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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)

**CONTINUING CONNECTED TRANSACTION
PROPERTY OPERATION AND MANAGEMENT SERVICES
FRAMEWORK AGREEMENT;
EXCEEDING THE DE MINIMIS THRESHOLD**

INTRODUCTION

The Board hereby announces that on 24 November 2021, the Company (as services provider) entered into the Framework Agreement with Fosun International (as Properties owner), pursuant to which the Group shall provide operation and management services and marketing and reservation services to the Properties of the Fosun International Group.

FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are set out below:

- Date : 24 November 2021
- Parties : (i) the Company; and
(ii) Fosun International.
- Conditions precedent : (i) the Framework Agreement and the transactions contemplated thereunder having been duly approved by the Board and the Shareholders' general meeting (if applicable) of Company;
(ii) the Framework Agreement and the transactions contemplated thereunder having been duly approved by the board of directors and shareholders' general meeting (if applicable) of Fosun International; and

(iii) (if applicable) clearance of relevant announcement(s) and circular(s) by the Stock Exchange in relation to Framework Agreement and the transactions contemplated hereunder having been obtained.

- Term : from 24 November 2021 to 31 December 2023;
- Nature of transactions : During the term of the Framework Agreement, the Group shall provide operation and management services and marketing and reservation services to the hotels, resorts, apartments and/or other properties owned by Fosun International Group.
- Principal terms and pricing policy : The Company and Fosun International or their respective subsidiaries shall enter into separate implementation agreements in accordance with terms of the Framework Agreement. Each implementation agreements shall set out, amongst other things, the specifications for the particular transaction including but not limited to the parties of the agreement, the location and details of the relevant resorts, the respective consideration of the agreements and the term of the agreements. Each of the implemental agreement must comply with the terms of the Framework Agreement, the Listing Rules and applicable laws.

The fees under the implementation agreements may comprise:

- (a) Property operation and management fee: a base operation and management fee (which is a fixed percentage of the gross revenue of the Properties) and an incentive fee (which is a fixed percentage of the gross operating profit of the Properties);
- (b) Branding fee: a fixed percentage of gross revenue of the Properties; and
- (c) Channel fee: a fixed percentage of sales revenue of the hotels products and other rooms, services and activities at the Properties.

The terms of each implementation agreement shall be agreed following arm's length negotiations between the relevant parties, but in any event at terms and prices no more favourable than those offered by the Group to an independent third party in relation to the same or similar type of services.

- Termination : The Framework Agreement and the transactions contemplated thereunder may be terminated under any of the following events:
- (i) If either party to the Framework Agreement commit material breach to the Framework Agreement and the breaching party fails to remedy within a reasonable period specified in the written notice sent by the other party, the non-breaching party may terminate the Framework Agreement.
 - (ii) Each party to the Framework Agreement may terminate the Framework Agreement by sending a written notice to the other party three months in advance.

HISTORICAL AMOUNT

The historical amounts for similar transactions between Fosun International Group and the Group for the three financial years ended 31 December 2018, 2019 and 2020 are set out as follows:

	For the year ended 31 December			Ten months ended
	2018	2019	2020	31 October 2021
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Historical amount in relation to Property operation and management services	9.7	16.7	3.7	0.8
Historical amount in relation to marketing and reservation services	74.5	96.6	46.0	10.7

ANNUAL CAPS AND BASIS FOR DETERMINING THE ANNUAL CAPS

The proposed annual caps for the transactions contemplated under the Framework Agreement for the three financial years ending 31 December 2021, 2022 and 2023 are set out as follows:

	For the year ending 31 December		
	2021	2022	2023
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Annual cap in relation to Property operation and management services	1.5	23.4	55.0
Annual cap in relation to marketing and reservation services	19.4	199.6	289.1

In assessing the annual caps for the Framework Agreement, the Board has considered a number of factors including the historical amount of similar transactions between the Fosun International Group and the Group, the existing transaction amount of Property operation and management services and marketing and reservation services provided by the Group to Fosun International Group, the expected new pipeline of aforesaid services and possible fluctuation of prevailing market price in the next three years.

REASONS FOR AND BENEFIT OF ENTERING INTO THE FRAMEWORK AGREEMENT

The Group is primarily engaged in, among other things, management and operation of premium leisure resorts. In respect of the resorts, they are operated under three operating models, one of which is the management contract operating model. The Group's provision of the services under the Framework Agreement is consistent with the Group's business practices and may leverage its expertise and experience in the management of premium leisure resorts and to expand its geographic coverage and improve its brand awareness for resorts in Asian market.

