the directors consider that the Company's immediate controlling shareholder to be CTG, a limited liability company established in the Mainland China. CTG does not produce financial statement available for public use. The Company is ultimately controlled by State-owned Assets Supervision and Administration Commission of the State Council.

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2023

Up to the date of this report, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period beginning on 1 January 2023 and which have not been adopted in the Historical Financial Information. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 17, <i>Insurance contracts</i>	1 January 2023
Amendments to IAS 1, <i>Presentation of financial statements, Classification of liabilities as current or non-current</i>	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2, <i>Disclosure of accounting policies</i>	1 January 2023
Amendments to IAS 8, <i>Definition of accounting estimate</i>	1 January 2023
Amendments to IAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 March 2022.