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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)

INTERIM RESULTS ANNOUNCEMENT (UNAUDITED) **FOR THE SIX MONTHS ENDED 30 JUNE 2022**

FINANCIAL SUMMARY

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
Revenue	6,416,543	2,781,466
Resorts and destination operations	5,158,385	1,881,790
Tourism-related property sales and construction services	273,106	658,935
Tourism and leisure services and solutions	985,052	240,741
Gross profit	1,893,146	595,173
Operating profit/(loss)	286,574	(1,380,107)
Loss before income tax	(197,877)	(1,865,301)
Loss for the period	(208,444)	(2,065,032)
Loss attributable to equity holders of the Company	(196,644)	(2,004,796)
Adjusted EBITDA	1,195,064	(564,971)
Adjusted net loss	(193,767)	(2,054,268)
Loss per share — basic (in RMB)	(0.16)	(1.62)
Loss per share — diluted (in RMB)	(0.16)	(1.62)
Interim dividend per share (in HKD)	Nil	Nil

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.

In the first half of 2022, despite the global spread of the Omicron variant of Coronavirus (COVID-19) (the “**Pandemic**”), the Group recorded strong growth in EMEA and the Americas with the easing of pandemic-related travel restrictions in tourist source countries, and continued to achieve high growth during the Reporting Period, following the strong recovery in the second half of 2021. 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 RMB7,081.5 million for the six months ended 30 June 2022 from RMB2,376.3 million for the six months ended 30 June 2021, representing a year-on-year increase of 198.0%. Our revenue increased to RMB6,416.5 million for the six months ended 30 June 2022 from RMB2,781.5 million for the six months ended 30 June 2021. Gross profit increased to RMB1,893.1 million for the six months ended 30 June 2022 from RMB595.2 million for the six months ended 30 June 2021. Adjusted EBITDA increased to RMB1,195.1 million for the six months ended 30 June 2022 from negative RMB565.0 million for the six months ended 30 June 2021. Loss attributable to equity holders was RMB196.6 million for the six months ended 30 June 2022, compared with loss attributable to equity holders of RMB2,004.8 million for the six months ended 30 June 2021.

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. As of 30 June 2022, we have sales and marketing operations in more than 40 countries and regions across six continents, and operate 66 resorts¹, of which 34 resorts (including a cruise ship) are in EMEA, 13 resorts are in the Americas and 19 resorts are in the Asia Pacific region (including 10 resorts in China). In terms of business models, 12 resorts are under ownership model, 40 resorts are under lease model, and 14 resorts are under management contract model. In the first half of 2022, direct sales proportion through the global sales network of Club Med reached 71.3%.

In the first half of 2022, Club Med business sustained and accelerated its recovery in EMEA and Americas regions following the strong rebound in the second half of 2021, even though the business was impacted by the Omicron Pandemic during January and February. However, due to the remaining travel restrictions in Asia Pacific region countries and COVID-19 resurgence in China, our business in Asia Pacific region was still heavily impacted.

In the first half of 2022, the Business Volume of Club Med amounted to RMB5,743.1 million, representing an increase of 336.0% compared with the same period of 2021, and recovered to 90.2% of the same period of 2019. The recovery was uneven by regions. Compared with the first half of 2019, the Business Volume of Club Med in the Americas increased by 22.2%, EMEA decreased by 1.4%, whilst Asia Pacific decreased by 73.3% as most countries had their borders closed until early June. Due to the resurgence of Pandemic in China, Business Volume of Club Med resorts in China recorded RMB122 million in the first half of 2022, 44% lower than that of the same period in 2021, and recovered to 61% of that of the same period in 2019. Our capacity increased by 122.3% as compared to the same period of 2021, and recovered to 87.4% of that of the same period of 2019. In particular, the capacity of resorts in EMEA, the Americas and Asia Pacific increased by 411.4%, 90.6% and 22.7% as compared to the same period of 2021, respectively, and recovered to 81.2%, 107.2% and 77.1% of that of the same period of 2019, respectively. In July 2022, 53 Club Med resorts were under operation worldwide. In the first half of 2022, the global average Occupancy Rate by Bed of Club Med reached about 59.1%, increasing by 16.5 percentage points compared with the same period of 2021 and showed a gap of 6.0 percentage points compared with the same period of 2019; while the Average Daily Bed Rate was RMB1,517.4, at constant rate, representing an increase of about 40.2% and 19.3% as compared with the same period of 2021 and 2019. The adjusted EBITDA of resort operation increased to RMB1,165.3 million for the six months ended 30 June 2022, compared to adjusted EBITDA of negative RMB991.6 million for the six months ended 30 June 2021.

¹ During the first half of 2022, we opened Changbaishan resort in January, Marbella resort in May, Thousand Islands Lake resort in June.

In the first half of 2022, the three regions recovered unevenly, resulting in varying levels of profitability across the regions. In respect of operating profit, our business in EMEA and Americas significantly turned around as compared to the same period of 2021 and even exceeded that of the first half of 2019, whereas Asia Pacific was still far below the pre-Pandemic level.

	For the six months ended 30 June		
	2022¹	2021 ¹	2019 ¹
Business Volume by customer booking locations (<i>RMB million</i>)			
EMEA	3,872.8	558.3	3,926.9
Of which France	2,308.9	319.8	2,349.0
Americas	1,559.1	529.5	1,276.0
Asia Pacific	311.2	229.5	1,164.4
Of which Mainland China	92.2	186.0	385.7
Total	<u>5,743.1</u>	<u>1,317.3</u>	<u>6,367.3</u>

The following table sets out the capacity of resorts by type of resorts and by locations for respective period:

Type of resorts	For the six months ended 30 June		
	2022	2021	2019
	'000	'000	'000
Capacity			
Mountain	1,450	227	1,509
Sun	3,635	1,790	4,422
Club Med Joyview	353	428	288
Total	<u>5,438</u>	<u>2,445</u>	<u>6,219</u>
4&5 Trident^{0/2}	<u>95.2%</u>	<u>97.1%</u>	<u>85.7%</u>
Capacities of resorts by locations			
EMEA	2,332	455	2,871
Americas	1,866	979	1,740
Asia Pacific	1,240	1,011	1,608
Total	<u>5,438</u>	<u>2,445</u>	<u>6,219</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 respective period:

	For the six months ended 30 June		
	2022	2021	2019
Number of customers by customer booking locations (<i>Thousands</i>)			
EMEA	290	49	348
Of which France	183	32	217
Americas	199	90	178
Asia Pacific	107	125	223
Of which Mainland China	48	115	125
	<hr/>	<hr/>	<hr/>
Total	597	264	750
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Certain key information with respect to our resort operations in the period of January to June 2022, 2021 and 2019 is set out as below respectively:

	For the six months ended 30 June		
	2022	2021	2019
Business Volume (<i>RMB Millions</i>)	5,743.1	1,317.3	6,367.3
Capacity of Resorts (<i>in thousands</i>)	5,438	2,445	6,219
Average Occupancy Rate by Bed	59.1%	42.6%	65.1%
Average Daily Bed Rate (<i>RMB</i>)	1,517.4	1,082.3	1,272.0
Revenue per Bed (<i>RMB</i>)	902.1	487.2	827.8

During the first half of 2022, the Americas region had a very strong business recovery, and the Business Volume increased by 194.4% as compared to the same period of 2021 and increased by 22.2% compared to the same period of 2019. In the North America, apart from the recovery of market demand in the USA, Canada and Mexico, the newly opened resorts, Quebec Charlevoix and Miches in Dominican Republic resorts in 2021 and 2019 respectively, also contributed their upscale capacity to the growth. They respectively had an Average Occupancy Rate by Bed of 45.6% and 72.7% in the first half of 2022. In the South America, we seized the opportunities of the strong recovery of Brazilian domestic market. During the first half of 2022, Brazil became the 3rd sales market in terms of Business Volume, which progressed by three places compared to the same period of 2019.

The Business Volume of our mountain resorts in EMEA, after the lack of skiing season due to the Pandemic in winter 2021, in the first half of 2022 stood at RMB1,692.3 million, recovered to 92.4% of the level of the same period of 2019. 15 mountain resorts were open during the ski season in 2022, compared to 14 and 17 in 2021 and 2019 respectively. During the first half of 2022, we continued to maintain fixed cost savings on sales and marketing, as well as operations and real estate, including a rental saving of RMB98.1 million in relation to the renegotiation of rents related to the Pandemic.

