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## **China Tourism Group Duty Free Corporation Limited**

### **中國旅遊集團中免股份有限公司**

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

**(Stock Code: 1880)**

### **ANNOUNCEMENT INSIDE INFORMATION**

This announcement is made by China Tourism Group Duty Free Corporation Limited (the “**Company**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

#### **A. Supplemental Agreement on Project Contract for Duty Free Business in the Beijing Capital International Airport**

In 2017, the Company’s subsidiaries won the bid for the operation rights of duty-free stores in the international departure isolated area and international arrival area of T2 and T3 terminals of Beijing Capital International Airport and signed the Project Contract for Duty Free Business and a series of supplemental agreements with Beijing Capital Airport Commercial & Trading Co., Ltd. (“**Capital Airport**”). In October 2021, the parties reached an agreement on the operation fee for the third contract year of the original contract and signed a supplemental agreement (the aforementioned project contract and the series of supplemental agreements collectively, the “**Original Capital Airport Agreement**”).

In order to promote the sustainable, healthy and stable development of the Company’s duty-free business and further enhance the market competitiveness of the airport duty-free business, in December 2023, Sunrise Duty Free (China) Co., Ltd and China Duty Free Group Beijing Capital Airport Duty Free Co. Ltd, both subsidiaries of the Company, (collectively, “**China Duty Free**”) and Capital Airport agreed to amend and optimize the relevant terms of the Original Capital Airport Agreement and entered into a supplemental agreement (the “**Supplemental Capital Airport Agreement**”).

A summary of the relevant principal amendments is set forth below:

- 1. Boosting the competitiveness of the airport duty-free business.** Parties shall bring together their own advantages and create a duty-free business cluster through upgrading and revamp to attract first-tier and second-tier international brands as well as affordable luxury brands, and implement measures such as increasing the number of competitive brands or individual products and continuously improve customer shopping convenience and experience.

2. **Promoting the sales of duty-free business.** The promotion will be intensified in the areas where Capital Airport permits, such as electronic screens and store entrances.
3. **Actively seeking support from sources of goods.** China Duty Free should utilize their channel advantages to actively strive for the support of more popular products and gather more core products to enhance the attractiveness of duty-free shopping at ports.
4. **Operation Fees.** Each party agreed that the operation fees and the billing-related passenger throughput and operation area under the Original Capital Airport Agreement shall be combined, and the annual operation fees shall be calculated on the higher of the annual guaranteed operation fees and the annual actual sales commission.

The annual guaranteed operation fees shall be RMB558,284,196, but if the actual annual passenger throughput  $\leq$  9.6 million people (annual passenger throughput of international zone of Capital Airport), the annual guaranteed operation fees = RMB558,284,196  $\times$  (annual actual passenger throughput  $\div$  9.6 million people)  $\times$  adjustment coefficient. (In the formula: adjustment coefficient shall not be higher than 1, to be negotiated by the parties according to the actual circumstances; and “passenger throughput” refers to international passenger throughput and passenger throughput of Hong Kong, Macao and Taiwan regions.)

The sales commission is the sum of the category sales commission corresponding to the five categories of perfume and cosmetics, tobacco, alcohol, general merchandise and food. The category sales commission ratio ranges from 18% to 36%.

**5. Other clauses.**

- (1) Capital Airport encourages China Duty Free to introduce competitive products. Upon review and approval by Capital Airport, the sales commission will be calculated separately based on a certain proportion of the gross profit of each single product and added to the corresponding monthly category sales commission.
- (2) The parties agree to establish an incentive mechanism whereby a more flexible adjustment mechanism would be applied to the calculation of operation fee for the portion of sales in excess of the monthly operation fee target for Capital Airport after the monthly operation fee target has been achieved.
- (3) The Supplemental Capital Airport Agreement constitutes an integral part of the Original Capital Airport Agreement, which shall enter into force and implemented on January 1, 2024 upon being signed by all parties.

## **B. Supplemental Agreement to the Operation Right Transfer Contract of Shanghai Pudong International Airport and Shanghai Hongqiao International Airport**

In 2018, Sunrise Duty Free (Shanghai) Co. Ltd. (“**Sunrise Shanghai**”), a subsidiary of the Company, was selected for the duty-free store project of Shanghai Pudong International Airport and Shanghai Hongqiao International Airport and entered into a operation right transfer contract. In January 2021, the parties agreed to amend the original contract and entered into a supplemental agreement (the aforementioned operation right transfer contract and supplemental agreement collectively, the “**Original Shanghai Airport Agreement**”).

