

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Fosun Tourism Group **复星旅游文化集团**

(a company incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1992)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL SUMMARY

	For the years ended	
	31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Revenue	9,261,473	7,060,257
Resort and destination operations	6,140,192	5,656,003
Tourism-related property sales and construction services	2,136,920	468,872
Tourism and leisure services and solutions	984,361	935,382
Gross profit	2,566,961	2,164,602
Operating loss	(1,435,206)	(1,682,266)
Loss before income tax	(2,396,989)	(2,587,348)
Loss for the year	(2,780,717)	(2,808,698)
Loss attributable to equity holders of the Company	(2,712,038)	(2,574,279)
Adjusted EBITDA	248,303	187,461
Adjusted net loss	(2,749,850)	(2,768,456)
Loss per share — basic (in RMB)	(2.19)	(2.08)
Loss per share — diluted (in RMB)	(2.19)	(2.08)

BUSINESS OVERVIEW

Our Group is one of the leading leisure-focused integrated tourism groups and the largest leisure tourism resorts group worldwide, in terms of revenue in 2019, according to Frost & Sullivan Report. Our vision is to bring greater happiness to global families. Through our lifestyle proposition, “Everyday is FOLIDAY”, we seek to infuse concepts of tourism and leisure into everyday living, and provide tailor-made, one-stop solutions through our FOLIDAY global ecosystem.

Due to the continued spread of Novel Coronavirus (COVID-19) (the “**Pandemic**”) since the first half of 2021, various countries have taken stringent travel restrictions which significantly and negatively impacted the resort operations of the Group. However, due to the introduction of vaccination schemes in various countries and the gradual lifting of border restrictions, the Group witnessed early signs of recovery for its businesses across the globe in the second half of 2021. At the same time, the Group quickly resumed business to seize the pent-up demand. Our Business Volume¹ of resorts and destination operations and tourism and leisure services and solutions (collectively as “**tourism operation**”), at constant exchange rate, increased to RMB8,094.7 million for the year ended 31 December 2021 from RMB6,739.0 million for the year ended 31 December 2020, representing a year-on-year increase of 20.1%. In particular, our Business Volume of tourism operation for the six months ended 31 December 2021 increased to RMB5,660.9 million from RMB2,548.5 million for the six months ended 31 December 2020, representing a year-on-year increase of 122.1%. Our revenue increased to RMB9,261.5 million for the year ended 31 December 2021 from RMB7,060.3 million for the year ended 31 December 2020. Gross profit increased to RMB2,567.0 million for the year ended 31 December 2021 from RMB2,164.6 million for the year ended 31 December 2020. Adjusted EBITDA increased to RMB248.3 million for the year ended 31 December 2021 from RMB187.5 million (restated) for the year ended 31 December 2020, of which, adjusted EBITDA increased from negative RMB281.1 million (restated) for the six months ended 31 December 2020 to RMB813.3 million for the six months ended 31 December 2021, improving by RMB1,094.4 million. Loss attributable to equity holders was RMB2,712.0 million for the year ended 31 December 2021, compared with loss attributable to equity holders of RMB2,574.3 million (restated) for the year ended 31 December 2020.

¹ Business Volume represents the aggregate sales of our resort service, tourism destination operation and other tourism-related services and solutions, regardless of whether the resort is owned, leased or managed.

RESORTS AND HOTELS

Club Med

Club Med, headquartered in France and founded in 1950, is a world-renowned family centric all-inclusive leisure and vacation service provider. For the year ended 31 December 2021, we have sales and marketing operations in more than 40 countries and regions across six continents, and operate 64 resorts¹, of which 34 resorts (including a cruise ship) are in EMEA, 13 resorts are in the Americas and 17 resorts are in the Asia Pacific region (including 8 resorts in China). In terms of business models, 14 resorts are under ownership model, 38 resorts are under lease model, and 12 resorts are under management contract model. In 2021, direct sales proportion through the global sales network of Club Med reached 73.5%.

In the first half of 2021, due to the continued spread of the Pandemic in Club Med's major customer sourcing markets and destinations, governments of various countries implemented stringent Pandemic prevention measures and all mountain resorts of Club Med in the Alps (except Saint Moritz resort in Switzerland) were not in operation for the 2021 snow season and outbound travel from major customer sourcing markets were suspended. As the Pandemic became gradually under control, we started reopening certain resorts from mid-May 2021. Although the Pandemic continues to spread across the globe, the Company has adopted flexible and reactive mechanism in response to the situation and there were continuous anti-Pandemic efforts taken for public health worldwide, in particular the vaccination progress in various countries. When the market showed a sign of recovery, Club Med manages to rebound quickly, which proves the strength of its business model.

In the second half of 2021, the Business Volume of Club Med amounted to RMB4,639.8 million, representing an increase of 180.1% compared with the same period of 2020, and recovered to 76.9% of the same period of 2019. By region, compared with the second half of 2019, the Business Volume of Club Med in the Americas increased by 1.0%, in EMEA decreased by 17.0 %, and in Asia Pacific decreased by 70.0% as most countries closed their borders. Our capacity increased by 79.5% as compared to the same period of 2020, and recovered to 74.3% of the same period of 2019. In particular, the capacity of resorts in EMEA, the Americas and Asia Pacific increased by 92.1%, 190.3% and 10.0% as compared to the same period of 2020, respectively, and recovered to 72.7%, 89.2% and 62.7% of the same period of 2019, respectively. In the second half of 2021, the global average Occupancy Rate by Bed of Club Med reached about 62.2%, representing an increase of 5.9 percentage points compared with the same period of 2020 and a difference of only 1.4 percentage points compared with the same period of 2019; while the Average Daily Bed Rate was about RMB1,405.2, an increase of about 28.0% compared with the same period of 2020, also an increase of 15.2% compared to the same period of 2019. In the second half of 2021, our recovery in the three major regions showed different trends. In respect of operating profit, EMEA and Americas business experienced strong rebound and was almost back to normal, whereas Asia Pacific was still heavily impacted by the COVID situation. In December 2021, we had 46 resorts in operation globally.

¹ In 2021, we opened Seychelles resort in March, Club Med Lijiang resort in September, Quebec Charlevoix in December. We closed Tignes Val Claret resort in France, Cervinia resort in Italy and Agadir resort in Morocco during the first half, and Vittel le Parc in France during the second half.

For the year ended 31 December 2021, at constant exchange rate, the Business Volume of Club Med reached RMB5,978.3million, increased by 10.8% on year-on-year basis. The Business Volume of EMEA and the Americas increased by 14.3%, 31.3% and Asia Pacific decreased by 30.9% for the year ended 31 December 2021, respectively, compared with the same period of 2020. The adjusted EBITDA of resort operation increased to negative RMB100.7 million for the year ended 31 December 2021, compared to adjusted EBITDA of negative RMB333.5 million (restated) for the year ended 31 December 2020.

	For the year ended 31 December		
	2021 ¹	2020 ¹	2019 ¹
Business Volume by customer booking locations (RMB Millions)			
EMEA	3,948.8	3,453.9	8,528.6
Of which France	2,678.9	2,297.1	5,170.0
Americas	1,452.8	1,106.7	2,086.4
Asia Pacific	576.7	834.4	2,338.6
Of which Mainland China	397.1	343.7	747.7
Total	<u>5,978.3</u>	<u>5,395.0</u>	<u>12,683.7</u>

The following table sets out the capacity of resorts by type of resorts and by locations for the year ended 31 December 2021, respectively:

Type of resorts	For the year ended 31 December		
	2021 '000	2020 '000	2019 '000
Capacity			
Mountain	896	1,372	2,264
Sun	5,221	3,549	9,338
Club Med Joyview	862	659	722
Total	<u>6,979</u>	<u>5,580</u>	<u>12,324</u>
4&5 Trident^{0/2}	<u>93.7%</u>	<u>91.0%</u>	<u>85.0%</u>
Capacities of resorts by locations			
EMEA	2,460	2,284	5,628
Americas	2,426	1,391	3,363
Asia Pacific	2,093	1,905	3,333
Total	<u>6,979</u>	<u>5,580</u>	<u>12,324</u>

¹ At constant exchange rate

² 4&5 Trident percentage is based on resorts beds capacity.

The following table sets out the number of customer by regions and by countries for the year ended 31 December 2021, respectively:

	For the year ended 31 December		
	2021	2020	2019
Number of customers by customer booking locations (<i>Thousands</i>)			
EMEA			
Of which France	302	250	680
	208	172	436
Americas	237	158	322
Asia Pacific	256	221	485
Of which Mainland China	210	151	239
	795	629	1,488
Total	795	629	1,488

Certain key information with respect to our resort operations in the period of January to June and July to December 2021 is set out below:

	January-June			July-December			For the year ended 31 December		
	2021 ¹	2020 ¹	2019 ¹	2021 ¹	2020 ¹	2019 ¹	2021 ¹	2020 ¹	2019 ¹
Business Volume									
(<i>RMB Millions</i>)	1,338.5	3,738.4	6,648.9	4,639.8	1,656.6	6,034.8	5,978.3	5,395.0	12,683.7
Capacity of Resorts									
(<i>in thousands</i>)	2,445	3,054	6,219	4,534	2,526	6,105	6,979	5,580	12,324
Occupancy Rate by Bed	42.6%	62.0%	65.1%	62.2%	56.3%	63.6%	55.3%	59.4%	64.4%
Average Daily Bed Rate									
(<i>RMB</i>)	1,095.2	1,567.9	1,325.8	1,405.2	1,097.5	1,220.2	1,322.9	1,368.6	1,274.2
Revenue per Bed (<i>RMB</i>)	492.6	995.9	861.7	885.2	594.9	787.2	747.8	814.1	824.8

During 2021, benefiting from the continuous ramp-up of Club Med Joyview, our business in the PRC recorded sound recovery. Domestic Business Volume of Club Med China resorts grew by 57.2% in 2021 compared to the same period of 2020.

We also continued to optimize the operation period for certain mountain resorts. For mountain resort development, one of the new criteria for mountain resorts is to be open both in winter and in summer. As of year end of 2021, 60% of our mountain resorts are bi-seasonal or permanent. During the summer of 2021, owing to the continuous efforts on this product line and its particular appeal to families during the Pandemic time, our summer mountain business in Europe had a Business Volume of RMB313.1 million during July to September, an increase of 55.9% compared to the same period of 2020 and 31.8% compared to the same period of 2019. The average daily rate increased by 23.2% compared to the same period of 2020 and 15.7% compared to the same period of 2019, standing at RMB1,248.7.

¹ At constant exchange rate

We improved and focused on the following strategies to expand our resort business:

Upscale — Even during the Pandemic, we did not slow down the pace to upscale our resorts offerings. During 2021, we opened new resorts such as La Rosière¹ in French Alps, Seychelles, Club Med Lijiang in China and Quebec Charlevoix in Canada. We also renovated four resorts: Peisey Vallandry in French Alps, Pragalato Sestriere in Italian Alps, la Plantation Albion in Mauritius and Marrakech Riad in Morocco. We also closed four resorts which could no longer conform with our upscale strategy: Tignes Val Claret in French Alps, Cervinia in Italy, Agadir in Morocco and Vittel Le Parc in France. As of the end of 2021, the 4&5 Trident capacity represents 93.7% of our resorts' total capacity, showing a continuous increase of 2.7 percentage points compared to 2020 and 8.7 percentage points compared to 2019. We aim to achieve the goal of 95% of our total capacity being contributed by 4&5 Trident in 2022.