In June 2022, we accomplished the sale and lease back of a Greek resort Gregolimano to a French REITS Primonial REIM. This transaction brought a RMB463.7 million of net cash flow and RMB86.2 million of gain on disposal. The extension and renovation work is planned from 2022 onwards, which aims to upgrade the resort facilities and increase capacity, thus increasing client satisfaction and pricing capability of the resort. During the first half of 2022, the free cash flow stood at RMB927.6 million, increased by 322.0% compared to the same period of 2021 and increased by 172.9% compared to the same period of 2019, benefitting from seasonal collection for summer stays and the cash received by Gregolimano sale and lease back transaction.

We further focused and enhanced the “four-pillar strategy” to develop our resort business:

Upscale — Even during the Pandemic, we did not slow down the pace to upscale our resorts offerings. During the first half of 2022, we opened new resorts such as Changbaishan resort in Northeast China, Marbella resort in Spain and Thousand Islands Lake resort in Eastern China. We leased back of Gregolimano resort in Greece after sale, and planned for works of renovation and extension to upgrade the facilities and increase client satisfaction. We also began the renovation works of Phuket resort in Thailand. We also closed one resort, Kemer resort in Turkey, which could no longer conform with our upscale strategy in the Reporting Period. As of 30 June 2022, the 4&5 Trident capacity represents 95.2% of our resorts’ total capacity, showing an increase of 9.5 percentage points compared to 2019. This conforms with our goal to achieve of 95.0% of 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 the first half of 2022, France remained the largest market worldwide, and contributed Business Volume of RMB2,308.9 million, representing 40.2% of global Business Volume and only showed a gap of 1.7 percentage points compared to 2019. This increase was explained by reopened ski resorts and strong rebound in demand to long-haul destinations. In the first half of 2022, the US remained as the second largest market, Brazil, with the strong domestic bookings, became the third largest market, whereas it occupied the 6th place in the same period of 2019. In the first half of 2022, the top three markets during the first half of 2022 represented 58.8% of global Business Volume.

We also recorded stronger-than-industry Occupancy Rate in EMEA mountain resorts and offered our unique products, such as sending French customers to the Seychelles resort, the Dominican Republic resort, and sending Belgium customers to the Dominican Republic resort.

Happy Digital & C2M Strategy — Direct sales proportion through the sales network of Club Med reached 71.3% in the first half of 2022, increasing 2.7 percentage points compared to the same period of 2021. 27.0% of our individual customers chose to book online, an increase of five percentage points compared to 2020. In the first half of 2022, we continued to improve our website in order to provide more functionalities and services to our clients, such as booking for several households, ability to save and replay later a price quotation, reservation of services including SPA and excursions etc. The goal is to provide more digital self-care services, improve client experiences in booking and increase more scenarios of offerings. We deployed a contact center empowered and served by cloud technology in the Asian Pacific markets, offering our sales agents a seamless omni-channel experience, and an easy-to-launch solution for home-based agents. We also created additional point of contacts by WhatsApp¹ to manage our prospects and clients in Brazil and Belgium. As a continuity of “Amazing Family program” dedicated to family clients, in the first half of 2022, we deployed a 2.0 version of Mini Club in more than 34 resorts worldwide, incorporating the leisure activities and Positive Education pedagogical approach, emphasising on creativity, courage, confidence, cooperation, connection and cheerfulness. More than 200 G.O.s were trained on this new product.

Happy to Care — This new strategical pillar around our corporate social responsibility approach. We strived to make sure that 100% of our resorts are certified Green Globe² and certified BREEAM³ 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 the first half of 2022, the overall satisfaction rate in our Global Review Index reached 90.9, showing a steady momentum since the Pandemic.

While dealing with the business rebound, we also re-adjusted our investments to secure key projects including the future opening, and the maintenance and renovation of our existing resorts. Our capital expenditure of resort operation for the six months ended 30 June 2022 was approximately RMB253.4 million, increased by approximately 132.2% compared with the same period of 2021, recovered to 82.0% of the same period of 2019. As of 30 June 2022, the liquidity⁴ stood at RMB2,130.6 million.

¹ WhatsApp: a universal international communication application

² The Green Globe certification has indicators covering the entire corporate social responsibility process of sustainable tourism. This demanding certification corporates to an establishment’s commitment to an active approach to sustainable tourism and ensures that it achieves a high level of performance and instills good practices concerning environmental, social and societal issues.

³ 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.

⁴ Liquidity refers to cash, cash equivalent, unused overdrafts and credit lines.

Even the Pandemic situation is still uncertain in certain markets such as China, the recovery occur strongly to our EMEA and Americas businesses. In July 2022, we recorded a significant increase of Business Volume by 40.9% compared to that for July 2021, and increased by 12.3%% compared with that of 2019, among which Business Volume in EMEA and Americas grew by 38.1% and 55.3% respectively compared to that for July 2021, and increased of 18.1%%, and 53.8% compared with that of 2019. Business Volume in Asia Pacific increased by 35.9% compared to that in July 2021, but only restored to 63.1% compared to that of 2019. In China, despite numerous regional COVID-19 cases and restrictions in some of our sourcing regions, in July 2022, Business Volume in Club Med China resorts reached RMB108.6 million, increased by 38.9% compared to the same period of 2021 and was 78.1% higher than that of 2019. In July 2022, the Average Occupancy Rate by Bed of worldwide resorts achieved 67.1%, and the global capacity has increased by 35.1% compared to the same period of 2021, with the capacity in EMEA, Americas and Asia Pacific increased by 22.9%, 29.0% and 80.0%, respectively. Compared to the same period of 2019, the capacity has restored to 98.8%, with the capacity in EMEA, Americas and Asia Pacific restored to 91.4%, 107.8% and 107.2% respectively. In July 2022, we have 55 resorts in operation globally.

We have a good booking trend. As of 6 August 2022, the cumulative bookings for the six months ended 31 December 2022, expressed in Business Volume at constant exchange rate, increased by 38.5% compared to that for the second half of 2021 as of 6 August 2021, and increased by approximately 14.0% for the second half of 2019 as of 6 August 2019 which was before the Pandemic. We're also seeing demand for the next ski season and spring of 2023 continues to gain momentum. The cumulative bookings (expressed in Business Volume) for Club Med for the six months ended 30 June 2023, at constant exchange rate, increased by approximately 22.0% compared to the cumulative bookings for the first half of 2022 as of 6 August 2021, and increased by approximately 24.0% compared to the cumulative bookings for the first half of 2019 as of 6 August 2018 which was before the Pandemic.

During the second half of 2022, we have planned to open another four new resorts to reach a total of seven new resorts in 2022. From the beginning of 2022 to the end of 2024, we have signed contracts and planned to open 17 new resorts of which seven resorts are in China.

By 2024, together with openings and renovations of new resorts, which were partially offset by closures of old resorts, we expect that the annual capacity would be increased by approximately 18% compared to 2019.

CASA COOK AND COOK'S CLUB LIFESTYLE HOTEL COLLECTION

We continue to grow Casa Cook and Cook's Club brand collection to new markets and further expand our lifestyle hotel segment globally with an asset-light model. As of 30 June 2022, we had opened 15 hotels in EMEA and one hotel in China respectively, with four new hotels opened in the first half of 2022 across key tourist destinations in Europe.

In the first half of 2022, the Casa Cook and Cook's Club hotel collection recorded a global Business Volume of RMB18.8 million, increased by 113.6% compared to the same period of 2021. Among which, benefiting from a strong rebound in demand for leisure travel in Europe, the Business Volume recorded in EMEA increased by 135.9% compared with the same period of 2021; and the Business Volume recorded in China decreased by 33.0% compared with the same period of 2021 due to the planning of business cycle of technical service agreement (TSA).

In June 2022, Casa Cook Samos, the newly opened 128-room adult only resort in Greece, received the Hotel Design Award 2022 hosted by PKF Hospitality, beating competition from 15 hotel projects from nine European countries.

