复星旅游文化集团

FOSUN TOURISM GROUP

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

STOCK CODE :1992

GLOBAL OFFERING

Joint Sponsors

J.P.Morgan | CLSA A CITIC Securities Company | citi

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

J.P.Morgan | CLSA A CITIC Securities Company | citi | HSBC | FOSUN HANI 复星恒利

Joint Bookrunners and Joint Lead Managers (in alphabetical order)

農銀國際 ABC INTERNATIONAL | AMTD 尚乘 | CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK | 招银国际 CMB INTERNATIONAL | 海通國際 HAITONG | ICBC 工银国际 | NATIXIS BEYOND BANKING | NOMURA | SOCIETE GENERALE

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

Fosun Tourism Group
复星旅游文化集团

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering:	214,200,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares:	21,420,000 Shares (subject to reallocation)
Number of International Offer Shares:	192,780,000 Shares (including 21,420,000 Reserved Shares under the Preferential Offering) (subject to reallocation and the Over-allotment Option)
Maximum Offer Price:	HK$20.00 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund)
Nominal Value:	EUR0.0001
Stock Code:	1992

Joint Sponsors

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Joint Bookrunners and Joint Lead Managers *(in alphabetical order)*

Joint Lead Managers *(in alphabetical order)*

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

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VII, has been registered by the Registrar of Companies as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Representatives (for and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 7 December 2018 and, in any event, not later than Thursday, 13 December 2018. The Offer Price will be not more than HK$20.00 and is currently expected to be not less than HK$15.60 per Offer Share. If, for any reason, the Offer Price is not agreed by Thursday, 13 December 2018 between the Joint Representatives (for and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse immediately.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors."

The Joint Representatives (for and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering.

The obligations of the Hong Kong Underwriter(s) under the Hong Kong Underwriting Agreement are subject to termination by the Joint Representatives (for and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See the section headed "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered to Qualified Institutional Buyers in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act.

30 November 2018

If there is any change in the following expected timetable of the Hong Kong Public Offering and the Preferential Offering, we will issue an announcement in Hong Kong to be published in the South China Morning Post (in English), and in the Hong Kong Economic Times (in Chinese).

Despatch of **BLUE** Application Forms to Qualifying Fosun International Shareholders on or before	Friday, 30 November 2018
Hong Kong Public Offering and Preferential Offering commence and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Friday, 30 November 2018
Latest time for completing electronic applications under (a) **White Form eIPO** service and (b) the **Blue Form eIPO** service through the designated website **www.eipo.com.hk** [2]	11:30 a.m. on Thursday, 6 December 2018
Application lists open[3]	11:45 a.m. on Thursday, 6 December 2018
Latest time for lodging **WHITE**, **YELLOW** and **BLUE** Application Forms	12:00 noon on Thursday, 6 December 2018
Latest time for completing payment of (a) **White Form eIPO** applications and (b) **Blue Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Thursday, 6 December 2018
Latest time for giving **electronic application instructions** to HKSCC[4]	12:00 noon on Thursday, 6 December 2018
Application lists close[3]	12:00 noon on Thursday, 6 December 2018
Expected Price Determination Date[5]	Friday, 7 December 2018

(1) Announcement of:

- the Offer Price;
- the level of indications of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering and the Preferential Offering; and
- the basis of allocation of the Hong Kong Offer Shares and the Reserved Shares under the Hong Kong Public Offering and the Preferential Offering

to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before . . . . Thursday, 13 December 2018

(2) Results of allocations in the Hong Kong Public Offering and the Preferential Offering to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares—E. Publication of Results" in this prospectus . . . . Thursday, 13 December 2018

(3) A full announcement containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.fosunholiday.com** [6] from . . . . Thursday, 13 December 2018

Results of allocations in the Hong Kong Public Offering and the Preferential Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from . . . . Thursday, 13 December 2018

Dispatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering and the Preferential Offering on or before[7] . . . . Thursday, 13 December 2018

Dispatch of refund cheques and **White** Form and **Blue** Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and the Preferential Offering on or before[8] . . . . Thursday, 13 December 2018

Dealings in the Shares on the Stock Exchange expected to commence on . . . . Friday, 14 December 2018

Notes:

(1) All times and dates refer to Hong Kong local times and dates, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 6 December 2018, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares and Reserved Shares—D. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares—A. Applications for Hong Kong Offer Shares—6. Applying by Giving **Electronic Application Instructions** to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date is expected to be on or around Friday, 7 December 2018 and, in any event, not later than Thursday, 13 December 2018. If, for any reason, the Offer Price is not agreed between the Joint Representatives (on behalf of the Hong Kong Underwriters) and us by Thursday, 13 December 2018, the Global Offering will not proceed and will lapse.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

(8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and the Preferential Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares and Reserved Shares, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus, respectively.