Glocalization — Balancing markets and destinations to achieve sustainable growth and to diversify regional operational risks, at the same time, further exploring the short-haul markets to support the resilience of our business in an uncertain global sanitary environment. In 2021, France remains the largest market worldwide, and contributes Business Volume of RMB2,678.9 million, representing 44.8% of global Business Volume and an increase of 4.1 percentage points compared to 2019. This increase is explained by rebound in the second half of 2021 short-haul stay while the sanitary restrictions were softened in the second half of 2021 in Europe. For example, the Business Volume for Summer Mountain business during July to September stood at RMB313.1 million, an increase of 55.9% compared to the same period 2020 and 31.8% compared to the same period 2019, of which 84.3% were contributed by French clients. In 2021, the US and Mainland China remained as the second and third largest markets. The top 3 markets represented 66.6% of global Business Volume.

Happy Digital & C2M Strategy — Direct sales proportion through the sales network of Club Med reached 73.5% in 2021, increasing 7 percentage points compared to the same period of 2020. 22.4% of our individual customers chose to book online, an increase of 2.7 percentage points compared to 2020. In 2021, even during the Pandemic period, we carried on our digital projects to keep enhancing our client journey. In China, our official Wechat and Baidu miniprograms are now directly linked to Club Med ecosystem thanks to Application Programming Interface (API) technology. We also did a revamp of digital self-care and website functionalities to improve the client experiences. We launched a contact centre empowered and served by cloud technology, offering our sales agents a seamless omni-channel experience, and an easy-to-launch solution for home-based Agents. We also deployed our self-service website “Club Med Travel Agent” allowing travel agencies to book Club Med online, get clients payment and confirm options on their own: In France, 47.9% of the bookings by travel agencies are done through this tool and hence reducing our distribution costs. In resorts, we continue to deploy digital tools to improve efficiency and clients satisfaction. We further developed our resorts' APP to facilitate the activities booking and in-resorts sales business. As a continuity of Amazing Family program dedicated to family clients, we did pilot projects of a 2.0 version of Mini Club in Arcs Panorama, La Palmyre Atlantique and Marrakech resorts, which combine the leisure activities and Positive Education pedagogical approach, emphasizing on creativity, courage, confidence, cooperation, connection and cheerfulness. This project will be deployed in worldwide resorts during 2022.

¹ La Rosière was completed in 2020 and put into operation in 2021 due to the epidemic.

Happy to Care — This is a new strategical pillar around our corporate social responsibility approach. We strived to make sure that all of our resorts are certified Green Globe and certified BREEAM¹ or other sustainable building assessment for our new or renovated resorts to respect environment. We aim to end single-use plastic by deploying the project “Bye-bye Plastic” and continue to deploy agro-ecology with our historical partner Agrisud in the framework of «Green Farmer» program. In 2021, the overall satisfaction rate in our Global Review Index increased by 1.2 percentage points compared with 2020 and reached 92.8%.

Meanwhile, we implemented effective cash management measures, which includes but is not limited to lease negotiation, indemnities negotiations with governments, postponing of certain social charges, and cancellation or postponing of capital expenditure. Our capital expenditure of resort operation for the year ended 31 December 2021 was approximately RMB319.6 million, decreased by approximately 28.4% compared with the same period of 2020, most of which has been spent on development of new resorts and renovations of existing resorts in order to prepare strong future rebound when the market recovers. During the second half of 2021, the free cash flow stood at negative RMB 68.7 million. As of the end of 2021, the liquidity² stood at RMB 1,227.3 million.

As the Pandemic prevention and vaccination adopted by various countries are still ongoing, the full recovery of our resort operation worldwide remains uncertain. However, owing to our competitiveness in product and brand, our re-opened resorts achieved aspiring performance. For the two months ended 28 February 2022, we recorded a very significant increase of Business Volume by 426.2% compared to that for the two months ended 28 February 2021, and restored to 81.4% compared with 2019, among which Business Volume in EMEA and Americas grew by 698.6% and 251.9% respectively compared to that for the two months ended 28 February 2021, and restored to 97.7%, and 98.4% compared with that of 2019. Due to the continuous travel restrictions and border closure, Business Volume in Asia Pacific increased by 72.9% compared to that for the two months ended 28 February 2021, but only restored to 21.8% compared to that of 2019. For the two months ended 28 February 2022, the average Occupancy Rate of worldwide resorts achieved 61.1%, and the global capacity has increased by 120.2% compared to the same period of 2021, with the capacity in EMEA, Americas and Asia Pacific increased by 1,196.2%, 68.0% and 12.0%, respectively. Compared to the same period of 2019, the capacity has restored to 82.3%, with the capacity in EMEA, Americas and Asia Pacific restored to 76.5%, 101.2% and 72.9% respectively. In February 2022, we have 47 resorts in operation globally.

As of 5 March 2022, the cumulative bookings for the six months ending 30 June 2022, expressed in Business Volume at constant exchange rate, increased by approximately 304.2% compared to that for the first half of 2021 as of 5 March 2021, and recovered to 92.2% for the first half of 2019 as of 5 March 2019 which was before the Pandemic.

¹ It is the world’s leading sustainability assessment method for master planning projects, infrastructure and buildings. It recognises and reflects the value in higher performing assets across the built environment lifecycle, from new construction to in-use and refurbishment.

² Liquidity refers to cash, cash equivalent, unused overdrafts and credit lines.

From the beginning of 2022 to the end of 2024, we have signed contracts and planned to open 17 new resorts of which 7 resorts are in China. By 2024, together with new opening and renovation, partially offset by the closure of obsolete resorts, we anticipate an increase of annual capacity by around 20% compared to that of 2019.

CASA COOK AND COOK'S CLUB LIFESTYLE HOTEL COLLECTION

We continue to leverage Casa Cook and Cook's Club brand collection to further expand the business presence of our lifestyle hotel segment globally with an asset-light model. As of 31 December 2021, we had opened 11 hotels in EMEA and one hotel in China respectively, with four new hotels opened in 2021. Cook's Club Guilin (桂林酷客部落) is the first hotel operated by Casa brand collection in China. It is located in Guilin, Guangxi Province, China, and was opened in December 2021 with 72 rooms in the first phase.

Over 2021, despite the continued travel restrictions across Europe in response to the Pandemic, the Casa Cook and Cook's Club brand collection of 11 opened hotels¹ in EMEA recorded an average Occupancy Rate of approximately 62.5% and an average daily room rate of around RMB1,111.2.

NO.	Hotel Name	Number of rooms	Location	Opening Date
1	Casa Cook Rhodes ²	97	Greece	Jul-20
2	Casa Cook El Gouna	100	Egypt	May-20
3	Cook's Club Sunny Beach ²	428	Bulgaria	Jul-20
4	Cook's Club City Beach Rhodes ²	18	Greece	Jul-20
5	Cook's Club Tigaki Kos ²	63	Greece	Aug-20
6	Cook's Club Palma Beach ²	318	Spain	Jul-20
7	Cook's Club El Gouna	120	Egypt	Aug-20
8	Cook's Club Alanya ²	116	Turkey	Jun-20
9	Cook's Club Hersonissos Crete ²	148	Greece	Jun-21
10	Cook's Club Adakoy ²	151	Turkey	May-21
11	Casa Cook North Coast	38	Egypt	Jun-21
12	Cook's Club Guilin	72	China	Dec-21

We plan to further expand Casa Cook, Cook's Club and other derivative brands (if any) worldwide, with not less than 30 hotels (including the hotels already opened) by the end of 2023.

¹ In 2021, the average operating days of 11 opened hotels in EMEA were 211 days.

² Casa Cook Rhodes, Cook's Club Sunny Beach, Cook's Club City Beach Rhodes, Cook's Club Tigaki Kos, Cook's Club Palma Beach, Cook's Club Alanya, Cook's Club Hersonissos Crete and Cook's Club Adakoy were in operation before the liquidation of the Thomas Cook Group plc. and rejoined the portfolio via franchise agreements with the Group after the acquisition of the hotel brands.

TOURISM DESTINATIONS

ATLANTIS SANYA¹

Our tourism destination, Atlantis Sanya, is located on the Haitang Bay National Coast of Sanya in Hainan province, China. Atlantis Sanya (the “Tourism Complex”) includes 1,314 guest rooms offering full ocean views, one of China’s largest natural seawater aquariums, a themed waterpark with a total area of approximately 200,000 square meters, high quality food and beverage services, over 5,000 square meters of space for MICE² activities, and other recreational activities such as a shopping center. The Group commenced construction of Atlantis Sanya in 2014. Atlantis Sanya was officially opened in April 2018.

The Business Volume of its operating business increased from RMB1,226.7 million for the year ended 31 December 2020 to RMB1,455.3 million for the year ended 31 December 2021, increased by 18.6% compared with that of the year ended 31 December 2020, of which room revenue increased by 18.6% compared with that of the same period in 2020, and other operating income increased by 18.7% compared with that of the same period in 2020. The average daily rate by room increased by 12.3% and the Occupancy Rate increased by four percentage points to 71.5%.

In the first half of 2021, with the Pandemic in Mainland China generally under control and benefiting from its outstanding product competitiveness and demand recovery, the operation of Atlantis Sanya maintained a dynamic growth momentum. The monthly Business Volume in July reached a single month high since its opening. Although the operation of Atlantis Sanya has fluctuated since August due to the scattered local Pandemic spreading, the Business Volume of Atlantis Sanya has reached a new high in 2021. In 2021, the number of visits increased to approximately 4.7 million compared with 4.6 million in the same period of 2020. The adjusted EBITDA for 2021 increased to RMB651.7 million, representing an increase of 7.2% compared with the year ended 31 December 2020. Its operations have brought steady profits to the Group.

¹ Atlantis Sanya is owned by the Group and managed by Kerzner, except for Tang Residence.

² Meetings, Incentives, Conferencing & Exhibitions.

The following table illustrates certain key operating data of Atlantis Sanya:

	For the six months ended		For the six months ended		For the twelve months ended	
	30 June		31 December		31 December	
	2021	2020	2021	2020	2021	2020
Business Volume (<i>RMB'000</i>)	835,150.6	331,339.8	620,171.7	895,398.7	1,455,322.3	1,226,738.5
Room Revenue (<i>RMB'000</i>)	471,025.5	186,928.4	358,684.9	512,746.1	829,710.4	699,674.5
Other Operating Revenue (<i>RMB'000</i>) ¹	364,125.1	144,411.4	261,486.8	382,652.6	625,611.9	527,064.0
Occupancy Rate by Room	79.9%	45.1%	63.3%	89.7%	71.5%	67.5%
Average Daily Rate by Room (<i>RMB</i>)	2,478.0	1,732.3	2,345.1	2,364.3	2,418.9	2,154.3
RevPar by Room (<i>RMB</i>)	1,980.0	781.6	1,483.5	2,120.7	1,730.0	1,454.9

In order to continuously enrich the recreational offerings in the Tourism Complex and enhance its brand influence, Atlantis Sanya launched the mermaid diving, a trendy sport, as a new holiday experience in 2021. During the year, Atlantis successfully hosted two large-scale mermaid events. On 28 April, it successfully challenged and entered the Guinness World Records™ as the “Largest Underwater Mermaid Show” (最大規模的水下人魚秀). From 21 to 22 December, it successfully hosted the first Chinese Mermaid Exhibition. Meanwhile, it introduced PADI² Open Water Diving Certification Course and the Basic Mermaid Certification Program for this growing water sport. Between July and August, it launched the Aquaventure Waterpark Night Carnival. During the National Day holiday, it launched a variety of entertainment shows such as special mermaid shows and dazzling fireworks shows. In terms of improving the supply of retail tourism products in the Tourism Complex and advancing its business development in new retail sectors, it introduced popular new retail brands and opened the CDF Atlantis Duty Free

¹ This mainly includes (i) the revenue from the Aquarium and the Waterpark and (ii) the revenue from the food and beverage and other services provided.

² Professional Association of Diving Instructors

Experience Store, on top of continuous enrichment of the product categories for its self-operated retail business. On the social media front, “Atlantis Sanya” and “Aquaventure Waterpark” recorded location-specific Tik Tok views of more than 3.5 billion and 1.75 billion as of 31 December 2021, respectively.