NO.	Hotel Name	Number of rooms	Location	Opening Date
1	Casa Cook Rhodes ¹	111	Greece	Jul-2020
2	Casa Cook El Gouna	100	Egypt	May-2020
3	Cook's Club Sunny Beach ¹	428	Bulgaria	Jul-2020
4	Cook's Club City Beach Rhodes ¹	18	Greece	Jul-2020
5	Cook's Club Tigaki Kos ¹	63	Greece	Aug-2020
6	Cook's Club Palma Beach ¹	318	Spain	Jul-2020
7	Cook's Club El Gouna	144	Egypt	Aug-2020
8	Cook's Club Alanya ¹	119	Turkey	Jun-2020
9	Cook's Club Hersonissos Crete ¹	140	Greece	Jun-2021
10	Cook's Club Adakoy ¹	151	Turkey	May-2021
11	Casa Cook North Coast	38	Egypt	Jun-2021
12	Cook's Club Guilin	72	China	Dec-2021
13	Cook's Club Ialysos, Rhodes	83	Greece	May-2022
14	Casa Cook Samos	128	Greece	May-2022
15	Cook's Club Corfu	195	Greece	Jun-2022
16	Casa Cook Mykonos	26	Greece	Jun-2022

In the first half of 2022, the Casa Cook and Cook's Club brand collection of 16 opened hotels² in EMEA and China recorded an average Occupancy Rate of approximately 73.0% and an average daily room rate of around RMB923.4.

Our 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 remains on track.

¹ 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.

² In the first half of 2022, the average operating days of 16 opened hotels were 80 days.

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.

In the first half of 2022, due to the negative impact of the resurgence outbreak of COVID-19 in the PRC, the Business Volume of its operating business decreased from RMB835.2 million in the first half of 2021 to RMB486.9 million in the first half of 2022, decreased by 41.7% compared with that of the first half of 2021. Of which, room revenue and other operating income decreased by 42.4% and 40.8% respectively compared with that of the same period in 2021. The average daily rate by room remained the same and the average Occupancy Rate was 46.0%, down by 33.9 percentage points.

In the first half of 2022, with end of February as the dividing line, it showed a divergence in business performance due to the impact of domestic Pandemic. During the two-month period ended 28 February 2022, with the Pandemic in Mainland China generally under control and benefiting from its outstanding product competitiveness and the release of demand for leisure vacations, the operation of Atlantis Sanya maintained a dynamic growth momentum. Atlantis Sanya recorded the Business Volume of RMB362.1 million, increased by approximately 44.3% year-on-year. For the four-month period ended 30 June 2022 (“**March to June 2022**”), it recorded a Business Volume of RMB124.8 million, decreased by approximately 78.6% year-on-year, which was due to the impact of the resurgence of the Pandemic in various tourist source cities. In the first half of 2022, the number of visits decreased to 1.5 million compared with 2.6 million in the same period of 2021. The adjusted EBITDA for the first half of 2022 decreased to RMB206.8 million, representing a decrease of 49.7% compared with RMB410.9 million in the same period of 2021.

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 two months ended		For the four months ended		For the six months ended	
	28 February		30 June		30 June	
	2022	2021	2022	2021	2022	2021
Business Volume (<i>RMB'000</i>)	362,111	250,973	124,752	584,178	486,863	835,151
Room Revenue (<i>RMB'000</i>)	202,100	137,496	69,073	333,529	271,173	471,026
Other Operating Revenue (<i>RMB'000</i>) ¹	160,011	113,476	55,679	250,649	215,690	364,125
Occupancy Rate by Room	89.1%	67.4%	25.2%	86.0%	46.0%	79.9%
Average Daily Rate by Room (<i>RMB</i>)	2,925.7	2,632.1	1,712.6	2,420.1	2,478.5	2,478.4
RevPar by Room (<i>RMB</i>)	2,606.9	1,773.6	430.9	2,080.6	1,140.1	1,980.2

As a one-stop entertainment, leisure and integrated resort destination, Atlantis Sanya presents a range of new experience for guests. In January, Atlantis Sanya joined hands with French luxury fashion house LANVIN for the first time to create a limited-time boutique and a limited-time café — LANVIN Café. In May, it fulfilled its commitment to sea turtle conservation by holding a “Thanksgiving to the Sea, Turtle-Back to Nature” rescue and rewilding event. Since July, Atlantis Sanya fully upgraded its signature summer project, the Aquaventure Waterpark Night Carnival, and launched the “2022 Atlantis Super Summer Vacation” campaign. The Super Summer Vacation will last throughout July and August, and cover five themed events, with the Aquaventure Waterpark Night Carnival as the core. It has also introduced an upgraded C-Show, Mermaid Diving Experience, Parent-Child Art Festival and Atlantis Summer Camp. In respect of social media, as of 30 June 2022, “Atlantis Sanya” was ranked No. 1 on Sanya’s luxury hotel seeding list by Douyin.

In July 2022, while the Pandemic was still spreading in Mainland China, with the explosive rebound in demand for summer family vacations, Atlantis Sanya recorded a Business Volume of approximately RMB215.1 million, only 7.6% less than its highest single-month Business Volume, July 2021, since its opening. The Occupancy Rate by Room reached 92.2% and the Average Daily Rate by Room was RMB3,331.0, representing a decrease of approximately 2.8% compared to the same period of 2021.

As of 30 June 2022, there was only a small amount of units left in Tang Residence. We still have 2 villas available to be sold or delivered.

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.

FOLIDAY TOWN (復遊城)¹

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 families.

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 283,000 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 56,785 square meters, and includes 302 vacation guest rooms with 770 beds. The project was also planned to include saleable vacation houses with a total GFA of over 208,000 square meters, certain portions of which have been approved by regulatory authorities for construction and pre-sale. The saleable vacation houses 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 in 2020. The project has been completed in stages since late 2021, and the Operational Section is expected to achieve completion in late 2023. In the second half of 2021, Club Med Lijiang resort, Albion Holiday Apartment of Lijiang FOLIDAY Town, 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.

In the first half of 2022, the Business Volume of the operating business of Lijiang FOLIDAY Town reached RMB17.8 million, of which RMB7.0 million was recorded between January and February with approximately 8,000 visits. From March to June, due to flights and travel suspension in major tourist source cities as a result of the Pandemic in Mainland China, FOLIDAY Town held various commercial activities at its lake area camping grounds and recorded the Business Volume of RMB10.8 million with approximately 38,000 visits. In the first half of 2022, Club Med Lijiang resort recorded the Business Volume of RMB14.3 million. The Average Daily Bed Rate was RMB1,075 and average Occupancy Rate by Bed reached 14.0%.

As of 30 June 2022, the total cost incurred in the Lijiang FOLIDAY Town was approximately RMB1,657.6 million, and a project development loan amounted to RMB1,300.0 million was granted to Lijiang FOLIDAY Town, of which RMB656.0 million has already been used in the project. As of 30 June 2022, Lijiang FOLIDAY Town has obtained sales permit for GFA of approximately 28,500 square meters, with the number of saleable sets of 482. As of 30 June 2022, the sales value developed for sale was RMB583.9 million. The value sold to be carried forward was RMB18.1 million.

As of 30 June 2022, the sold and delivered details of Lijiang FOLIDAY Town are as follows:

Periods	Number of sets sold (sets)	Sales value (RMB million)	Delivered sets (sets)	Delivered GFA (m ²)	Recognised revenue (RMB million)
First half of 2022	6	10.5	1	49.2	0.9
Starting from pre-sale up to 30 June 2022	68	93.3	43	2,446.1	51.9

In July 2022, with the turnaround of the Pandemic situation in major source cities and the arrival of summer peak season, Lijiang FOLIDAY Town recorded the Business Volume of RMB22.5 million with 22,000 visits. In July 2022, the number of sets sold in Lijiang FOLIDAY Town was 3 and the sales value was RMB7.7 million. Club Med Lijiang resort recorded a Business Volume of RMB20.4 million. The Average Daily Bed Rate was RMB1,241 and average Occupancy Rate by Bed reached 89.1%.

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 by high-speed train.

With the theme of “Alps”, 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 property units are mainly designed as high-rise residential buildings targeting mid-to-high-end customers.

Our indoor ski domain of “Alps Snow Live” (阿爾卑斯雪世界) was designed by Compagnie des Alps (“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 Alps Snow Live 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. The indoor ski domain adopts WYSS snow-making machines from France with the latest EU technical standards, combined with 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. In January 2022, the indoor ski domain completed the capping of the main structure and the installation of snow-making and snowfall equipment was completed in June 2022.