In order to promote the sustainable, healthy and stable development of the Company’s duty-free business and further enhance the market competitiveness of the airport duty-free business, in December 2023, Sunrise Shanghai and Shanghai International Airport Co.,Ltd. and Shanghai Hongqiao International Airport Co., Ltd. (collectively, “**Shanghai Airport**”), unanimously agreed to amend the Original Shanghai Airport Agreement and entered into the relevant supplemental agreement (the “**Supplemental Shanghai Airport Agreement**”).

A summary of the relevant principal amendments is set forth below:

- 1. Boosting the competitiveness of the airport duty-free business.** Parties shall bring together their own advantages and create a duty-free business cluster through upgrading and revamp to attract first-tier and second-tier international brands as well as affordable luxury brands, and implement measures such as increasing the number of competitive brands or individual products and continuously improve customer shopping convenience and experience.
- 2. Promoting the sales of duty-free business.** The promotion will be intensified at the locations where Shanghai Airport permits, such as electronic screens, carts, and store entrances.
- 3. Actively seeking support from resources.** Sunrise Shanghai should utilize its channel advantages to actively strive for the support of more popular products and gather more core products to enhance the attractiveness of duty-free shopping at ports.
- 4. Actual monthly fees.** The parties agree that starting from December 1, 2023, the actual monthly fees shall be calculated based on the higher of the monthly guaranteed sales commission and the monthly actual sales commission, of which:

The “monthly guaranteed sales commission” shall be calculated in accordance with the following agreements:

- (1) if monthly actual passenger throughput > 80% of average monthly passenger throughput in the third quarter of 2023:

Pudong Airport: monthly guaranteed sales commission shall be RMB52,454,562;

Hongqiao Airport: monthly guaranteed sales commission shall be RMB6,473,493.

- (2) if monthly actual passenger throughput ≤ 80% of average monthly passenger throughput in the third quarter of 2023:

Pudong Airport: monthly guaranteed sales commission = RMB52,454,562 × (monthly actual passenger throughput ÷ 80% of average monthly passenger throughput in the third quarter of 2023) × adjustment coefficient

Hongqiao Airport: monthly guaranteed sales commission = RMB6,473,493 × (monthly actual passenger throughput ÷ 80% of average monthly passenger throughput in the third quarter of 2023) × adjustment coefficient

(In the above formulas, adjustment coefficient shall not be higher than 1, which shall be negotiated by the parties based on the actual circumstances; and “passenger throughput” refers to international passenger throughput and passenger throughput of Hong Kong, Macao and Taiwan regions.)

The “monthly actual sales commission” is the sum of the monthly sales commission per category corresponding to the five categories of perfume and cosmetics, tobacco, alcohol, general merchandise and food. Monthly sales commission per category= monthly net sales of the category × category commission ratio, of which: monthly net sales of the category= monthly total sales of the category – monthly returns and refunds of the category. The category commission ratio ranges from 18% to 36% based on the different categories and the per capita purchasing power of each category.

## **5. Other clauses.**

- (1) Shanghai Airport encourages Sunrise Shanghai to introduce competitive products. Upon review and approval by Shanghai Airport, the sales commission will be calculated separately based on a certain proportion of the gross profit of each single product and added to the corresponding monthly category sales commission.
- (2) The parties agree to establish an incentive mechanism whereby a more flexible adjustment mechanism would be applied to the calculation of sales commission for the portion of sales in excess of the monthly sales commission target for the Shanghai Airport after the monthly sales commission target has been achieved.
- (3) The Supplemental Shanghai Airport Agreement constitutes an integral part of the Original Shanghai Airport Agreement, which shall enter into force upon being signed by the parties.

The Company expects that the signing of the Supplemental Capital Airport Agreement and the Supplemental Shanghai Airport Agreement is conducive to the sustainable and healthy development of the Company's airport duty-free business and consolidates the Company's advantageous position in the duty-free industry, and will not materially affect the Company's results of operations in 2023. However, as at the date of this announcement, the impact of the signing of the aforesaid supplemental agreements on the Company's results of operations for each of the years of the contractual period commencing from 2024 cannot be predicted, and shareholders of the Company should be aware of the investment risks when dealing in the shares of the Company.

By order of the Board  
**China Tourism Group Duty Free Corporation Limited**  
**Mr. WANG Xuan**  
*Chairman of the Board*

Beijing, the PRC  
December 26, 2023

*As at the date of this announcement, the members of the Board of the Company comprise Mr. WANG Xuan and Mr. CHEN Guoqiang as the executive directors, and Mr. GE Ming, Ms. WANG Ying and Mr. WANG Qiang as the independent non-executive directors.*