For the two months ended 28 February 2022, with the gradual normalization of Pandemic prevention and control in Mainland China, the Business Volume of Atlantis Sanya was approximately RMB362.1 million, increased by approximately 44.3% compared with that of 2021. The Occupancy Rate by Room increased by 21.7 percentage points to 89.1% compared to the same period of 2021. Average Daily Rate by Room was RMB2,925.7, representing an increase of approximately 11.2% compared to the same period of 2021.

For the year ended 31 December 2021, we delivered seven units of Tang Residence and recognized an amount of RMB628.2 million as revenue. For the year ended 31 December 2021, we still have 2 villas available to be sold or delivered.

FOLIDAY TOWN¹ (復遊城)

We launched the “FOLIDAY Town” (復遊城) brand in November 2019. “FOLIDAY Town” is the key self-developed brand for our tourism destination business. As a new tourism and leisure product in response to consumption upgrade, the vision of FOLIDAY Town is to connect various leading global tourism and leisure brands to lead a new vacation lifestyle by leveraging our global FOLIDAY ecosystem and the successful operation experience in Club Med and Atlantis Sanya.

¹ FOLIDAY Town is designated to offer FOLIDAY lifestyle experience with integrated settings of international brands, intelligent operations and various innovation solutions in FOLIDAY ecosystem for global family.

LIJIANG FOLIDAY TOWN (麗江復遊城)

Lijiang FOLIDAY Town covers land parcels of approximately 695,000 square meters in Baisha town in Lijiang city, Yunnan province in Southwestern China, which is defined as an international tourism destination targeting mid-to-high-end customers, and plans to combine comprehensive tourism and leisure features, including Club Med Lijiang resort, themed commercial street, theme park and lake camp (“**Operational Section**”), and about 3,000 vacation houses. The total GFA of Lijiang FOLIDAY Town is approximately 280,000 square meters and the project development costs (mainly including the cost to acquire the land use right and construction cost) is expected to be approximately RMB4.0 billion. Club Med Lijiang resort has a GFA of approximately 56,700 square meters, and includes 302 vacation guest rooms with 770 beds. The project was also planned to include saleable vacation houses and inns with a total GFA of over 230,000 square meters, certain portions of which have been approved by regulatory authorities for construction and pre-sale. The saleable vacation houses and inns will be designed as detached houses with low density and low-rise courtyard houses, and the product is defined as “the vacation house at the foot of Jade Snow Mountain”.

We have started construction of saleable vacation houses and inns in 2020. The project has been completed in stages since late 2021, and the Operational Section is expected to achieve completion from 2022 to the end of 2023. In the second half of 2021, Club Med Lijiang resort, Albion Residence FOLIDAY Town Lijiang, and lake camp have been put into operation. Among them, Albion Holiday Apartment of Lijiang FOLIDAY Town was officially opened in January 2022. The product is positioned as a serviced holiday apartment, managing 21 vacation houses.

As of 31 December 2021, the total cost incurred in the Lijiang FOLIDAY Town was approximately RMB1,634.5 million, and a project development loan amounted to RMB1,300.0 million was granted to Lijiang FOLIDAY Town, of which RMB673.4 million has already been used in the project. As of 31 December 2021, Lijiang FOLIDAY Town has obtained sales permit for GFA of approximately 28,500 square meters, with the number of saleable sets of 482 and sold sets of 62 respectively, and the sales value of RMB82.8 million. As at the end of December 2021, 42 sets were delivered, with the aggregate sales area of approximately 2,397.9 square meters, the amount of RMB50.9 million recognised as revenue and the sales value developed for sale of RMB594.35 million.

TAICANG FOLIDAY TOWN (太倉復遊城)

Taicang FOLIDAY Town covers land parcels of approximately 483,000 square meters in Taicang city, Jiangsu province in East China. The project is adjacent to Shanghai, located near Taicang South Station. It takes less than 30 minutes to reach Taicang FOLIDAY Town from Shanghai Hongqiao Transportation Hub.

Taicang FOLIDAY Town is designed to offer various themed experiences and tourism features, including but not limited to a large scale indoor ski domain in East China, a sports park, Club Med Joyview Taicang resort, a themed commercial street, and saleable vacation units. The total GFA of Taicang FOLIDAY Town is approximately 1,286,000 square meters and the project development costs (mainly including the cost to acquire the land use right and construction cost) is expected to be approximately RMB13.2 billion. The project was planned to include saleable vacation units with a total GFA of over 554,000 square meters. The saleable vacation units are designed as high-rise residential buildings targeting mid-to-high-end customers.

Our indoor ski domain of “Alpes Snow World” (阿爾卑斯雪世界) was designed by Compagnie des Alpes (“CDA”), one of the world’s leading ski domain operators based in France, to offer facilities and services with international standards. The construction of the Alpes Snow World has started in January 2021, with a GFA of approximately 90,000 square meters, which includes five ski slopes with a total length of approximately 500 meters and seven “Magic Carpets” serving as conveyor belts and more than 20 sports items, aiming to create a customer experience close to real snow. As for the ski practices and training courses, we will establish a ski school for all ages with professional ski lessons of the European system offered by Ecole du Ski Francais (“ESF”), a long-time cooperation partner of Club Med.

The themed commercial street and Club Med Joyview Taicang resort have entered the full construction phase in June 2021. The themed commercial street is designed by GENSLER, a world-renowned architectural design company, to meet customers’ diversified needs with its GFA of approximately 67,600 square meters. Club Med Joyview Taicang resort is expected to open by the end of 2023. Club Med Joyview Taicang resort has a GFA of approximately 50,000 square meters, and includes 308 vacation guest rooms with 770 beds to meet both family leisure needs and MICE needs. The construction of Taicang FOLIDAY Town was completed in stages starting from 2021, among which the indoor ski domain, Club Med Joyview Taicang resort, the themed commercial street will start their business in the second half of 2023, and the remaining construction is expected to achieve full completion in the following two to three years.

As of 31 December 2021, the total cumulative cost incurred in the Taicang FOLIDAY Town was approximately RMB4,590.6 million, which was mainly used for land acquisitions and construction costs. A project development loan amounting to RMB3,300.0 million was granted, of which RMB801.5 million has already been used in the project. As of 31 December 2021, Taicang FOLIDAY Town has obtained sales permit for GFA of approximately 162,000 square meters (1,424 sets of saleable property units, of which 560 sets were obtained since June 2021), and all of which were used for pre-sale, of which 949 sets of saleable units in aggregate were pre-sold, with the pre-sold area of approximately 104,674 square meters and the pre-sold value of RMB2,485.2 million. For the year ended 31 December 2021, we delivered 560 units of Taicang FOLIDAY Town with the aggregate sales area of approximately 62,258.7 square meters and recognised a revenue of RMB1,333.0 million and the sales value developed for sale was RMB1,439.0 million. In January 2022, the indoor ski domain completed the capping of the main structure.

In addition, we are exploring various cooperation and strategic partnerships opportunities with other companies on the development and operation models of tourism destination.

ALBION

In 2016, we founded Albion brand, aiming to manage and operate one-stop tourism destinations, vacation residences and resorts in China. In 2021, Albion managed and operated four tourist destinations¹ and four vacation and accommodation projects in China, across regions such as Zhejiang, Hainan, Guangdong, Chongqing and Yunnan. Specifically, Albion Residence FOLIDAY Town Lijiang was officially opened in January 2022. The product is positioned as a serviced holiday apartment, managing 21 vacation houses. Meanwhile, with the opening of lake camp, covering an area of about 40,000 square meters (including the lake), which is operated and managed by the Lijiang Albion team, the internationalized camp of Albion with local characteristics was launched to the market, offering exquisite camping at the foot of the snow mountain as a form of extended accommodation.

Benefiting from the rapid growth of property management and accommodation segment, the Business Volume of Albion in 2021 was RMB82.3 million, increased by 24.4% compared with the same period in 2020. As of 31 December 2021, the number of rooms under management was 1,617.

SERVICES AND SOLUTIONS IN VARIOUS TOURISM AND LEISURE SETTINGS

Entertainment, other tourism and culture related services

Through the development of performances in tourist destinations, resorts and hotels by Fanxiu Performance (泛秀演藝), we meet the needs of customers for more enriched and joyous vacation experiences and diversified lifestyles. Fanxiu Performance launched the resident Show C in Atlantis Sanya in February 2019. Since 25 December 2021, Atlantis Sanya's resident Show C has been completely revamped with the introduction of the first immersive marine fantasy acrobatics show in China, combining exciting altitude stunts with elegant water ballet, presenting an extravaganza in upgraded audio visual entertainment. The annual Business Volume of Fanxiu Performance for 2021 reached RMB37.8 million, representing an increase of 15.6% over 2020. In 2021, the average booking value recorded an increase of 29.0% over 2020. Aiming for the vast number of family customers in the Tourism Complex, we also launched a new product, namely Dolphin Science Theater (海豚科普劇場) in 2021, diversifying the performance product offerings. Our international learning and playing club, Miniversity (迷你營) created a series of study tour courses through collaboration with the FOLIDAY ecosystem. Business Volume for 2021 reached RMB18.3 million, representing an increase of 184.0% over 2020 with an enrolment of more than 20,100 students, representing an increase of 211.0% over 2020. Our indoor ski simulator brand, Foryou Ski, enrolled more than 6,611 students in 2021, representing a multiple times growth.

¹ In September 2021, Chongqing Golden Buddha Mountain Attraction (重慶金佛山景區) ceased operation after the cooperation was expired.

Thomas Cook China and Thomas Cook UK

In November 2019, we acquired the right, title and interest of Thomas Cook brand, a centennial travel brand, as well as its trademarks across most international markets upon its liquidation.

TC China

In July 2020, we launched the “Thomas Cook Lifestyle Platform”¹ (TC China), an online travel agency focusing on leisure lifestyle. As of 31 December 2021, the application had approximately 2.6 million downloads in total. The platform is currently in a stage of rapid growth. In 2021, TC China achieved Business Volume of approximately RMB357.9 million, representing an increase of 95.1% compared to that of 2020. Especially, the Business Volume of tourism, travel retail and tourism destination business in 2021 reached RMB323.6 million, RMB12.7 million and RMB21.6 million respectively. In 2021, the number of orders reached 270,000, representing an increase of 296.8% compared to that of 2020. Especially, the number of orders of tourism, travel retail and tourism destination business in 2021 reached 141,000, 19,000 and 110,000 respectively.

On 18 July 2021, the Thomas Cook brand celebrated its 180th birthday. We attracted nearly 100 media in news reporting and achieved more than 100 million number of visits when promoting the brand through a variety of integrated marketing activities with the theme of “Live a Better Life, Travel from the Heart”.

TC UK

In September 2020, the brand-new Thomas Cook online travel agent (TC UK) was put into operation in the UK, which aims to further strengthen our distribution capability in the UK market and diversify the tourism products offered. TC UK became the top selling OTA for UK-Portugal travel once travel rules in the UK were relaxed in May 2021.

Since the relaxation of travel restrictions in the UK in July 2021, TC UK focused on upgrading the digital platform, launched industry-first short form content app with one-click to book, and TC UK was recognised by YouGov² as the UK’s most improved brand. During the brand relaunching, we launched radio campaign with the slogan of “Love it, book it, Thomas Cook it!”. According to the survey, the awareness of British package holidaymakers on the brand relaunch increased from 23% to 50%³. In 2021, TC UK recorded a Business Volume of approximately RMB383.0 million, with the number of orders of approximately 27,000 in 2021, achieving a multiple times growth.

¹ After acquiring the right to use Thomas Cook’s brand, the Company integrated various applications and channels on the original FOLIDAY distribution platform into the Thomas Cook lifestyle platform.

² You Gov is a global digital research and analysis organization recognized by global media.