The themed commercial street “Alps Time” and Club Med Joyview Taicang resort have entered the full construction phase in June 2021. The “Alps Time” is designed and created by GENSLER, a world-renowned architectural design company, incorporating Alps traditions and special elements into themed cultural activities to meet customers’ diversified needs. The “Alps Time” has a GFA of approximately 67,600 square meters and completed the capping of the main structure in July 2022. Club Med Joyview Taicang resort has a GFA of approximately 50,000 square meters, and includes 308 vacation guest rooms with 770 beds, creating a special resort with ice and snow sports as the theme to meet the family leisure and MICE needs, etc. The podium of Club Med Joyview Taicang resort completed the capping of the structure in March 2022 and the main building is expected to complete the capping of the main structure by the end of September 2022.

The construction of Taicang FOLIDAY Town was completed in stages starting from 2021, among which the Alps Snow Live, Club Med Joyview Taicang resort and Alps Time will commence 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 30 June 2022, the total cumulative cost incurred in the Taicang FOLIDAY Town was approximately RMB4,920.9 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 RMB584.9 million has already been utilised. As of 30 June 2022, Taicang FOLIDAY Town has obtained sales (pre-sale) permit for GFA of approximately 162,000 square meters and all of which were used for sales (pre-sale) with saleable property units of 1,424 sets. As of 30 June 2022, the sales value developed for sale was RMB1,346.8 million and the sales value to be carried forward was RMB875.1 million.

As of 30 June 2022, the sold (including pre-sale) and delivered details of Taicang FOLIDAY Town are as follows:

Periods	Number of sets sold (including pre-sale) (sets)	Sold (including pre-sale) value (RMB million)	Delivered sets (sets)	Delivered GFA (m ²)	Recognised revenue (RMB million)
First half of 2022	31	80.9	80	9,714.8	213.3
Starting from pre-sale up to 30 June 2022	980	2,566.2	640	71,973.4	1,546.0

In July 2022, the number of sets sold in Taicang FOLIDAY Town was 18 and the sales value was RMB48.5 million.

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 the Albion brand, focusing on the “transformation and upgrading of China’s scenic resorts” and “core first- and second-tier cities tour”, aiming to become a leading one-stop professional operator of upgraded scenic resort in China.

In the first half of 2022, Albion managed and operated three tourism destinations¹, three vacation and accommodation projects² and one AHAVA SPA in China, across regions such as Zhejiang, Hainan, Chongqing and Yunnan. In the first half of 2022, the Business Volume of Albion was approximately RMB37.4 million, decreased by 18.0% compared with the same period in 2021.

In the first half of 2022, Albion started the non-standardised accommodation project, and created new resort brand called “Pinetree Bay”, the playground brand “Joelux Park” which designed for family and kids, and “Nada Adventure Camp”, an internationalized camp featured with local characteristics. Located in the Yushan Shanghu Scenic Area, Changshu, Jiangsu Province, Changshu Joelux Park will be opened in September 2022, and the vision of Joelux Park is to create a fantastic leisure and staycation destination for the families of the middle-class around the key first- and second-tier cities.

¹ Tourism destinations include Nanxijiang Scenic Area (楠溪江景區), Luzhai Scenic Area(Dongyang) (東陽盧宅景區) and Yushe National Forest Park in Liupanshui (六盤水玉舍國家森林公園)

² Accommodation projects include Tang’an Residence by Albion, Sanya(三亞愛必儂棠岸度假公寓), Albion Holiday Apartment of Lijiang FOLIDAY Town (麗江復遊城愛必儂度假公寓) and Chongqing Albion Golden Buddha Mountain Resort (重慶金佛山愛必儂度假村)

SERVICES AND SOLUTIONS IN VARIOUS TOURISM AND LEISURE SETTINGS

Entertainment, other tourism and culture related services

Through the development of performances in tourism 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 the Christmas in 2021, Atlantis Sanya's resident Show C has been completely revamped with the introduction of the first immersive marine fantasy acrobatics show in China. The performance received sound feedback during the Spring Festival in 2022, with the number of viewers increased by 137% year-on-year. In the first half of 2022, the Business Volume of Fanxiu Performance reached RMB14.4 million, of which the Business Volume from January to February was RMB11.1 million, representing an increase of 43.1% compared with the same period of 2021. However, the performances were seriously affected by the Pandemic in the PRC from March to June. To further enrich the supply of tourism and cultural products, we enriched the parent-child experience at Atlantis Sanya with the launch of our first destination-based, kid-friendly arts festival in July 2022 for the sizeable parent-child customer base in the PRC.

Our international learning and playing club, Miniversity (迷你營) created a series of study tour courses through collaboration with the FOLIDAY ecosystem. Although the business was affected by the Pandemic in the first half of 2022, the Business Volume reached RMB5.4 million, which was substantially the same as the same period of 2021. This was mainly attributable to the decrease in the number of students of the indoor Miniversity business as a result of the Pandemic, which was offset by the increase in the Business Volume contributed by the organic growth of the outdoor Miniversity. From January to February of 2022, the number of students of Miniversity exceeded 6,200, representing an increase of 79% over the same period of 2021. Our indoor ski simulator brand, Foryou Ski, enrolled more than 5,200 students in the first half of 2022, representing a multiple times growth compared with the same period of 2021.

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.

Thomas Cook China

In July 2020, we launched the "Thomas Cook Lifestyle Platform" (TC China), a lifestyle platform focusing on quality vacation and leisure. In the first half of 2022, the average number of monthly active application users was 774,000, and the number of paying users reached 49,000. Currently, the platform is in a rapid growth stage. In the first half of 2022, TC China achieved Business Volume of approximately RMB159.2 million, representing a decrease of 1.4% compared with the same period of 2021. Of which, the Business Volume from January to February was RMB100.9 million, representing a

year-on-year increase of 150.5%. Owing to the Pandemic in the PRC, the Business Volume from March to June 2022 was RMB58.3 million, representing a year-on-year decrease of 51.9%. The number of orders in the first half of 2022 reached 181,000, representing an increase of 12.4% compared with the same period of 2021.

In the first half of 2022, TC China, together with the Group's self-operated tourism and leisure settings, push its business into two core destinations, Hainan and Yunnan, to launch the "hotel +" portfolio products, with a order volume of 12,000. In July 2022, the Business Volume of TC China amounted to RMB63.8 million, representing an increase of 14.9% compared with that of July 2021. On 18 July 2022, the Thomas Cook celebrated its 181st anniversary. During the period (20 June 2022 to 6 August 2022), the gross merchandise volume (GMV) reached RMB243 million, the number of transaction users reached more than 30,000, and the total number of orders was over 150,000.

Thomas Cook UK

Since the first half of 2022, UK travel restrictions began to lift and holiday travel were gradually available to more places across Europe, Thomas Cook UK (TC UK) has seen significant growth with its Business Volume rising 570.3% to RMB712.0 million.

With the above development, the brand has expanded further into Europe and commenced operations in the Netherlands. It has since then added a diverse range of travel holidays originated from the Belgian and German airports.

To leverage on the lifting of most restrictions across Europe, Thomas Cook launched a trial online TV, radio and digital brand campaign reviving the iconic "Don't Just Book it, Thomas Cook it" slogan with an eye-catching advert.

In the first half of 2022, bookings from Thomas Cook surpassed 42,000, representing an increase of 740.0% compared with the same period of 2021. The high seasons in summer and autumn renewed to be the most important period for the continuous growth of TC UK's success.

For the month of July 2022, TC UK recorded a Business Volume of RMB131.5 million, increased by 392.1% compared to that of July 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.

MANAGEMENT DISCUSSION & ANALYSIS

Selected Items of Consolidated Statement of Profit or Loss

	For the six months ended	
	30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	6,416,543	2,781,466
Cost of revenue	<u>(4,523,397)</u>	<u>(2,186,293)</u>
Gross profit	1,893,146	595,173
Other income and gains/(expenses), net	70,274	(616,791)
Selling and marketing expenses	(978,730)	(631,231)
General and administrative expenses	(698,116)	(727,258)
Finance costs	(483,944)	(483,475)
Share of profits and losses of:		
Associates	<u>(507)</u>	<u>(1,719)</u>
LOSS BEFORE INCOME TAX	(197,877)	(1,865,301)
Income tax expenses	<u>(10,567)</u>	<u>(199,731)</u>
LOSS FOR THE PERIOD	(208,444)	<u>(2,065,032)</u>
Attributable to:		
Equity holders of the Company	(196,644)	(2,004,796)
Non-controlling interests	<u>(11,800)</u>	<u>(60,236)</u>
	<u>(208,444)</u>	<u>(2,065,032)</u>

Revenue by business function and business segment

Revenue: Our revenue increased by 130.7% from RMB2,781.5 million for the six months ended 30 June 2021 to RMB6,416.5 million for the six months ended 30 June 2022. Due to the lifting of travel restrictions in major sourcing markets and destinations, our global tourism operation experienced a strong recovery during first six months of 2022. However, the Pandemic resurgence had a significant negative impact on our business in China.