Based on the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the Framework Agreement and the proposed annual caps were determined after arm's length negotiation, and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Company and are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Xu Xiaoliang, being a Director also holding a directorship in Fosun International, has abstained from voting on the board resolution approving the Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries as of the date of this announcement, none of the Directors has any material interests in the Framework Agreement and the transactions contemplated thereunder or shall abstain from voting in respect of the relevant resolutions.

INFORMATION OF THE PARTIES TO THE FRAMEWORK AGREEMENT

The Group

The Group is one of the world's leading leisure-focused integrated tourism groups, and the largest leisure tourism resorts group worldwide, in terms of revenue in 2019 according to Frost & Sullivan's report. The Group provides a wide range of tourism and leisure services which comprise its three main business sectors: (i) resorts, including brands like Club Med, Club Med Joyview, as well as Casa Cook and Cook's Club; (ii) tourism destinations, which the Company develops, operates and manages, including Atlantis Sanya, and Lijiang FOLIDAY Town, Taicang FOLIDAY Town, which are developed and operated under self-owned brand "FOLIDAY Town"; and (iii) services and solutions in various tourism and leisure settings.

Fosun International

Adhering to the positioning as an innovation-driven consumer group, Fosun International continues to focus on expanding its three major businesses — Health, Happiness and Wealth. The Health business includes three major parts: Pharmaceutical, Medical Services & Health Management and Health Products; the Happiness business includes three major parts: Tourism & Leisure, Fashion and Consumer & Lifestyle; the Wealth business includes three major segments: Insurance, Finance and Investment.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, as of the date of this announcement, Fosun International was indirectly held by Mr. Guo Guangchang as to 72.47% of equity interest.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Fosun International is the controlling shareholder of the Company with 80.76% equity interests. Therefore, the transaction contemplated under the Framework Agreement constitutes connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios in respect of the transaction contemplated under the Framework Agreement exceed 0.1% but all are less than 5%, the Framework Agreement is therefore subject to the reporting, annual review and announcement requirements but are exempt from the requirement of independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Certain agreements to be entered into pursuant to the Framework Agreement are expected to exceed three years. The term of Property operation and management services agreements and marketing and reservation services agreements are expected to be five to 20 years.

To comply with the requirements of the Listing Rules, the Board has appointed the Independent Financial Adviser to explain why certain agreements (the “**Individual Agreement(s)**”) contemplated under the Framework Agreement require a longer period exceeding three years and to confirm that it is normal business practice for agreements of this type to be of such duration. For details, please refer to the section headed “View of the Independent Financial Adviser” below.

VIEW OF THE INDEPENDENT FINANCIAL ADVISER

In assessing the reasons for the duration of the Individual Agreements to be longer than three years, Gram Capital has considered the following factors:

- As mentioned above, the Group provides a wide range of tourism and leisure services which comprise its three main business sectors: (i) resorts, including brands like Club Med, Club Med Joyview, as well as Casa Cook and Cook's Club; (ii) tourism destinations, which the Company develops, operates and manages, including Atlantis Sanya, and Lijiang FOLIDAY Town, Taicang FOLIDAY Town, which are developed and operated under self-owned brand “FOLIDAY Town”; and (iii) services and solutions in various tourism and leisure settings.
- As confirmed by the Directors, the transaction contemplated under the Individual Agreements are expected to contribute revenue to the Group. A comparatively long duration of the Individual Agreements will facilitate and incentivise the Group's marketing initiatives and bring to the Group a long term and sustainable source of income.
- It is expected that the duration of the operations of Properties owned by Fosun International Group are expected to be longer than three years. It is also commercially desirable for the Group to have a sufficiently long service agreement duration to implement its marketing strategy for operations of the aforesaid properties and generate returns.

- As advised by the Directors, a longer duration of Property operation and management and marketing services is expected to ensure business stability and continuity because it is not in the interest of both the resort owner and resort manager to frequently change the resort managers or to enter into short-term operation and management agreements which could result in disruptions to operations. It also may take time to find new places and properties that are suitable to be managed and marketed.