³ Based on a nationally-representative sample of 2,000 package holidaymakers by the service provided by TLF (The Leadership Factor).

The Business Volume of TC China for the two months ended 28 February 2022 amounted to approximately RMB100.9 million, representing an increase of 150.5% compared to the two months ended 28 February 2021. TC UK recorded Business Volume of approximately RMB249.5 million, representing an increase of 1,076.6% compared to the two months ended 28 February 2021.

Member Loyalty Programs

Our loyalty programs include global Club Med Great Member loyalty program and Foryou Club, which has integrated members from our various brands in the FOLIDAY ecosystem, including members of Atlantis Sanya, Club Med members from Mainland China, Thomas Cook mobile application and other members from various activities and services we provide.

OUR DEVELOPMENT FOCUS

Our Business in Hainan

On 1 June 2020, the Chinese government issued Overall Plan for the Construction of Hainan Free Trade Port (《海南自由貿易港建設總體方案》), which provides all around policies and guidelines on building up Hainan Free Trade Port, including taxation, infrastructure, talent introduction, international trade and other relevant aspects.

As of 31 December 2021, our business in Hainan includes not only Atlantis Sanya, Club Med Sanya resort, but also our services and solutions, including resident Show C, Miniversity, Foryou Ski and travel agency business. We are actively seeking opportunities to further develop our business in Hainan Free Trade Port. We intend to actively expand the tourism destination business in Hainan under the brand of FOLIDAY Town, and reached agreement on intention to cooperate with Sanya municipal government on the development of Sanya FOLIDAY Town. We are expanding new businesses in areas such as tourism retail and lifestyle products to strengthen cooperation with IP of the Group. According to Frost & Sullivan, our operation of Atlantis Sanya and Club Med Sanya Resort together makes us the largest high-end resort provider in Sanya, based on number of guest rooms with an average daily rate by room of above RMB1,000 in 2019.

Extensive Development of Ski Ecosystem

We have been committing to building a comprehensive and extensive ski ecosystem. We are the largest supplier of ski resorts in Europe in terms of the number of ski resorts in 2019¹. From 2016 to 2021, we opened at least one new mountain (ski) resort each year in the Alps, and actively expanded mountain (ski) resorts in the Asia Pacific. Meanwhile, we continued to upgrade our mountain (ski) resort portfolio, including renovation and expansion of four resorts and closure of 11 low comfort and small ski resorts. As of the end of 2021, Club Med operates 20 mountain (ski) resorts worldwide, of which 15 are located in Europe and four are located in Asia Pacific. Meanwhile, the opening of Quebec Charlevoix in December 2021 also marked the expansion of our ski business in North America. From the beginning of 2022 to the end of 2024, we plan to open nine new mountain (ski) resorts. At the same time, we are planning to open three ski hotels in China in the future under the Casa Cook and Cook's Club series brands. By then, we plan to develop nine to 11 ski resorts and hotels in China and the surrounding countries. The "Alpes Snow World" under construction in Taicang FOLIDAY Town is planned to be a large scale indoor ski domain in East China, with a GFA of approximately 90,000 m² and professional ski lessons of the European offered by ESF. We also provide high-quality indoor ski simulator solutions for people living in cities under the brand "**Foryou Ski**".

¹ According to the Frost & Sullivan Report

MANAGEMENT DISCUSSION AND ANALYSIS

Selected Items of Consolidated Statement of Profit or Loss

	For the year ended	
	2021	2020
	RMB'000	RMB'000
		(Restated) ¹
REVENUE	9,261,473	7,060,257
Cost of revenue	<u>(6,694,512)</u>	<u>(4,895,655)</u>
Gross profit	2,566,961	2,164,602
Other (expenses)/income and gains, net	(952,968)	(1,364,582)
Selling and marketing expenses	(1,454,853)	(1,368,119)
General and administrative expenses	<u>(1,594,346)</u>	<u>(1,114,167)</u>
Operating loss	<u>(1,435,206)</u>	<u>(1,682,266)</u>
Finance costs	(960,442)	(895,444)
Share of profits and losses of:		
Associates	<u>(1,341)</u>	<u>(9,638)</u>
LOSS BEFORE TAX	(2,396,989)	(2,587,348)
Income tax expenses	<u>(383,728)</u>	<u>(221,350)</u>
LOSS FOR THE YEAR	<u>(2,780,717)</u>	<u>(2,808,698)</u>
Attributable to:		
Equity holders of the Company ²	(2,712,038)	(2,574,279)
Non-controlling interests	<u>(68,679)</u>	<u>(234,419)</u>
	<u>(2,780,717)</u>	<u>(2,808,698)</u>

¹ Details of the restatement of the 2020 statements are set out in note 1.2 to the financial statements.

² Loss attributable to equity holders of the Company for the year ended 31 December 2021 included RMB2,546.8 million loss arising from tourism operation and RMB165.2 million loss arising from property development and sales. In particular, a total of RMB559.1 million of unallocated expenses were allocated to losses attributable to equity holders of the Company arising from tourism operations and property development and sales by the management of the Company based on reasonable estimates. Loss attributable to equity holders of the Company for the year ended 31 December 2020 included RMB2,265.7 million loss arising from tourism operation and RMB308.6 million loss arising from property development and sales.

Revenue: Our revenue increased by 31.2%, from RMB7,060.3 million for the year ended 31 December 2020 to RMB9,261.5 million for the year ended 31 December 2021. Although the Pandemic continues to spread across the globe, we experienced significant improvement in the recovery of our tourism operation, due to an upward trend in travel and tourism with the easing of many Pandemic restrictions and the more expansive distribution of COVID-19 vaccinations. Meanwhile, revenue arising from tourism-related property sales increased by 355.8%, mainly due to the plan of Foliday Towns' delivery cycle.

Revenue by business function and business segment

	For the year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Resorts and destination operations	6,205,928	67.0%	5,742,617	81.3%
— Resorts and hotels	4,668,606	50.4%	4,435,792	62.8%
— Tourism destinations	1,537,322	16.6%	1,306,825	18.5%
Tourism-related property sales and construction services	2,136,920	23.1%	468,872	6.7%
— Resorts and hotels	124,922	1.3%	34,645	0.5%
— Tourism destinations	2,011,998	21.8%	434,227	6.2%
Tourism and leisure services and solutions	1,008,983	10.9%	946,805	13.4%
— Resorts and hotels	802,863	8.7%	795,132	11.3%
— Services and solutions in various tourism and leisure settings	206,120	2.2%	151,673	2.1%
Eliminations	(90,358)	(1.0%)	(98,037)	(1.4%)
Total revenue from contracts with customers	<u>9,261,473</u>	100.0%	<u>7,060,257</u>	100.0%

Resorts and Destination Operations: Resort and destination operating revenue increased by 8.1% from RMB5,742.6 million for the year ended 31 December 2020 to RMB6,205.9 million for the year ended 31 December 2021.

Resorts and hotels revenue increased by 5.2% year-over-year. Resorts and hotels revenue in the first half of 2021 decreased by RMB2,107.1 million compared with the same period of last year mainly due to the closure of mountain resorts and travel restrictions in customer sourcing markets in relation to the ongoing Pandemic public health prevention measures. With the easing of many Pandemic restrictions and the more expansive distribution of Pandemic vaccinations, resorts and hotels revenue in the second half of 2021 increased by RMB2,339.9 million compared with the same period of last year to RMB3,643.8 million, benefiting from the increase of capacity by 79.5%, the increase of Average Daily Rate by 28.0% and the increase of Occupancy Rate by 5.9 percentage points in Club Med.

Tourism destination operating revenue mainly includes operating revenue of Atlantis Sanya and Albion. Operating revenue of Atlantis Sanya increased by 18.6% from RMB1,226.7 million for the year ended 31 December 2020 to RMB1,455.3 million for the year ended 31 December 2021, caused by the gradual control of the Pandemic outbreak in China, along with outstanding product and brand power competitiveness. The increase was benefited from the increase of Occupancy Rate by 4.0 percentage point, the increase of Average Daily Rate by 12.3% and the increase in other operating revenues generated from the Aquarium, the Warner Park and other services provided. Meanwhile, operating revenue of Albion increased by 26.9% year-over-year mainly due to the recovery of China tourism market and strong brand awareness.

Tourism-related property sales and construction services: Revenue increased by 355.8% from RMB468.9 million for the year ended 31 December 2020 to RMB2,136.9 million for the year ended 31 December 2021. Revenue of tourism-related property sales mainly contributed by the delivery of property units in Taicang and Liliang Foliday Towns and Tang Residence. During the reporting period, 560 Taicang Foliday Town units, 42 Lijiang Foliday Town units and 7 Tang Residence units were delivered to customers.

Tourism and leisure services and solutions: Revenue of tourism and leisure services and solutions increased by 6.6% year-over-year, mainly due to increase in our transportation business, entertainment services, youth play and learning, and other services and solutions.

Cost of revenue by business function

	For the year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Resorts and destination operations	4,750,341	71.0%	4,131,184	84.4%
Tourism-related property sales and construction services	1,140,858	17.0%	4,816	0.1%
Tourism and leisure services and solutions	879,456	13.1%	852,083	17.4%
Eliminations	(76,143)	(1.1%)	(92,428)	(1.9%)
Total	<u>6,694,512</u>	100.0%	<u>4,895,655</u>	100.0%

Gross Profit and Gross Profit Margin (GP Margin) by business function

	For the year ended 31 December			
	2021		2020	
	Gross Profit <i>RMB'000</i>	GP Margin %	Gross Profit <i>RMB'000</i>	GP Margin %
Resorts and destination operations	1,455,587	23.5%	1,611,433	28.1%
Tourism-related property sales and construction services	996,062	46.6%	464,056	99.0%
Tourism and leisure services and solutions	129,527	12.8%	94,722	10.0%
Eliminations	(14,215)	N/A	(5,609)	N/A
Total	<u>2,566,961</u>	27.7%	<u>2,164,602</u>	30.7%

Cost of revenue, gross profit and GP Margin by business function: Cost of revenue increased by 36.7% from RMB4,895.7 million in 2020 to RMB6,694.5 million in 2021 year-over-year, which was in line with revenue increase.

Gross profit in 2021 increased by 18.6% and gross profit margin slightly decreased from 30.7% to 27.7% year-over-year. Excluding the exceptional costs related to the Pandemic, gross profit of resorts and destination operations decreased by 9.7% and gross profit margin decreased from 28.1% to 23.5%, mainly due to negative gross profit of Club Med for the first six months ended 30 June 2021 caused by temporary closure of resorts, partially offset by (i) the increase of gross profit and margin rate of Club Med in the second half of 2021 to RMB1,095.9 million and 25.1% respectively compared with same period of last year, and (ii) the increase of gross profit and margin rate of Atlantis Sanya for the year ended 2021. Gross profit of tourism related property sales and construction services increased by RMB532.0 mainly due to more property units delivered in 2021.

Other (expenses)/income and gains, net

We incurred a net loss of RMB953.0 million in 2021 comparing with a net loss of RMB1,364.6 million in the same period of last year. Net loss in 2021 was mainly due to recorded exceptional costs amounted to RMB754.3 million (2020: RMB1,235.8 million) due to the Pandemic, including the costs of the business during their closure when they are supposed to be open before the Pandemic, and additional costs due to the Pandemic.

Selling and marketing expenses

Selling and marketing expenses increased by 6.3% year-over-year to RMB1,454.9 million for the year ended 31 December 2021, mainly due to (i) employee costs increased by RMB65.3 million, which was in line with the increased revenue of tourism operation and tourism-related property sales, and (ii) advertising and promotion expenses increased by RMB26.3 million, mainly driven by the marketing activities of Foliday Towns and business of tourism and leisure services and solutions.