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Resorts and destination operations	5,190,728	80.9%	1,911,283	68.7%
— Resorts and Hotels	4,653,003	72.5%	1,024,796	36.8%
— Tourism destinations	537,725	8.4%	886,487	31.9%
Tourism-related property sales and construction services	273,106	4.3%	658,935	23.7%
— Resorts and Hotels	58,297	0.9%	34,803	1.3%
— Tourism destinations	214,809	3.4%	624,132	22.4%
Tourism and leisure services and Solutions	998,744	15.6%	249,259	9.0%
— Resorts and Hotels	858,082	13.4%	163,677	5.9%
— Services and solutions in various tourism and leisure settings	140,662	2.2%	85,582	3.1%
Intersegment eliminations	(46,035)	(0.8%)	(38,011)	(1.4%)
Total revenue from contracts with customers	<u>6,416,543</u>	<u>100.0%</u>	<u>2,781,466</u>	<u>100.0%</u>

Resorts and Destination Operations: Revenue of resorts and destination operations increased by 171.6% from RMB1,911.3 million for the six months ended 30 June 2021 to RMB5,190.7 million for the six months ended 30 June 2022.

Resorts and hotels revenue increased by 354.0% year-on-year, benefiting from the increase of the capacity by 122.3%, the increase of Occupancy Rate by 16.5 percentage points and the increase of Average Daily Bed Rate by 40.2% in Club Med, thanks to the lifting of travel restrictions in major sourcing markets and destinations.

Tourism destination operating revenue mainly includes operating revenue of Atlantis Sanya, Albion and Lijiang Club Med. Due to the negative impact of the Pandemic resurgence in China, the operating revenue of Atlantis Sanya decreased by 41.7% from RMB835.2 million for the six months ended 30 June 2021 to RMB486.9 million for the six months ended 30 June 2022. In particular, Atlantis Sanya recorded a growth in operating revenue by 44.3% for the first two months of 2022 compared with same period of last year, whilst recorded a decrease of 78.6% from March to June in 2022 compared with same period of last year. The Pandemic resurgence also had negative impact on business of Albion and Lijiang Club Med. The operating revenue of Albion decreased by 18.0% to RMB37.4 million year-on-year. Lijiang Club Med recorded an operating revenue of RMB11.3 million for the six months ended 30 June 2022.

Tourism-related property sales and construction services: Revenue decreased by 58.6% to RMB273.1 million, as we delivered 80 Taicang FOLIDAY Town units and 1 Lijiang FOLIDAY Town unit. In the first six months of 2021, we delivered seven Tang Residence units, most of which were villas. Delivery of Lijiang FOLIDAY Town units was significantly impacted by travel restriction of major customer sourcing markets to Lijiang.

Tourism and leisure services and solutions: Revenue of tourism and leisure services and solutions increased by 300.7% year-on-year, mainly due to increase in transportation services, as well as increase in revenue of tourism services, entertainment services, youth play and learning, and other services and solutions.

Cost of revenue by business function

	For the six months ended 30 June			
	2022		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Resorts and destination operations	3,558,503	78.7%	1,775,830	81.2%
Tourism-related property sales and construction services	182,818	4.0%	220,471	10.1%
Tourism and leisure services and solutions	826,390	18.3%	222,292	10.2%
Intersegment eliminations	(44,314)	(1.0%)	(32,300)	(1.5%)
Total	<u>4,523,397</u>	<u>100.0%</u>	<u>2,186,293</u>	<u>100.0%</u>

Gross profit and gross profit margin by business function

	For the six months ended 30 June			
	2022		2021	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Resorts and destination operations	1,632,225	31.4%	135,453	7.1%
Tourism-related property sales and construction services	90,288	33.1%	438,464	66.5%
Tourism and leisure services and solutions	172,354	17.3%	26,967	10.8%
Intersegment eliminations	<u>(1,721)</u>	N/A	<u>(5,711)</u>	N/A
Total	<u>1,893,146</u>	29.5%	<u>595,173</u>	21.4%

Cost of revenue, gross profit and gross profit margin by business function: Cost of revenue increased by 106.9% from RMB2,186.3 million for the six months ended 30 June 2021 to RMB4,523.4 million for the six months ended 30 June 2022 which was in line with revenue increase.

Gross profit increased by 218.1% and gross profit margin increased from 21.4% to 29.5% year-on-year. Gross profit for resorts and destination operations sharply increased by 1,105.0% and gross profit margin increased from 7.1% to 31.4% compared with same period of last year. The increase was mainly due to business recovery of Club Med whose gross profit and margin rate was RMB1,546.3 million and 27.8% respectively, recovered to the vast majority level of the same period of 2019. Gross profit of tourism-related property sales and construction services decreased by 79.4% and gross profit margin decreased from 66.5% to 33.1% year-on-year as delivered vacation units in the first six months of 2021 were mostly villas with relatively high margin rate. Gross profit of tourism and leisure services and solutions increased by 539.1% and gross profit margin increased from 10.8% to 17.3% year-on-year. The increase of gross profit margin was mainly due to increase of tourism services business which brought higher margin rate.

Other income and gains/(expenses), net

We incurred a net income of RMB70.3 million in the first six months of 2022 comparing with a net loss of RMB616.8 million in the same period of last year. Net income in the first half of 2022 was mainly due to disposal gain of one Club Med village amounted to RMB86.2 million and rent concessions of Club Med amounted to RMB46.3 million in relation to the Pandemic.

Selling and marketing expenses

Selling and marketing expenses increased by 55.1% year-on-year to RMB978.7 million for the first six months ended 30 June 2022, primarily due to (i) commission on sales mainly generated from resorts and destination operation and property sales increased by 174.8% year-on-year to RMB273.6 million (the first half of 2021: RMB99.6 million), which was in line with the revenue increase of tourism operation sales, and (ii) advertising and promotion costs increased by RMB90.0 million as a result of business recovery.

General and administrative expenses

General and administrative expenses decreased by 4.0% to RMB698.1 million in the first six months of 2022. The change was primarily due to (i) management fee payable to brand licensor decreased by RMB50.9 million due to no incentive management fee charge for business operation of Atlantis Sanya in the first six months of 2022, partially offset by (i) employee costs increased by RMB20.0 million which was in line with business recovery, and (ii) depreciation and amortization cost increased by RMB12.0 million mainly due to depreciation and amortization of Lijiang Club Med.

Operating profit/(loss) by segment

Our operating profit was RMB286.6 million in the first six months of 2022, comparing with the operating loss of RMB1,380.1 million in the same period of last year.

	For the six months ended 30 June			
	2022		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Resorts and Hotels	412,497	143.9%	(1,803,435)	130.7%
Tourism destinations	117,252	40.9%	590,035	(42.8%)
Services and solutions in various tourism and leisure settings	(123,034)	(42.9%)	(89,345)	6.5%
Eliminations and unallocated expenses	(120,141)	(41.9%)	(77,362)	5.6%
Total	286,574	100.0%	(1,380,107)	100.0%

Resorts & Hotels: Resorts and hotels business recorded an operating profit of RMB412.5 million in the first six months of 2022 compared with an operating loss of RMB1,803.4 million in the same period of 2021, reflecting the business recovery of Club Med.

Tourism destinations: Operating profit decreased from RMB590.0 million to RMB117.3 million in the first six months of 2022. Operation profit of Atlantis Sanya decreased from RMB293.5 million in the first six months of 2021 to RMB97.1 million in the same period of 2022, mainly due to the Pandemic resurgence in China. Delivery of Taicang FOLIDAY Town units contributed operating profit of RMB47.4 million for the first six months ended 30 June 2022 compared with an operating loss of RMB40.9 million in the same period of last year.

Services and solutions in various tourism and leisure settings: Operating loss for the first six months ended 30 June 2022 was RMB123.0 million compared with RMB89.3 million for the same period of 2021, which was due to an increase of the development and promotion costs of Thomas Cook China and Thomas Cook UK during the period of rapid business growth.