In considering whether it is normal business practice for agreements of similar nature with the Individual Agreements to have a term of such duration (i.e. expected to be 5 to 20 years), Gram Capital identified and reviewed over ten transactions involving services similar to the transactions contemplated under the Individual Agreements (i.e. Property operation and management, marketing and reservation services), entered into by companies listed on the Stock Exchange, with duration of 10 to 30 years, being more than three years.

In addition, Gram Capital reviewed key terms of three copies of agreements with similar nature with the transaction contemplated under the Individual Agreements entered into by the Group with independent third parties. Gram Capital noted that the durations of such agreements were 20 years, which also exceed three years.

Taking into account of the above, Gram Capital confirms that the duration of the Individual Agreements, which is longer than three years, is required and it is normal business practice for agreements of this type to be of such duration.

EXCEEDING THE DE MINIMIS THRESHOLD

As disclosed in section “Provision of Resort Management Services to Hoshino Tomamu” on page 308 in the prospectus of the Company dated 30 November 2018, the Group has provided management, marketing and distribution services to the Club Med Tomamu Resort which is owned by the Fosun International Group since 20 June 2016 (the “**Tomamu Agreement**”). During the course of reviewing the historical transaction information of the Company, the Company noted that the aggregate revenue of the Tomamu Agreement has reached approximately RMB7,060,257 for the period from 1 January 2021 to 1 August 2021, which has exceeded the de minimis threshold of 0.1% revenue ratio of the Company pursuant to Rule 14A.76 of the Listing Rule. From 1 January 2021 to the date of this announcement, all the applicable percentage ratios for the transactions under the Tomamu Agreement have remained below 5%. From 1 January 2021 to 31 October 2021, the aggregate revenue of the Tomamu Agreement is RMB11,500,000. The Company is required to comply with the announcement, reporting and annual review requirements set out in Chapter 14A of the Listing Rules for the Tomamu Agreement. However, due to inadvertent oversight, the Company regrets that the transaction was not announced timely at the relevant time when the aggregate revenue of the Tomamu Agreement exceeded the de minimis threshold.

ENHANCED INTERNAL CONTROL MEASURES

The Group currently has adopted the following internal control measures for connected transactions entered into between the Group and its connected persons:

- (i) the relevant personnel of the Group's legal, finance and business departments will conduct regular investigations to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of their respective agreements;
- (ii) the independent non-executive Directors will review the implementation of the continuing connected transactions on an annual basis; and
- (iii) the external auditor of the Company will conduct an annual review of the pricing and annual caps of the continuing connected transactions.

In addition to the internal control procedures already in place to ensure that the continuing connected transactions will comply with the Listing Rules, the Company has strengthened and will adopt the following enhanced internal control measures in relation to the continuing connected transactions:

- (i) strengthen the reporting and monitoring procedures for the annual caps of the continuing connected transactions and improve the process and frequency of data collection and cross checking to ensure the transaction amounts do not exceed the annual caps, including:
 - (a) requiring all departments to report all potential connected transactions, regardless of the amount involved, to the Group's company secretarial and compliance department which will assist in ensuring that all relevant requirements of the Listing Rules are complied with; and
 - (b) finance department of the Group will also assist in monitoring the aggregate amount of all continuing connected transactions on an ongoing basis to ensure that the relevant annual caps or any de minimis thresholds are not exceeded;
- (ii) arrange additional compliance training on connected transactions for Directors, senior management and the relevant personnel of the Company; and
- (iii) the Company's internal audit department will monitor the effectiveness and adequacy of the internal control measures, and will make recommendation and report to the audit committee of the Company on a regular basis.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Company”	Fosun Tourism Group, a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1992);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of our Company;
“Fosun International”	Fosun International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 656);
“Fosun International Group”	Fosun International and its subsidiaries;
“Framework Agreement”	the framework agreement dated 24 November 2021 entered into between the Company and Fosun International;
“Group”	the Company and its subsidiaries from time to time;
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO;
“independent third party(ies)”	has the meaning ascribed to it under the Listing Rules;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange;
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules;
“PRC” or “China”	the People’s Republic of China, and for the purposes of this announcement only, excluding Hong Kong, Macau and Taiwan;
“Property(ies)”	refers to hotels, resorts, apartments and/or other properties;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of EUR0.0001 each;
“Shareholders”	holder(s) of our Share(s);
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“%”	per cent.

By order of the Board
Fosun Tourism Group
Qian Jiannong
Chairman

25 November 2021

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