General and administrative expense

General and administrative expenses increased by RMB480.2 million to RMB1,594.3 million in 2021. The change was primarily due to (i) employee costs increased by RMB282.0 million, which was in line with business recovery and new development projects, and (ii) management fee payable to brand licensor increased by RMB65.8 million due to incentive fee for business operation of Atlantis Sanya.

Operating loss by segment

Our operating loss was RMB1,435.2 million in 2021, comparing with the operating loss of RMB1,682.3 million year-over-year.

	For the year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	%	<i>RMB'000</i> (Restated)	%
Resorts and hotels	(1,738,559)	121.1%	(2,048,371)	121.8%
Tourism destinations	1,087,885	(75.8%)	644,231	(38.4%)
Services and solutions in various tourism and leisure settings	(267,630)	18.6%	(140,189)	8.4%
Eliminations and unallocated expenses	<u>(516,902)</u>	36.1%	<u>(137,937)</u>	8.2%
Total	<u>(1,435,206)</u>	100.0%	<u>(1,682,266)</u>	100.0%

Resorts and hotels business incurred an operating loss of RMB1,738.6 million in 2021 compared with an operating loss of RMB2,048.4 million in 2020, reflecting our business recovery, among which operating loss contributed by Club Med decreased to RMB1,719.0 million. For the second half of 2021, operating profit of Club Med was RMB84.5 million, comparing with an operating loss of RMB1,547.0 million for the same period of 2020, and achieved an even better operating profit than that of the same period of 2019 as RMB81.7 million. Excluding the non-recurring operating items¹, Club Med incurred an operating loss of RMB893.5 million in 2021.

Tourism destinations: Operating profit increased by RMB443.7 million to RMB1,087.9 million in 2021, mainly due to (i) an increase in operating profit contributed by Taicang and Lijiang Holiday Towns of RMB413.9 million, primarily driven by the delivery of property units in Holiday Towns; and (ii) operation of Atlantis Sanya contributed incremental operating profit of RMB76.9 million in 2021, which was benefited from gradual control of the Pandemic as well as our improved profitability.

Services and solutions in various tourism and leisure settings: Operating loss in 2021 was RMB267.6 million compared with RMB140.2 million in 2020, mainly due to increased business development and promotion costs of Thomas Cook China and Thomas Cook UK.

¹ Non-recurring operating items of resorts operation included the costs of the business during their closure when they are supposed to be open before the Pandemic, and additional operation costs due to the Pandemic, impairment and provisions, restructuring, gain/(loss) on the fair value change of investments measured at fair value through profit or loss and disposal damage insurance.

Finance costs

Finance costs net of capitalized interest increased from RMB895.4 million in 2020 to RMB960.4 million in 2021. In particular, the interest expenses on lease liabilities in 2021 and 2020 were RMB462.1 million and RMB470.2 million respectively. The increase of RMB65.0 million is primarily attributable to the increase in interest expenses on the assets-backed securities (commercial mortgage backed securities in specific, “**CMBS**”). We issued the CMBS amounting to RMB6.8 billion with a coupon rate of 5% in March 2020, which had an interest bearing period of twelve months in 2021. The interest rates of borrowings in 2021 were approximately between 0.25% to 5.94%, as compared with approximately between 0.5% and 5.94% for the same period of last year.

Income tax expense

Income tax expenses increased by RMB162.3 million from RMB221.4 million in 2020 to RMB383.7 million in 2021. The income tax expense for the year ended 31 December 2021 primarily comprised of PRC land appreciation tax (“**LAT**”) amounted to RMB281.1 million recorded with sales of tourism-related property sales.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. Details of income tax expenses are set out in page 51.

Non-IFRS Measures

To supplement the presentation of our historical financial information with certain non-IFRS accounting measures including EBITDA, adjusted EBITDA, and adjusted net profit/(loss). We adjust EBITDA and net profit/(loss) to eliminate the effect of certain non-cash items and one-time events including the interest owed to related companies for reorganization, equity-settled share-based payments and listing expenses. These non-IFRS financial measures are used by our management to evaluate our financial performance by eliminating the impact of certain non-cash items and one-time events and help investors understand and evaluate the consolidated performance results of our underlying business across accounting periods. The specific definition and calculation of EBITDA and the other non-IFRS accounting measures can differ from other companies, so such measures presented herein may not be comparable to similarly named measures presented by other companies. From time to time in the future, there may be other items that the Company may exclude in reviewing its financial results.

ADJUSTED EBITDA

	For the year ended	
	31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Loss before income tax	(2,396,989)	(2,587,348)
Adjustment:		
Depreciation	1,774,359	1,897,893
Amortization	160,700	139,582
Finance costs	960,442	895,444
Land appreciation tax	<u>(281,076)</u>	<u>(198,352)</u>
EBITDA (unaudited)	217,436	147,219
Add:		
Equity-settled share-based payments	30,867	40,242
Listing expenses	<u>—</u>	<u>—</u>
Adjusted EBITDA (unaudited)	<u>248,303</u>	<u>187,461</u>
Arising from tourism operation ⁽¹⁾	<u>169,965</u>	<u>107,971</u>
Arising from property development and sales ⁽¹⁾	<u>78,338</u>	<u>79,490</u>

⁽¹⁾ In adjusted EBITDA, a total of RMB479.7 million of unallocated expenses were allocated to adjusted EBITDA arising from tourism operations and property development and sales by the management of the Company based on reasonable estimates.

Adjusted EBITDA

Adjusted EBITDA increased from RMB187.5 million in 2020 to RMB248.3 million in 2021.

Adjusted EBITDA arising from tourism operation increased to RMB170.0 million in 2021 from RMB108.0 million in 2020. The adjusted EBITDA of Club Med was negative RMB100.7 million in 2021, comparing with adjusted EBITDA of negative RMB333.5 million in 2020, reflecting Club Med's business recovery. For the second half of 2021, as a combined result of value strategy and effective cost-saving efforts, the adjusted EBITDA of Club Med increased to RMB890.8 million, comparing with the adjusted EBITDA of negative RMB688.9 million for the same period of 2020, which recovered to 95.5% of that of the same period of 2019 for RMB932.6 million, mainly benefited from strong performance during the third quarter of 2021. Excluding the change of non-recurring operating items¹, the recurring adjusted EBITDA of Club Med was RMB334.1 million in 2021, comparing with the recurring adjusted EBITDA of RMB351.5 million in 2020. Adjusted EBITDA of Atlantis Sanya in 2021 increased to RMB651.7 million from RMB607.8 million in 2020.

The adjusted EBITDA of tourism-related property sales in 2021 was RMB462.1 million before net off of unallocated expenses, mainly arising from the property unit delivery of Foliday Towns and Tang Residence units.

Adjusted EBITDA loss of services and solutions in various tourism and leisure settings increased from RMB126.5 million in 2020 to RMB230.4 million in 2021.

¹ Non-recurring operating items of resorts operation included the costs of the business during their closure when they are supposed to be open before the Pandemic, and additional operation costs due to the Pandemic, impairment and provisions, restructuring, gain/(loss) on the fair value change of investments measured at fair value through profit or loss and disposal damage insurance.

Adjusted Net loss

	For the year ended	
	31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Net loss	(2,780,717)	(2,808,698)
Add:		
Equity-settled share-based payments	<u>30,867</u>	<u>40,242</u>
Adjusted Net loss	<u>(2,749,850)</u>	<u>(2,768,456)</u>

Capital expenditures

Our major capital expenditures primarily consisted of expenditures to land use rights and property, plant and equipment. We funded our capital expenditures from our internal resources, proceeds from share offerings, bank borrowings, leases, and related company loans. The amount of capital expenditures of the Group for the year ended 31 December 2020 and 2021 was RMB1,102.7 million and RMB949.5 million, respectively. The capital expenditure incurred in 2021 mainly related to capital expenditures in tourism destination projects, upgrade or renovation of existing resorts, and investments in digital technology. For the year ended 31 December 2021, our capital expenditure for resorts decreased by approximately RMB126.6 million compared with same period of last year as we postponed and cancelled certain capital expenditures as part of the cost control measures. Meanwhile, the capital expenditure for tourism destination decreased by RMB1.6 million to RMB598.3 million mainly due to the construction progress of Taicang and Lijiang FOLIDAY Town projects. We will maintain a balance between short term saving and long term efficiency and flexibility, to enable our business operating effectively going forward.

Indebtedness, liquidity and financial resources of the Group

Our Group funds our investments and operations principally with cash generated from our operations, bank and other borrowings, funds raised from the capital market, related party borrowings and capital investments by our controlling Shareholders. As of 31 December 2021, we had cash and bank balances of approximately RMB4.5 billion. The following table set outs our cash flows for the periods indicated:

	For the year ended	
	31 December	
	2021	2020
	<i>RMB Billion</i>	<i>RMB Billion</i>
Net cash flows generated from operating activities	2.2	(1.9)
Net cash flows used in investing activities	(1.0)	(1.0)
Net cash flows (used in)/generated from financing activities	(1.2)	5.3
Cash and bank balances at end of the year	4.5	4.6
Analysis of balances of cash and cash equivalents		
Cash and bank balances at the end of the year	4.5	4.6
Less: Pledged bank balances	0.0	0.0
Time deposits with original maturity of more than three months	0.2	1.6
Restricted pre-sale proceeds	0.5	0.1
Cash and cash equivalents	3.8	2.8

We have taken the following measures to maintain our healthy liquidity:

- In January 2021, Club Med obtained long term loan amounting to Euro70 million (equivalent of RMB505 million) from banks which was guaranteed by French government. The loan has zero interest rate plus 0.5% guarantee fee in the first year, and a maturity of up to January 2026.
- In 2021, we have obtained additional long term loan facility amounting to RMB430.0 million related to Taicang Foliday Town.

Our indebtedness included interest-bearing bank borrowings, convertible bonds and lease liability. As of 31 December 2021, the total amount of interest-bearing bank borrowing was RMB13,263.5 million, within which RMB2,179.4 million was repayable within one year. Our available banking facilities in 2021 amounted to RMB10,366.5 million in total, of which RMB3,514.7 million has not been utilized.

Our loan agreements may also include material financial covenants. Furthermore, we may be required to provide additional guarantees upon the lending banks' request if any changes in our guarantor adversely affect the guarantee granted by the guarantor to the lending banks. We also entered into some amendments to existing loan or facility agreements to get the covenant holiday in 2021. Our Directors confirmed that we complied with all material covenants under our loan agreements and covenant relaxation amendments during the Reporting Period and up to the date of this report.

Capital Structure

The Group continued to maintain a healthy and sound financial position. Our total assets slightly decreased from RMB38,686.6 million as of 31 December 2020 to RMB37,284.7 million as of 31 December 2021, and our total liabilities increased from RMB33,252.8 million as of 31 December 2020 to RMB34,292.8 million as of 31 December 2021. We changed the net current assets position of RMB225.6 million as of 31 December 2020 to net current liabilities position of RMB3,311.7 million as of 31 December 2021.

Our current ratio decreased from 1.0 as of 31 December 2020 to 0.8 as of 31 December 2021, primarily due to (i) increased advances received from customers of Club Med and Foliday Town; (ii) increased payables related to construction services of Foliday Towns.

Our gearing ratio slightly increased from 47.9% as of 31 December 2020 to 48.7% as of 31 December 2021 which remained stable and healthy.

The Group monitors capital using a gearing ratio, which is net debt divided by the total assets. Net debt includes interest-bearing bank and other borrowings, lease liabilities, and convertible bonds, less cash and cash equivalents.