Finance costs

Finance costs net of capitalized interest slightly increased by RMB0.4 million from RMB483.5 million for the first six months of 2021 to RMB483.9 million in the same period of 2022. Our indebtedness balance as of 30 June 2022 kept steady, which decreased by RMB865.3 million compared with the balance as of 31 December 2021.

Income tax expenses

Income tax expenses decreased by RMB189.1 million from RMB199.7 million in the first six months of 2021 to RMB10.6 million in the same period of 2022. The income tax expenses for the six months ended 30 June 2022 primarily comprised of PRC land appreciation tax (“LAT”) amounted to RMB18.5 million in relation to the sales of tourism-related property sale and deferred income tax gains amounted to RMB12.0 million in relation to deductible tax loss of Atlantis Sanya.

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. We have estimated, prepaid and accrued LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations.

Non-IFRS Measures

We supplemented the presentation of our historical financial information with certain non-IFRS accounting measures including EBITDA, adjusted EBITDA, and adjusted net profit/(loss). We adjusted 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 six months ended	
	30 June	
	2022	2021
	RMB'000	<i>RMB'000</i>
Loss before income tax	(197,877)	(1,865,301)
Adjustment:		
Depreciation	827,026	889,694
Amortization	85,748	77,137
Finance costs	483,944	483,475
Land appreciation tax	(18,454)	(160,740)
	<u>1,180,387</u>	(575,735)
EBITDA	1,180,387	(575,735)
Add:		
Equity-settled share-based payments	14,677	10,764
	<u>1,195,064</u>	<u>(564,971)</u>
Adjusted EBITDA	1,195,064	(564,971)
Arising from tourism operation ⁽¹⁾	<u>1,186,336</u>	<u>(687,565)</u>
Arising from tourism-related property sales ⁽¹⁾	<u>8,728</u>	<u>122,594</u>

Note:

- (1) Unallocated expenses are allocated to adjusted EBITDA arising from tourism operation and tourism—related property sales by budget ratio.

Adjusted EBITDA

Adjusted EBITDA increased from RMB negative 565.0 million in the first six months of 2021 to RMB1,195.1 million in the same period of 2022.

Adjusted EBITDA arising from tourism operation was RMB1,186.3 million in the first six months of 2022, compared with RMB negative 687.6 million in the same period of 2021. Adjusted EBITDA of Club Med was RMB1,165.3 million in the first six months of 2022, compared with RMB negative 991.6 million in the same period of last year, and recovered to 86.9% of that of the same period of 2019. Adjusted EBITDA of Atlantis Sanya in the first six months of 2022 decreased to RMB206.8 million from RMB410.9 million in the same period of 2021, primarily due to the Pandemic resurgence in China. In particular, for the first two months of 2022, adjusted EBITDA of Atlantis Sanya was RMB209.4 million, compared with RMB138.0 million in the same period of last year.

Adjusted Net Loss

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Net Loss	(208,444)	(2,065,032)
Add:		
Equity-settled share-based payments	<u>14,677</u>	<u>10,764</u>
Adjusted Net Loss	<u>(193,767)</u>	<u>(2,054,268)</u>

Capital expenditures

Our capital expenditures primarily consisted of expenditures to land use rights and property, plant and equipment. We funded our capital expenditures from our internal resources, bank borrowings, leases, and related company loans. The amount of capital expenditures of the Group for the first six months ended 30 June 2021 and 2022 were RMB417.0 million and RMB587.5 million, respectively. The capital expenditure incurred in the first half of 2022 mainly related to capital expenditures in tourism destination projects, upgrade or renovation of existing resorts, development of new resorts, and investments in digital technology. For the six months ended 30 June 2022, our capital expenditure for resorts increased by approximately RMB144.3 million compared with same period of last year due to increase in our investment in development of new resorts and upgrade or renovation of existing resorts in line with the recovery of business. Meanwhile, the capital expenditure for tourism destination increased by RMB39.5 million, mainly due to increase in construction investment of Taicang FOLIDAY Town project.

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 and capital investments by our Controlling Shareholders. As of 30 June 2022, we had cash and bank balances of approximately RMB3.4 billion. The following table sets out our cash flows for the periods indicated:

	For the six months ended	
	30 June	
	2022	2021
	<i>RMB billion</i>	<i>RMB billion</i>
Net cash flows generated from operating activities	1.3	1.2
Net cash flows generated from investing activities	0.0	1.0
Net cash flows used in financing activities	(2.1)	(0.3)
Cash and cash equivalents at end of the period	<u>3.0</u>	<u>4.7</u>
Analysis of cash and bank balances		
Cash and cash equivalents at end of the period	3.0	4.7
<i>Add:</i> Pledged bank balances	0.1	0.0
Time deposits with original maturity of more than three months	0.1	0.2
Restricted pre-sale proceeds	0.2	0.3
Cash and bank balances at end of the period	<u>3.4</u>	<u>5.2</u>

As of 30 June 2022, we had unused banking facilities amounted to approximately RMB4,332.2 million. Thanks to our well performance of operating cash flow, our liquidity remained healthy.

Our indebtedness included interest-bearing bank and other borrowings and lease liabilities. As of 30 June 2022, the total amount of interest-bearing bank and other borrowings was RMB12,018.9 million (31 December 2021: RMB13,263.5 million), of which RMB958.6 million was repayable within one year (31 December 2021: RMB2,179.4 million).

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 loans or facility agreements to get the covenant holiday in the first half year of 2022. Our Directors confirmed that we complied with all material covenants under our loan agreements and amendments during the Reporting Period and up to the date of this announcement.

Capital Structure

The Company continued to maintain a healthy and sound financial position. Our total assets slightly decreased from RMB37,284.7 million as of 31 December 2021 to RMB36,728.2 million as of 30 June 2022, and our total liabilities decreased from RMB34,292.8 million as of 31 December 2021 to RMB33,421.3 million as of 30 June 2022. We improved the net current liabilities position of RMB3,311.7 million as of 31 December 2021 to net current liabilities of RMB2,024.6 million as of 30 June 2022.

Our current ratio slightly increased from 0.75 as of 31 December 2021 to 0.83 as of 30 June 2022, reflecting a healthy and sound financial position.

Our gearing ratio slightly increased from 48.7% as of 31 December 2021 to 50.0% as of 30 June 2022 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 and lease liabilities, less cash and bank balances.

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 risks arising from various currency exposures. Major currencies for our commercial transaction included Euro, U.S. dollar, British Pound and Hong Kong 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. During the first half of 2022, Euro depreciated against some currencies such as Renminbi yuan, Hong Kong dollar, U.S. dollar, leading to foreign currency exchange losses. For the six months ended 30 June 2021 and 2022, we recorded foreign exchange loss of RMB79.2 million and RMB54.0 million in other income and gains/(expenses), net, respectively.

Currency 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 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 gain of RMB218.7 million and a gain of RMB441.8 million for the six months ended 30 June 2021 and 2022, respectively, which mainly came from the translation of foreign operations of Club Med.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2022