Exchange Rate Fluctuation

Currency fluctuation effects on transactions

The Group has resorts and commercial operations in over 40 countries and regions which are exposed to foreign exchange risk arising from various currency exposures. Major currencies for our commercial transaction included the Euro, U.S. dollar, British Pound, Hong Kong dollar and Canadian dollar. We were engaged in hedging transactions to limit the impact of changes in interest rates, indebtedness and the effects of changes in foreign exchange rates on commercial operation and to reduce our exposure to market volatility. In 2021, unprecedented factors including the ongoing Pandemic situation severely increased the volatility of the currencies. Euro depreciated against a lot of currencies such as Hong Kong dollar, U.S. Dollar Canadian dollar and British Pound, leading to foreign currency exchange losses. For the year ended 31 December 2020 and 2021, we recorded foreign exchange loss of RMB102.3 million and loss of RMB92.4 million, respectively in other income and gains, net.

Fluctuation effects on translations

Our consolidated financial statements are prepared in RMB, our Group's reporting currency. In preparing the consolidated financial statements, the results of operations of our subsidiaries outside the PRC are translated from their functional currencies into the RMB. The assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the period. Fluctuations in the value of the exchange rates of our subsidiaries from one year to the next affect our consolidated results of operations. Exchange differences on translation of foreign operations are recognized in our exchange fluctuation reserve, the movement of which is recorded in other comprehensive income. We recorded a loss of RMB529.6 million and a gain of RMB276.9 million for the year ended 31 December 2020 and 2021, respectively, which mainly comes from the translation of foreign operations of Club Med.

Financial assets at fair value through profit or loss

The Company has purchased, and during the Reporting Period been holding, a series of different investment products. The Board of Directors formed the view that the fair values of some of the investment products in the total sum of US\$50,000,000 ("**Relevant Investment Products**"), which were purchased by the Company through an investment manager ("**Investment Manager**"), be reduced to a carrying amount of zero with the fair value loss be recorded in the Reporting Period. The basis of this fair value loss has been made based on the limited information of the Relevant Investment Products available to the Company and the prudence concept from risk management perspective. Relevant considerations for the fair value loss include: The Company has not received, amongst others, certain relevant information and documents in respect of the Relevant Investment Products from the Investment Manager and their issuers (the "**Issuers**") despite the Company's requests made from December 2021 to March 2022. Also, the Company engaged the law firms in the Issuers' places of incorporation to conduct searches against the Issuers. However, no material financial information about the Issuers could be obtained. Furthermore, the Company obtained from its legal adviser a legal opinion on the recoverability of the Relevant Investment Products. The legal adviser considered that there is a legitimate concern about the recoverability of the Relevant Investment Products. Accordingly, the management is of the view that recovery of the remaining carrying value of the Relevant Investment Products is uncertain. The Company would continue to take all reasonably practicable steps (including seeking legal advice from its legal adviser and/or engaging them to take appropriate recovery actions) to seek to recover the value of the Relevant Investment Products.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2021

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
REVENUE	3	9,261,473	7,060,257
Cost of revenue		<u>(6,694,512)</u>	<u>(4,895,655)</u>
Gross profit		2,566,961	2,164,602
Other (expenses)/income and gains, net	4	(952,968)	(1,364,582)
Selling and marketing expenses		(1,454,853)	(1,368,119)
General and administrative expenses		<u>(1,594,346)</u>	<u>(1,114,167)</u>
Operating loss		<u>(1,435,206)</u>	<u>(1,682,266)</u>
Finance costs	5	(960,442)	(895,444)
Share of losses of associates		<u>(1,341)</u>	<u>(9,638)</u>
LOSS BEFORE INCOME TAX	6	(2,396,989)	(2,587,348)
Income tax expense	7	<u>(383,728)</u>	<u>(221,350)</u>
LOSS FOR THE YEAR		<u><u>(2,780,717)</u></u>	<u><u>(2,808,698)</u></u>
Attributable to:			
Equity holders of the Company		(2,712,038)	(2,574,279)
Non-controlling interests		<u>(68,679)</u>	<u>(234,419)</u>
		<u><u>(2,780,717)</u></u>	<u><u>(2,808,698)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:	9		
Basic			
— For loss for the year (<i>RMB</i>)		<u><u>(2.19)</u></u>	<u><u>(2.08)</u></u>
Diluted			
— For loss for the year (<i>RMB</i>)		<u><u>(2.19)</u></u>	<u><u>(2.08)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021	2020
	RMB'000	RMB'000
		(Restated)
LOSS FOR THE YEAR	<u>(2,780,717)</u>	<u>(2,808,698)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Effective portion of changes in fair value of hedging instruments arising during the year	15,753	(123,100)
Reclassification adjustments for losses included in the consolidated statement of profit or loss	4,143	134,608
Exchange differences on translation of foreign operations	<u>276,861</u>	<u>(529,593)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	296,757	(518,085)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to employee benefits	724	(6,089)
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>(8,874)</u>	<u>—</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(8,150)	(6,089)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>288,607</u>	<u>(524,174)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>(2,492,110)</u>	<u>(3,332,872)</u>
Attributable to:		
Equity holders of the Company	(2,409,146)	(3,009,332)
Non-controlling interests	<u>(82,964)</u>	<u>(323,540)</u>
	<u>(2,492,110)</u>	<u>(3,332,872)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	31 December 2021	31 December 2020
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	9,677,294	9,913,468
Right-of-use assets	10,820,996	11,115,553
Intangible assets	2,570,354	2,836,417
Goodwill	1,669,017	1,847,305
Investments in associates	235,559	224,734
Financial assets at fair value through profit or loss	175,295	77,872
Properties under development	1,199,877	1,516,108
Due from related companies	3,537	2,037
Prepayments, other receivables and other assets	802,473	449,392
Deferred tax assets	172,588	106,423
	<u>27,326,990</u>	<u>28,089,309</u>
CURRENT ASSETS		
Inventories	207,622	204,926
Completed properties for sale	1,015,457	312,964
Properties under development	775,815	1,029,608
Trade receivables	562,933	483,276
Contract assets and other assets	781	5,325
Prepayments, other receivables and other assets	1,975,069	1,790,383
Due from related companies	849,243	1,836,748
Derivative financial instruments	32,896	32,302
Financial assets at fair value through profit or loss	2,578	330,504
Cash and bank balances	4,535,362	4,571,249
	<u>9,957,756</u>	<u>10,597,285</u>

	31 December	31 December
	2021	2020
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	2,179,351	2,187,901
Contract liabilities	1,029,417	618,456
Trade payables	11 2,348,620	1,522,315
Accrued liabilities and other payables	5,618,677	4,887,727
Lease liabilities	770,781	922,762
Tax payable	415,554	30,091
Due to related companies	858,514	16,407
Derivative financial instruments	48,509	185,992
	<u>13,269,423</u>	<u>10,371,651</u>
NET CURRENT (LIABILITIES)/ASSETS	<u>(3,311,667)</u>	<u>225,634</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>24,015,323</u>	<u>28,314,943</u>
NON-CURRENT LIABILITIES		
Convertible bonds	—	12,044
Lease liabilities	8,640,306	8,844,827
Interest-bearing bank and other borrowings	11,084,191	11,153,182
Contract liabilities	4,073	7,781
Deferred income	119,683	131,231
Due to related companies	—	1,828,914
Other long term payables	728,384	395,475
Financial liabilities at fair value through profit or loss	—	2,000
Deferred tax liabilities	446,733	505,697
	<u>21,023,370</u>	<u>22,881,151</u>
Total non-current liabilities	<u>21,023,370</u>	<u>22,881,151</u>
Net assets	<u>2,991,953</u>	<u>5,433,792</u>

	31 December 2021	31 December 2020
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	186	183
Shares held for the share-based payment schemes	—	(3,004)
Reserves	2,819,215	5,216,239
	2,819,401	5,213,418
Non-controlling interests	172,552	220,374
Total equity	<u>2,991,953</u>	<u>5,433,792</u>

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards and Interpretations (“IASs”)) approved by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, financial assets at fair value through profit or loss, and a defined benefit plan. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The Group had net current liabilities of RMB3,311,667,000 as at 31 December 2021. Having taken into account the unused banking facilities and the expected cash flows from operating and financing activities, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year’s financial statements.

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform — Phase 2

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 or IAS 39 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

**Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform
— Phase 2 (Continued)**

The Group had certain interest-bearing bank borrowings denominated in foreign currencies and interest rate related derivatives based on various interbank offered rates as at 31 December 2021. Since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these instruments are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.

Amendment to IFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of RMB241,206,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2021. There was no impact on the opening balance of equity as at 1 January 2021.

Decision on Attributing Benefit to Periods of Service (IAS 19)

In April 2021, the IFRS Interpretations Committee (“IFRIC”) provided clarifications on how to determine the periods to which retirement benefit is attributed for some defined benefit plans (“IFRIC Agenda Decision”). For pension plans whose rights depend on the seniority of the employee on the retirement date and are capped after a certain number of years of seniority, the entity’s obligation would only raise from the last years of service that provide rights to the employee (and not over the full period of service within the company).

The changes in accounting policy has been accounted for retrospectively and the comparative figures for the corresponding comparative prior periods have been restated.

The table below illustrates the application of the IFRIC Agenda Decision as at 31 December 2020 and 1 January 2020.

	Before restated 31 December 2020 RMB'000	Impact of restatements 2020 RMB'000 (Restated)	After restated 31 December 2020 RMB'000 (Restated)
Liabilities			
Other long term payables	<u>485,381</u>	<u>(89,906)</u>	<u>395,475</u>
Total non-current liabilities	<u>22,971,057</u>	<u>(89,906)</u>	<u>22,881,151</u>
Net assets	<u><u>5,343,886</u></u>	<u><u>89,906</u></u>	<u><u>5,433,792</u></u>
Equity			
Reserves	5,129,015	87,224	5,216,239
Non-controlling interests	<u>217,692</u>	<u>2,682</u>	<u>220,374</u>
Total equity	<u><u>5,343,886</u></u>	<u><u>89,906</u></u>	<u><u>5,433,792</u></u>
	Before restated 1 January 2020 RMB'000	Impact of restatements 2020 RMB'000 (Restated)	After restated 1 January 2020 RMB'000 (Restated)
Liabilities			
Other long term payables	<u>432,514</u>	<u>(86,307)</u>	<u>346,207</u>
Total non-current liabilities	<u>15,987,396</u>	<u>(86,307)</u>	<u>15,901,089</u>
Net assets	<u><u>8,429,876</u></u>	<u><u>86,307</u></u>	<u><u>8,516,183</u></u>
Equity			
Reserves	8,132,384	83,495	8,215,879
Non-controlling interests	<u>300,313</u>	<u>2,812</u>	<u>303,125</u>
Total equity	<u><u>8,429,876</u></u>	<u><u>86,307</u></u>	<u><u>8,516,183</u></u>

	Before restated 2020 RMB'000	Impact of restatements 2020 RMB'000 (Restated)	After restated 2020 RMB'000 (Restated)
Other (expenses)/income and gains, net	(1,365,168)	586	(1,364,582)
General and administrative expenses	<u>(1,107,233)</u>	<u>(6,934)</u>	<u>(1,114,167)</u>
Operating loss	(1,675,918)	(6,348)	(1,682,266)
LOSS BEFORE INCOME TAX	(2,581,000)	(6,348)	(2,587,348)
LOSS FOR THE YEAR	<u>(2,802,350)</u>	<u>(6,348)</u>	<u>(2,808,698)</u>
Attributable to:			
Equity holders of the Company	(2,568,073)	(6,206)	(2,574,279)
Non-controlling interests	<u>(234,277)</u>	<u>(142)</u>	<u>(234,419)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic			
— For loss for the year (RMB)	<u>(2.08)</u>	<u>—</u>	<u>(2.08)</u>
Diluted			
— For loss for the year (RMB)	<u>(2.08)</u>	<u>—</u>	<u>(2.08)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	<u>(531,898)</u>	<u>2,305</u>	<u>(529,593)</u>
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:	<u>(520,390)</u>	<u>2,305</u>	<u>(518,085)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Actuarial reserve relating to employee benefits	<u>(13,731)</u>	<u>7,642</u>	<u>(6,089)</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	<u>(13,731)</u>	<u>7,642</u>	<u>(6,089)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	<u>(534,121)</u>	<u>9,947</u>	<u>(524,174)</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(3,336,471)</u>	<u>3,599</u>	<u>(3,332,872)</u>
Attributable to:			
Equity holders of the Company	(3,013,061)	3,729	(3,009,332)
Non-controlling interests	<u>(323,410)</u>	<u>(130)</u>	<u>(323,540)</u>

1.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	Reference to the Conceptual Framework ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
IFRS 17	<i>Insurance Contracts</i> ²
Amendments to IFRS 17	<i>Insurance Contracts</i> ^{2, 4}
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 — Comparative Information</i> ²
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current</i> ²
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ²
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ²
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ²
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> ¹
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i> ¹
<i>Annual Improvements to IFRS Standards 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 ¹

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the

opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The impact of the amendments is still under assessment.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Standards 2018–2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.
- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) The resorts and hotels segment which comprises principally the operation and management of the resorts which offer vacation resort services at a package rate and other hotel services;
- (b) The tourism destinations segment which comprises principally the development, management and operation of tourism resources and tourism vacation facilities and facilities directly and indirectly supporting tourism; and
- (c) The services and solutions in various tourism and leisure settings segment which comprises principally the development and promotion of the cultural events, performing arts, live entertainment and culture-related services and the operation of online and offline tourism and leisure products and solution platforms.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment operating profits which are calculated based on gross profit less other income and gains, other expenses, selling and marketing expenses and general and administrative expenses. No analysis of the Group's assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision-maker for review.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2021

	Resorts and hotels RMB'000	Tourism destinations RMB'000	Services and solutions in various tourism and leisure settings RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue (note 3)					
External customers	5,586,036	3,493,939	181,498	—	9,261,473
Inter-segment sales	10,355	55,381	24,622	(90,358)	—
Total revenue	<u>5,596,391</u>	<u>3,549,320</u>	<u>206,120</u>	<u>(90,358)</u>	<u>9,261,473</u>
Segment operating (loss)/profit	<u>(1,738,559)</u>	<u>1,087,885</u>	<u>267,630</u>	<u>(50,714)</u>	<u>(969,018)</u>
Unallocated expenses*					<u>(466,188)</u>
Total operating loss					(1,435,206)
Finance costs					(960,442)
Share of losses of associates					<u>(1,341)</u>
Loss before income tax					<u>(2,396,989)</u>

- * The unallocated expenses mainly represented the fair value loss on financial assets at fair value through profit or loss, equity-settled share-based payment expenses and other employee benefit expenses.

Year ended 31 December 2020 (Restated)

	Resorts and hotels <i>RMB'000</i> (Restated)	Tourism destinations <i>RMB'000</i>	Services and solutions in various tourism and leisure settings <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i> (Restated)
Segment revenue (note 3)					
External customers	5,240,417	1,679,590	140,250	—	7,060,257
Inter-segment sales	<u>25,152</u>	<u>61,462</u>	<u>11,423</u>	<u>(98,037)</u>	<u>—</u>
Total revenue	<u>5,265,569</u>	<u>1,741,052</u>	<u>151,673</u>	<u>(98,037)</u>	<u>7,060,257</u>
Segment operating (loss)/profit	<u>(2,048,371)</u>	<u>644,231</u>	<u>(140,189)</u>	<u>(4,066)</u>	<u>(1,548,395)</u>
Unallocated expenses*					<u>(133,871)</u>
Total operating loss					(1,682,266)
Finance costs					(895,444)
Share of losses of associates					<u>(9,638)</u>
Loss before income tax					<u>(2,587,348)</u>

* The unallocated expenses mainly represented the equity-settled share-based payment expenses and other employee benefit expenses.

Geographical information

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue from external customers		
Europe, Middle East and Africa	3,950,870	3,573,049
America	1,432,440	1,170,234
Asia Pacific	<u>3,878,163</u>	<u>2,316,974</u>
	<u>9,261,473</u>	<u>7,060,257</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current assets		
Europe, Middle East and Africa	11,876,699	12,606,958
America	3,567,495	3,852,353
Asia Pacific	11,131,663	11,034,387
	<u>26,575,857</u>	<u>27,493,698</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets and amounts due from related companies.

Information about a major customer

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the year ended 31 December 2021 (2020: 10%).

3. REVENUE

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Resorts and destination operation	6,140,192	5,656,003
Tourism-related property sales and construction services	2,136,920	468,872
Tourism and leisure services and solutions	984,361	935,382
	<u>9,261,473</u>	<u>7,060,257</u>

(i) **Disaggregated revenue information**

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2021

Segments	Resorts and hotels <i>RMB'000</i>	Tourism destinations <i>RMB'000</i>	Services and solutions in various tourism and leisure settings <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services					
Resorts and destination operation	4,668,606	1,537,322	—	(65,736)	6,140,192
Tourism-related property sales and construction services	124,922	2,011,998	—	—	2,136,920
Tourism and leisure services and solutions	802,863	—	206,120	(24,622)	984,361
	<u>5,596,391</u>	<u>3,549,320</u>	<u>206,120</u>	<u>(90,358)</u>	<u>9,261,473</u>
Inter-segment sales	(10,355)	(55,381)	(24,622)	90,358	—
	<u>5,586,036</u>	<u>3,493,939</u>	<u>181,498</u>	<u>—</u>	<u>9,261,473</u>
Timing of revenue recognition					
Goods transferred at a point in time	—	2,010,899	6,282	(360)	2,016,821
Services rendered over time	5,596,391	1,538,421	199,838	(89,998)	7,244,652
	<u>5,596,391</u>	<u>3,549,320</u>	<u>206,120</u>	<u>(90,358)</u>	<u>9,261,473</u>
Inter-segment sales	(10,355)	(55,381)	(24,622)	90,358	—
	<u>5,586,036</u>	<u>3,493,939</u>	<u>181,498</u>	<u>—</u>	<u>9,261,473</u>

For the year ended 31 December 2020

Segments	Resorts and hotels <i>RMB'000</i>	Tourism destinations <i>RMB'000</i>	Services and solutions in various tourism and leisure settings <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services					
Resorts and destination operation	4,435,792	1,306,825	—	(86,614)	5,656,003
Tourism-related property sales and construction services	34,645	434,227	—	—	468,872
Tourism and leisure services and solutions	<u>795,132</u>	<u>—</u>	<u>151,673</u>	<u>(11,423)</u>	<u>935,382</u>
	5,265,569	1,741,052	151,673	(98,037)	7,060,257
Inter-segment sales	<u>(25,152)</u>	<u>(61,462)</u>	<u>(11,423)</u>	<u>98,037</u>	<u>—</u>
Total revenue from contracts with customers	<u><u>5,240,417</u></u>	<u><u>1,679,590</u></u>	<u><u>140,250</u></u>	<u><u>—</u></u>	<u><u>7,060,257</u></u>
Timing of revenue recognition					
Goods transferred at a point in time	—	434,227	11,813	(1,174)	444,866
Services rendered over time	<u>5,265,569</u>	<u>1,306,825</u>	<u>139,860</u>	<u>(96,863)</u>	<u>6,615,391</u>
	5,265,569	1,741,052	151,673	(98,037)	7,060,257
Inter-segment sales	<u>(25,152)</u>	<u>(61,462)</u>	<u>(11,423)</u>	<u>98,037</u>	<u>—</u>
Total revenue from contracts with customers	<u><u>5,240,417</u></u>	<u><u>1,679,590</u></u>	<u><u>140,250</u></u>	<u><u>—</u></u>	<u><u>7,060,257</u></u>

4. OTHER EXPENSES/INCOME AND GAINS, NET

An analysis of other income and gains, net of other expenses, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other income		
Interest income	45,452	36,308
Government grants	312,139	37,129
Others	12,908	23,774
	<u>370,499</u>	<u>97,211</u>
Gains		
Gain on disposal of a subsidiary	—	31,214
Gain on disposal of items of property, plant and equipment	2,321	2,137
Gain on rent concessions as a result of the COVID-19 pandemic	149,734	168,767
Gain on settlement of liabilities	—	12,510
Gain on reversal of provisions relating to — <i>Litigation claims</i>	13,709	14,450
	<u>165,764</u>	<u>229,078</u>
Other income and gains	<u>536,263</u>	<u>326,289</u>
Other expenses		
Exceptional costs due to the COVID-19 pandemic*	(754,283)	(1,235,781)
Compensation costs relating to employees	(123,648)	(137,972)
Provision for litigation, including tax related	(28,267)	(34,032)
Provision for resort closure costs	(71,719)	(94,781)
Loss on the fair value change of financial assets at fair value through profit or loss	(326,620)	(16,428)
Loss on disposal of right-of-use assets	—	(5,745)
Impairment losses on:		
— <i>Property, plant and equipment</i>	(46,137)	(52,401)
— <i>Right-of-use assets</i>	(20,002)	—
Exchange loss, net	(92,356)	(102,260)
Others	(26,199)	(11,471)
Other expenses	<u>(1,489,231)</u>	<u>(1,690,871)</u>
Other expenses, net	<u>(952,968)</u>	<u>(1,364,582)</u>

* Exceptional costs due to the COVID-19 pandemic primarily comprised operating costs of resorts and other facilities during their closure when they should be open in normal time, such as depreciation of property, plant and equipment, amortisation of intangible assets, depreciation of right-of-use assets and employee benefit expenses, and additional operating costs.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other borrowings	546,510	424,607
Interest expense arising from revenue contracts	—	1,237
Interest on convertible bonds	768	7,344
Interest on convertible redeemable preferred shares	—	3,604
Interest on lease liabilities	462,120	470,186
Bank charges and other financial costs	7,647	10,125
	<u>1,017,045</u>	<u>917,103</u>
Less: Interest capitalised	<u>56,603</u>	<u>21,659</u>
Total finance costs	<u><u>960,442</u></u>	<u><u>895,444</u></u>

6. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging/(crediting):

	<i>Note</i>	2021 RMB'000	2020 RMB'000 (Restated)
Cost of revenue		<u>6,694,512</u>	<u>4,895,655</u>
Employee benefit expense (including directors' and chief executive's remuneration)			
Wages and salaries		2,082,815	1,995,679
Accommodation benefits and others			
— <i>Defined contribution fund</i>		364,028	339,101
Pension scheme costs:			
— <i>Defined benefit fund</i>		28,762	11,243
— <i>Defined contribution fund</i>		118,555	59,688
Equity-settled share-based payment expenses		<u>30,867</u>	<u>40,242</u>
		<u>2,625,027</u>	<u>2,445,953</u>
Auditor's remuneration		4,200	3,900
Depreciation of property, plant and equipment		662,137	753,260
Depreciation of right-of-use assets		1,112,222	1,144,633
Amortisation of intangible assets		160,700	139,582
Impairment of financial and contract assets and other assets:			
— <i>Provision for impairment of trade receivables</i>		19,163	10,859
— <i>Provision for impairment of financial assets included in prepayments, other receivables and other assets</i>		1,731	471
Write-down of inventories to net realisable value		2,579	6,154
Impairment of right-of-use assets		20,002	—
Provision for impairment of items of property, plant and equipment	4	46,137	52,401
Loss on disposal of right-of-use assets	4	—	5,745
Fair value loss on financial assets at fair value through profit or loss	4	326,620	16,428
Lease payments not included in the measurement of lease liabilities		57,897	140,617
Exchange loss/(gain), net	4	92,356	102,260
Rent concessions as a result of COVID-19 pandemic in other gains	4	(149,734)	(168,767)
Gain on disposal of items of property, plant and equipment	4	(2,321)	(2,137)
Gain on deemed disposal of interest in an associate		(2,893)	—
Gain on deemed disposal of a subsidiary	4	—	(31,214)
Gain on settlement of liabilities	4	—	(12,510)
		<u>—</u>	<u>—</u>

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Income tax in the consolidated statement of profit or loss represents:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current — France and others	10,070	15,447
Current — Chinese Mainland		
Income tax in Chinese Mainland for the year	183,244	17,469
LAT in Chinese Mainland for the year	281,076	198,352
Deferred	(90,662)	(9,918)
	<u>383,728</u>	<u>221,350</u>
Income tax expense for the year	<u>383,728</u>	<u>221,350</u>

The provision for income tax of CMH and its subsidiaries incorporated in France in the year of 2021 was based on a rate of 28.41% (2020: 32.02%).