		For the six months ended 30 June	
		2022	2021
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
REVENUE	3	6,416,543	2,781,466
Cost of revenue		<u>(4,523,397)</u>	<u>(2,186,293)</u>
Gross profit		1,893,146	595,173
Other income and gains/(expenses), net	4	70,274	(616,791)
Selling and marketing expenses		<u>(978,730)</u>	<u>(631,231)</u>
General and administrative expenses		<u>(698,116)</u>	<u>(727,258)</u>
Operating income/(loss)		<u>286,574</u>	<u>(1,380,107)</u>
Finance costs	5	(483,944)	(483,475)
Share of profits and losses of:			
Associates		<u>(507)</u>	<u>(1,719)</u>
LOSS BEFORE INCOME TAX	6	(197,877)	(1,865,301)
Income tax expense	7	<u>(10,567)</u>	<u>(199,731)</u>
LOSS FOR THE PERIOD		<u>(208,444)</u>	<u>(2,065,032)</u>
Attributable to:			
Equity holders of the Company		(196,644)	(2,004,796)
Non-controlling interests		<u>(11,800)</u>	<u>(60,236)</u>
		<u>(208,444)</u>	<u>(2,065,032)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic			
— For loss for the period (<i>RMB</i>)	9	<u>(0.16)</u>	<u>(1.62)</u>
Diluted			
— For loss for the period (<i>RMB</i>)	9	<u>(0.16)</u>	<u>(1.62)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
LOSS FOR THE PERIOD	(208,444)	(2,065,032)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	11,246	11,758
Reclassification adjustments for losses included in the consolidated statement of profit or loss	25,612	6,509
	<u>36,858</u>	<u>18,267</u>
Exchange differences on translation of foreign operations	441,806	218,743
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	478,664	237,010
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to employee benefits	31,758	14,900
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	4,837	—
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	36,595	14,900
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	515,259	251,910
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	306,815	(1,813,122)
Attributable to:		
Equity holders of the Company	299,299	(1,755,865)
Non-controlling interests	7,516	(57,257)
	<u>306,815</u>	<u>(1,813,122)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	30 June 2022	31 December 2021
	RMB'000	RMB'000
<i>Notes</i>	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	9,257,876	9,677,294
Right-of-use assets	11,214,571	10,820,996
Intangible assets	2,505,025	2,570,354
Goodwill	1,622,236	1,669,017
Investments in associates	243,795	235,559
Financial assets at fair value through profit or loss	245,852	175,295
Properties under development	565,397	1,199,877
Due from related companies	2,238	3,537
Prepayments, other receivables and other assets	919,368	802,473
Deferred tax assets	217,786	172,588
	<hr/>	<hr/>
Total non-current assets	26,794,144	27,326,990
CURRENT ASSETS		
Inventories	212,636	207,622
Completed properties for sale	861,566	1,015,457
Properties under development	1,627,590	775,815
Trade receivables	540,657	562,933
Contract assets and other assets	781	781
Prepayments, other receivables and other assets	1,949,296	1,975,069
Due from related companies	850,784	849,243
Derivative financial instruments	87,284	32,896
Financial assets at fair value through profit or loss	2,273	2,578
Cash and bank balances	3,449,212	4,535,362
	<hr/>	<hr/>
Non-current assets classified as held for sale	351,962	—
	<hr/>	<hr/>
Total current assets	9,934,041	9,957,756

		30 June	31 December
		2022	2021
		RMB'000	RMB'000
	<i>Notes</i>	(Unaudited)	(Audited)
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		958,578	2,179,351
Contract liabilities		1,349,996	1,029,417
Trade payables	11	2,353,863	2,348,620
Accrued liabilities and other payables		5,486,703	5,618,677
Tax payable		130,272	415,554
Lease liabilities		779,969	770,781
Due to related companies		855,316	858,514
Derivative financial instruments		43,904	48,509
		<u>11,958,601</u>	<u>13,269,423</u>
NET CURRENT LIABILITIES		<u>(2,024,560)</u>	<u>(3,311,667)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>24,769,584</u>	<u>24,015,323</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		11,060,302	11,084,191
Lease liabilities		9,010,435	8,640,306
Contract liabilities		4,073	4,073
Deferred income		108,178	119,683
Other long-term payables		837,849	728,384
Deferred tax liabilities		441,872	446,733
		<u>21,462,709</u>	<u>21,023,370</u>
Net assets		<u>3,306,875</u>	<u>2,991,953</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		187	186
Reserves		3,148,268	2,819,215
		<u>3,148,455</u>	<u>2,819,401</u>
Non-controlling interests		<u>158,420</u>	<u>172,552</u>
Total equity		<u>3,306,875</u>	<u>2,991,953</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

The Group had net current liabilities of RMB2,024,560,000 as at 30 June 2022. Having taken into account the available 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 accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

- (a) Amendments to IFRS 3 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 has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

- (b) 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 Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) 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 Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *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 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. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - 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 resorts and hotels 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 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 profit which is 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.

Six months ended 30 June 2022

	Resorts and hotels RMB'000 (Unaudited)	Tourism destinations RMB'000 (Unaudited)	Services and solutions in various tourism and leisure settings RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue					
External customers	5,566,815	722,758	126,970	—	6,416,543
Intersegment sales	<u>2,567</u>	<u>29,776</u>	<u>13,692</u>	<u>(46,035)</u>	<u>—</u>
Total revenue	<u>5,569,382</u>	<u>752,534</u>	<u>140,662</u>	<u>(46,035)</u>	<u>6,416,543</u>
Segment operating profit/(loss)	<u>412,497</u>	<u>117,252</u>	<u>(123,034)</u>	<u>(28,801)</u>	<u>377,914</u>
Unallocated expenses*					<u>(91,340)</u>
Total operating profit					286,574
Finance costs					(483,944)
Share of profits and losses of associates					<u>(507)</u>
Loss before income tax					<u>(197,877)</u>

Six months ended 30 June 2021

	Resorts and hotels <i>RMB'000</i> (Unaudited)	Tourism destinations <i>RMB'000</i> (Unaudited)	Services and solutions in various tourism and leisure settings <i>RMB'000</i> (Unaudited)	Eliminations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue					
External customers	1,221,291	1,483,111	77,064	—	2,781,466
Intersegment sales	<u>1,985</u>	<u>27,508</u>	<u>8,518</u>	<u>(38,011)</u>	<u>—</u>
Total revenue	<u>1,223,276</u>	<u>1,510,619</u>	<u>85,582</u>	<u>(38,011)</u>	<u>2,781,466</u>
Segment operating (loss)/profit	<u>(1,803,435)</u>	<u>590,035</u>	<u>(89,345)</u>	<u>(4,729)</u>	<u>(1,307,474)</u>
Unallocated expenses*					<u>(72,633)</u>
Total operating loss					(1,380,107)
Finance costs					(483,475)
Share of profits and losses of associates					<u>(1,719)</u>
Loss before income tax					<u>(1,865,301)</u>

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

Geographical information

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from external customers		
Europe, Middle East and Africa	3,869,295	633,291
America	1,491,455	523,202
Asia Pacific	1,055,793	1,624,973
	<u>6,416,543</u>	<u>2,781,466</u>

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

3. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Resorts and destination operation	5,158,385	1,881,790
Tourism-related property sales and construction services	273,106	658,935
Tourism and leisure services and solutions	985,052	240,741
	<u>6,416,543</u>	<u>2,781,466</u>

(i) Disaggregated revenue information from contracts with customers

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

For the period ended 30 June 2022

Segments	Resorts and hotels <i>RMB'000</i> (Unaudited)	Tourism destinations <i>RMB'000</i> (Unaudited)	Services and solutions in various tourism and leisure settings <i>RMB'000</i> (Unaudited)	Eliminations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods or services					
Resorts and destination operation	4,653,003	537,725	—	(32,343)	5,158,385
Tourism-related property sales and construction services	58,297	214,809	—	—	273,106
Tourism and leisure services and solutions	858,082	—	140,662	(13,692)	985,052
	<u>5,569,382</u>	<u>752,534</u>	<u>140,662</u>	<u>(46,035)</u>	<u>6,416,543</u>
Intersegment sales	<u>(2,567)</u>	<u>(29,776)</u>	<u>(13,692)</u>	<u>46,035</u>	—
Total revenue from contracts with customers	<u>5,566,815</u>	<u>722,758</u>	<u>126,970</u>	<u>—</u>	<u>6,416,543</u>
Timing of revenue recognition					
Goods transferred at a point in time	—	214,809	15,432	(1,319)	228,922
Services transferred over time	5,569,382	537,725	125,230	(44,716)	6,187,621
	<u>5,569,382</u>	<u>752,534</u>	<u>140,662</u>	<u>(46,035)</u>	<u>6,416,543</u>
Intersegment sales	<u>(2,567)</u>	<u>(29,776)</u>	<u>(13,692)</u>	<u>46,035</u>	—
Total revenue from contracts with customers	<u>5,566,815</u>	<u>722,758</u>	<u>126,970</u>	<u>—</u>	<u>6,416,543</u>