The provision for Chinese Mainland current income tax is based on the statutory rate of 25% (2020: 25%) of the assessable profits of the Group for the reporting period as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008. For Hainan Atlantis, the provision for current income tax in the year of 2021 is based on a reduced tax rate of 15% as a qualified encouraged industrial enterprise in accordance with the Notice on the Preferential Policies for Corporate Income Tax at Hainan Free Trade Port that has come into effect on 1 January 2020.

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

8. DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
2020 final dividend declared and paid in 2021— Nil (2019 final dividend declared and paid in 2020: HKD0.02 per ordinary share)	<u>—</u>	<u>22,562</u>

No dividend has been declared by the Company for the year ended 31 December 2021 (2020: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 1,236,900,320 (2020: 1,235,045,383) in issue during the year.

The calculation of the diluted loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed vesting of all dilutive potential ordinary shares into ordinary shares.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculations	<u>(2,712,038)</u>	<u>(2,574,279)</u>
	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	1,236,900,320	1,235,045,383
Effect of dilution — weighted average number of ordinary shares:		
— Share ownership plan*	—	—
— Share option scheme*	—	—
Weighted average number of ordinary shares used in the calculation of diluted loss per share	<u>1,236,900,320</u>	<u>1,235,045,383</u>
Basic loss per share (<i>RMB</i>)	<u>(2.19)</u>	<u>(2.08)</u>
Diluted loss per share (<i>RMB</i>)	<u>(2.19)</u>	<u>(2.08)</u>

* Because the diluted loss per share amount is decreased when taking the share ownership plan and the share option scheme into account, the share ownership plan and share option scheme had an anti-dilutive effect on the basic loss per share amount for the year ended 31 December 2021 and were ignored in the calculation of diluted loss per share.

10. TRADE RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	618,030	527,079
Impairment	<u>(55,097)</u>	<u>(43,803)</u>
	<u>562,933</u>	<u>483,276</u>

The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Outstanding balances with ages:		
Within 90 days	525,975	453,126
91 to 180 days	10,396	26,066
181 to 365 days	11,505	1,313
1 to 2 years	14,942	2,771
2 to 3 years	<u>115</u>	<u>—</u>
	<u>562,933</u>	<u>483,276</u>

11. TRADE PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	<u>2,348,620</u>	<u>1,522,315</u>

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 90 days	1,854,083	1,026,903
91 to 180 days	56,882	125,325
181 to 365 days	128,366	159,266
1 to 2 years	166,205	77,606
2 to 3 years	39,828	133,151
Over 3 years	<u>103,256</u>	<u>64</u>
	<u>2,348,620</u>	<u>1,522,315</u>

Trade payables are non-interest-bearing.

12. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the reporting period.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and to enhance its corporate value and accountability.

During the Reporting Period, the Company applied the principles of and fully complied with the code provisions as set out in the CG Code except for the following deviation from provision C.2.1 of the CG Code. The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

Mr. Qian Jiannong being the Chairman of the Board and the Chief Executive Officer of the Company

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Company considers that having Mr. Qian Jiannong acting as both the chairman and chief executive officer of the Company will provide a strong and consistent leadership to the Company and allow more effective planning and management which is in the best interests of the Company. Taking into account all the corporate governance measures that the Company has implemented after Listing, the Board considers that the balance of power and authority will not be impaired by the present arrangement and this structure will enable the Company to make and implement decisions promptly and effectively, which is beneficial to the business prospects of the Group. Therefore, the Company currently does not propose to separate the functions of chairman and chief executive officer. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group as a whole.

MODEL CODE

The Company has adopted the Model Code. Specific enquiry has been made to all Directors and the Directors have confirmed that they have complied with the Model Code throughout the Reporting Period. The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by the relevant employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the above-mentioned written guidelines by the relevant employees of the Company during the Reporting Period was noted by the Company.

AUDIT COMMITTEE

As of the date of this announcement, the Audit Committee comprised the three independent non-executive Directors, namely Mr. Guo Yongqing (chairman), Dr. Allan Zeman and Ms. Katherine Rong Xin. The main duties of the Audit Committee are to review the financial statements and reports, to review the relationship with the external auditors and to review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control system. The Company's annual results for the year ended 31 December 2021 have been reviewed by the Audit Committee.

AUDITOR

The Company appointed Ernst & Young as its auditor for the year ended 31 December 2021. The Company will propose a resolution in the coming AGM to re-appoint Ernst & Young as the auditor of the Company.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Tuesday, 31 May 2022. The notice of AGM will be published on the websites of the Company (www.fosunholiday.com) and the Stock Exchange (www.hkexnews.hk) and dispatched to the Shareholders.

DIVIDEND

The Board has resolved not to declare any final dividend for the year ended 31 December 2021.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Thursday, 26 May 2022 to Tuesday, 31 May 2022, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates and transfer forms, if any, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 25 May 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

FORWARD-LOOKING STATEMENTS

This results announcement includes certain forward-looking statements which involve the financial conditions, results and businesses of the Group. These forward-looking statements are the Group's expectation or beliefs on future events and they involve known and unknown risks and uncertainties, which may cause actual results, performance or development of the situation to differ materially from the situation expressed or implied by these statements.

ANNUAL REPORT

This results announcement is published on the websites of the Company (www.fosunholiday.com) and the Stock Exchange (www.hkexnews.hk). The annual report will be dispatched to the Shareholders and published on both websites on or before 30 April 2022.

APPRECIATION

The Group would like to express its appreciation to all the staff for their outstanding contribution towards the Group's development. The Board wishes to sincerely thank the management for their dedication and diligence, which are key factors for the Group to continue its success in future. Also, the Group wishes to extend its gratitude for the continued support from its Shareholders, customers, and business partners. The Group will continue to deliver sustainable business development, so as to create more values for all Shareholders.

GLOSSARY

Aquarium	the Lost Chambers Aquarium in Atlantis Sanya
Atlantis Sanya	our tourism destination on the Haitang Bay National Coast of Sanya, Hainan province, PRC
Atlantis CMBS or Atlantis Sanya CMBS	the commercial mortgage backed securities issued in March 2020 amounting to RMB6.8 billion, with mortgage of underlying assets of Atlantis Sanya hotels and Waterpark and equity interest of Hainan Atlantis and pledge of operating revenue of Atlantis Sanya. For details, please see the Company's announcement dated 22 March 2020
Audit Committee	the audit committee of the Board
Average Daily Bed Rate	the business volume divided by the total number of beds sold
Board	our board of Directors
C2M	customer-to-maker
Capacity of Resorts	the total number of beds available for sale over a period or year, i.e. the number of beds, multiplied by the number of days on which resorts are open
Casa Cook	an award-winning boutique lifestyle hotel brand under Thomas Cook, with a focus on design, high-quality food and wellbeing
CG Code	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
China or PRC	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
Club Med	Club Med SAS (formerly known as Club Méditerranée SA), a simplified joint-stock company (société par actions simplifiée) incorporated in France on 12 November 1957 and a non-wholly owned subsidiary of our Company.

Club Med Joyview	one of the Club Med resort brands catering to the Chinese market for vacations during weekends and MICE services, to fulfill the increasing leisure and holiday needs of Chinese tourists
Company	Fosun Tourism Group (formerly known as Fosun Tourism and Culture Group (Cayman) Company Limited), an exempted company with limited liability incorporated in the Cayman Islands on 30 September 2016
controlling Shareholder(s)	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Fosun International, FHL, FIHL, and Mr. Guo Guangchang
Cook's Club	a hotel brand under Thomas Cook, designed for a new generation of travellers who want fun, lively holidays in hotels that have modern and stylish design
Director(s)	the director(s) of the Company
EBITDA	earnings before interest, taxes, depreciation and amortization
EMEA	Europe, Middle East, and Africa, which, for our purposes, also includes Turkey
EUR or Euro	the lawful currency of the European Union
FHL	Fosun Holdings Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by FIHL, and one of the controlling Shareholders
FIHL	Fosun International Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability, and one of the controlling Shareholders
FOLIDAY	our global ecosystem consisting of our commercially interconnected businesses that offers a wide spectrum of tourism- and leisure-related services
FOLIDAY Town	the Group's brand name for major comprehensive tourism destinations
Foryou Club	our membership system in China that manages and operates services and activities for members and customers under the FOLIDAY ecosystem

Fosun International	Fosun International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board (stock code: 0656), and one of the controlling Shareholders
Frost & Sullivan Report	an independent market research report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent third party
GFA	gross floor area
Great Member(s)	members of Club Med’s Great Member loyalty program
Group, our Group, we, or us	our Company and our subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
Hainan Atlantis	Hainan Atlantis Business and Tourism Development Co. Ltd, a limited liability company established in the PRC on 15 May 2013 and a wholly-owned subsidiary of the Company
Happy Digital	Club Med’s digitalization initiatives, through which we use digital solutions to improve our guests’ and employees’ experience while making the technology user-friendly and seamless
HK\$ or HKD	the lawful currency of Hong Kong
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Independent third party(ies)	an individual or a company which, to the best of our Directors’ knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules

Kerzner	Kerzner International Limited, a company incorporated in The Commonwealth of the Bahamas, and its subsidiaries
Listing	the listing of the Shares on the Main Board
Listing Date	14 December 2018, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Macau	the Macau Special Administrative Region of the PRC
Main Board	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
Miniversity	the brand for learning and playing club for children
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Occupancy Rate	by Bed the ratio expressed as a percentage between the total number of beds sold and the total number of beds available for sale over a period or year
Occupancy Rate by Room	the total number of rooms sold divided by the total number of rooms available for sale
Reporting Period	1 January 2021 to 31 December 2021
Resort Revenue	the aggregate income of all resorts, including sales of all inclusive packages and revenue generated onsite out of the all-inclusive packages
Revenue per Bed	the Resort Revenue divided by the Capacity of Resorts
RMB	the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
Share(s)	ordinary share(s) in the share capital of our Company

Shareholder(s)	holder(s) of the Shares
Stock Exchange or Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Subsidiary(ies)	has the meaning ascribed thereto under section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Tang Residence	the saleable residential vacation units in Atlantis Sanya
Thomas Cook	Thomas Cook Group plc, a company incorporated in England and Wales, the shares of which are listed on the London Stock Exchange (stock code: TCG), the company applied for liquidation on 23 September 2019. The Group acquired the main brand name, Thomas Cook, and hotel and resort brands such as Casa Cook and Cook's Club from Thomas Cook Group plc in November 2019
Trident	the measurement unit used by Club Med to indicate the level of each Club Med resort, which is similar to "star" used for traditional hotel ratings
USD or U.S. dollar	the lawful currency of the United States of America
Waterpark	the Aquaventure Waterpark in Atlantis Sanya

By Order of the Board
Fosun Tourism Group
Qian Jiannong
Chairman

Hong Kong, 21 March 2022

As at the date of this announcement, the Board comprises Mr. Qian Jiannong, Mr. Henri Giscard d'Estaing, Mr. Xu Bingbin and Mr. Choi Yin On as executive directors; Mr. Xu Xiaoliang and Mr. Pan Donghui as non-executive directors, and Dr. Allan Zeman, Mr. Guo Yongqing and Ms. Katherine Rong Xin as independent non-executive directors.