For the period ended 30 June 2021

Segments	Resorts and hotels <i>RMB'000</i> (Unaudited)	Tourism destinations <i>RMB'000</i> (Unaudited)	Services and solutions in various tourism and leisure settings <i>RMB'000</i> (Unaudited)	Eliminations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods or services					
Resorts and destination operation	1,024,796	886,487	—	(29,493)	1,881,790
Tourism-related property sales and construction services	34,803	624,132	—	—	658,935
Tourism and leisure services and solutions	<u>163,677</u>	<u>—</u>	<u>85,582</u>	<u>(8,518)</u>	<u>240,741</u>
	1,223,276	1,510,619	85,582	(38,011)	2,781,466
Intersegment sales	<u>(1,985)</u>	<u>(27,508)</u>	<u>(8,518)</u>	<u>38,011</u>	<u>—</u>
Total revenue from contracts with customers	<u><u>1,221,291</u></u>	<u><u>1,483,111</u></u>	<u><u>77,064</u></u>	<u><u>—</u></u>	<u><u>2,781,466</u></u>
Timing of revenue recognition					
Goods transferred at a point in time	—	624,132	3,327	—	627,459
Services transferred over time	<u>1,223,276</u>	<u>886,487</u>	<u>82,255</u>	<u>(38,011)</u>	<u>2,154,007</u>
	1,223,276	1,510,619	85,582	(38,011)	2,781,466
Intersegment sales	<u>(1,985)</u>	<u>(27,508)</u>	<u>(8,518)</u>	<u>38,011</u>	<u>—</u>
Total revenue from contracts with customers	<u><u>1,221,291</u></u>	<u><u>1,483,111</u></u>	<u><u>77,064</u></u>	<u><u>—</u></u>	<u><u>2,781,466</u></u>

4. OTHER INCOME AND GAINS/(EXPENSES), NET

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

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income		
Interest income	16,874	21,303
Government grants	15,878	85,972
Others	21,473	5,426
	<u>54,225</u>	<u>112,701</u>
Gains		
Gain on disposal of a subsidiary	86,203	—
Gain on disposal of items of property, plant and equipment	1,577	898
Reversal of impairment of prepayments	12,699	—
Rent concessions as a result of COVID-19 pandemic	46,259	55,556
Gain on the fair value change of financial assets at fair value through profit or loss	25,148	3,238
Reversal of provisions relating to litigation claims	—	12,581
Gain on deemed disposal of interests in an associate	—	2,893
Others	2,506	1,670
	<u>174,392</u>	<u>76,836</u>
Other income and gains	<u>228,617</u>	<u>189,537</u>

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other expenses		
Exceptional costs due to COVID-19 pandemic*	(39,352)	(582,228)
Compensation costs relating to employees	(9,540)	(71,937)
Provision for resort closure costs	(30,034)	(31,519)
Provision for litigation, including tax related	(10,282)	(14,504)
Impairment losses on		
— <i>Property, plant and equipment</i>	(3,737)	(9,347)
— <i>Right-of-use assets</i>	(2,167)	—
Exchange loss, net	(53,999)	(79,242)
Others	(9,232)	(17,551)
	<u>(158,343)</u>	<u>(806,328)</u>
Other expenses		
	<u>(158,343)</u>	<u>(806,328)</u>
Other income and gains/(expenses), net	<u>70,274</u>	<u>(616,791)</u>

* Exceptional costs due to COVID-19 pandemic primarily comprised operating costs of resorts and other facilities during their closure when they should have been 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 incurred during the epidemic outbreak.

5. FINANCE COSTS

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	278,236	268,760
Interest on convertible bonds	—	165
Interest on lease liabilities	212,256	238,527
Bank charges and other financial costs	5,763	3,808
	<u>496,255</u>	<u>511,260</u>
Less: Interest capitalised	<u>12,311</u>	<u>27,785</u>
Total finance costs	<u>483,944</u>	<u>483,475</u>

6. LOSS BEFORE INCOME TAX

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

	<i>Notes</i>	For the six months ended 30 June	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Cost of revenue		4,523,397	2,186,293
Depreciation of property, plant and equipment		316,845	336,272
Amortisation of intangible assets		85,748	77,137
Depreciation of right-of-use assets		510,181	553,422
Impairment of financial and contract assets and other assets:			
<i>Provision of provision for impairment of trade receivables</i>		3,316	6,241
<i>Reversal of provision for impairment of financial assets included in prepayments, other receivables and other assets</i>		(12,699)	—
Write-down of inventories to net realisable value		751	2,034
Provision for impairment of items of property, plant and equipment	4	3,737	9,347
Provision for impairment of items of right-of-use assets	4	2,167	—
Fair value gain on financial assets at fair value through profit or loss	4	(25,148)	(3,238)
Exchange loss, net	4	53,999	79,242
Rent concessions as a result of COVID-19 pandemic in other gains	4	(46,259)	(55,556)
Gain on disposal of items of property, plant and equipment	4	(1,577)	(898)
Gain on deemed disposal of interests in an associate	4	—	(2,893)
Gain on disposal of a subsidiary	4	(86,203)	—

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.

		For the six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
Current — France and others	(1)	39,579	413
Current — Mainland China			
Income tax in Mainland China for the period	(2)	3,285	77,465
Land appreciation tax (“LAT”) in Mainland China for the period	(3)	18,454	160,740
Deferred		<u>(50,751)</u>	<u>(38,887)</u>
Income tax expense for the period		<u>10,567</u>	<u>199,731</u>

Notes:

- (1) The provision for income tax of Club Med Holding (“CMH”) and its subsidiaries incorporated in France for the six months ended 30 June 2022 was based on a rate of 25.83% (six months ended 30 June 2021: 32.02%).
- (2) The provision for Mainland China current income tax is based on the statutory rate of 25% (six months ended 30 June 2021: 25%) of the assessable profits for the six months ended 30 June 2022 of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008. For Hainan Atlantis Commerce and Tourism Development Co., Ltd. (“Hainan Atlantis”), the provision for current income tax 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.
- (3) 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. The LAT provision is subject to the final review and approval by the local tax bureau.

8. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2022 (Six months ended 30 June 2021: 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,238,914,279 (six months ended 30 June 2021: 1,235,843,660) in issue during the period.

The calculation of the diluted loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the period, as used in the basic loss per share calculation, plus 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:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculations	<u>(196,644)</u>	<u>(2,004,796)</u>
		Number of shares
		For the six months ended 30 June
		2022
		2021
		(Unaudited)
		(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	<u>1,238,914,279</u>	<u>1,235,843,660</u>
Basic loss per share (<i>RMB</i>)	<u>(0.16)</u>	<u>(1.62)</u>
Diluted loss per share (<i>RMB</i>)	<u>(0.16)</u>	<u>(1.62)</u>

Since the diluted loss per share amount decreased when taking the share ownership plan and share option scheme into account, the share ownership plan and share option scheme had an anti-dilutive effect and were ignored in the calculation of diluted loss per share for the period.

10. TRADE RECEIVABLES

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	501,783	525,975
91 to 180 days	33,099	10,396
181 to 365 days	3,580	11,505
1 to 2 years	2,191	14,942
2 to 3 years	4	115
	540,657	562,933

11. TRADE PAYABLES

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	1,760,723	1,854,083
91 to 180 days	206,205	56,882
181 to 365 days	155,905	128,366
1 to 2 years	129,392	166,205
2 to 3 years	33,852	39,828
Over 3 years	67,786	103,256
	2,353,863	2,348,620

12. EVENTS AFTER THE REPORTING PERIOD

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

INTERIM DIVIDEND PAYMENT

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the Reporting Period.

REVIEW OF INTERIM RESULTS

As of the date of this announcement, the Audit Committee comprised 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, to review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control system, and to provide recommendations and advice to the Board.

The interim results of the Group for the Reporting Period are unaudited but have been reviewed by the Audit Committee. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

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.

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

CG Code provision C.2.1 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 for 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 for the present arrangement will not be impaired 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 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.

The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiry has been made to each of the 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 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 was noted by the Company.

PUBLICATION OF INTERIM RESULTS

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

FORWARD-LOOKING STATEMENTS

This 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 for 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.

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
Audit Committee	the audit committee of the Board
Average Daily Bed Rate	the business volume divided by the total number of beds sold
Average Daily Rate by Room	the business volume divided by the total number of rooms 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. The Group focuses on global leisure tourism resort with "all-inclusive" innovative holiday Concepts

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
G.O	G.Os (gentils organisateur) can be activities leaders or customer service receptionists, as well as managerial and administrative staff at Club Med resorts, who also bear responsibility to engage with guests and make the guests feel at home
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 Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Miniversity	the Group's 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	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
Occupancy Rate by Bed	the total number of beds sold divided by the total number of beds available for sale
Reporting Period	1 January 2022 to 30 June 2022
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
Share(s)	ordinary share(s) in the share capital of our Company
Shareholder(s)	holder(s) of the Shares
Show C	a resident show launched by Atlantis Sanya
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, 22 August 2022

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