The **BLUE** Application Forms have been despatched to all Qualifying Fosun International Shareholders. In addition, Qualifying Fosun International Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under Fosun International's corporate communications policy.

If a Qualifying Fosun International Shareholder has elected to receive corporate communications from Fosun International in printed form under Fosun International's corporate communications policy or has not been asked to elect the means of receiving Fosun International's corporate communications, a printed copy of this prospectus in the elected language version(s) will be despatched to such Qualifying Fosun International Shareholder.

If a Qualifying Fosun International Shareholder has (a) elected to receive an electronic version of corporate communications or (b) is deemed to have consented to receiving the electronic version of corporate communications from Fosun International, an electronic version of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of the Company at **www.fosunholiday.com** and the Stock Exchange at **www.hkexnews.hk** under the section headed "*HKExnews > Listed Company Publications > Latest Listed Company Information*." A

Qualifying Fosun International Shareholder who has elected to receive or is deemed to have consented to receiving the electronic version of this prospectus may at any time request for a printed copy of this prospectus, free of charge, by sending a request in writing to Fosun International c/o Computershare Hong Kong Investor Services Limited or by email to Fosun International at **fosun.ecom@computershare.com.hk.** Fosun International will promptly, upon request, send by ordinary post a printed copy of this prospectus to such Qualifying Fosun International Shareholder, free of charge, although such Qualifying Fosun International Shareholder may not receive that printed copy of this prospectus before the close of the Hong Kong Public Offering and the Preferential Offering.

Qualifying Fosun International Shareholders may also obtain a printed copy of this prospectus, free of charge, during normal business hours from any of the designated branches of the receiving banks and the designated offices of each of the relevant Underwriters as set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

Distribution of this prospectus and/or the **BLUE** Application Forms into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this prospectus and/or the **BLUE** Application Forms come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this prospectus should not be distributed, forwarded or transmitted in, into or from any of the Specified Territories with or without the **BLUE** Application Forms, except to Qualifying Fosun International Shareholders as specified in this prospectus.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Preferential Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares and the Reserved Shares. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Hong Kong Public Offering and the Preferential Offering are made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus and the Application Forms must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Global Offering. Information contained in our website located at ***www.fosunholiday.com*** *does not form part of this prospectus.*

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CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are one of the world's leading leisure-focused integrated tourism groups, and the largest leisure tourism resorts group worldwide in terms of revenue in 2017, according to Frost & Sullivan. 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.

Our principal activities are (i) resorts, which we operate through Club Med and Club Med Joyview; (ii) tourism destinations, which we develop, operate and manage, including Atlantis Sanya, as well as destinations we manage for other parties; and (iii) services and solutions in various tourism and leisure settings. We either own or have strategic partnerships with a portfolio of world-renowned brands, including Club Med, Atlantis and Thomas Cook.

We offer premium resort services in an all-inclusive package that includes accommodations, sports and leisure activities, entertainment, childcare, meals and open bar in a wide range of resorts around the world under the Club Med brand, and offer, in China, both Club Med and Club Med Joyview resorts. In addition, we also provide ancillary travel and transportation services at customers' request where applicable. Club Med, headquartered in France, was founded in 1950 and is a world-renowned provider of family-focused all-inclusive holiday experiences. As of 30 June 2018, it had operations in over 40 countries and regions, and had resorts in over 26 countries and regions. Distinctive features of Club Med's culture, such as its friendly and well trained G.O hosts, and its focus on families, have underpinned its popularity. In recent years, Club Med has focused on (i) enhancing its upscale and premium offerings; (ii) deepening its global expansion; and (iii) through its "Happy Digital" concept, further implementing digitalization initiatives throughout its operations. We categorize our resorts into three operating models: ownership, lease and management contract. Under our "asset right" strategy, we carefully evaluate resorts assets to determine which operating model applies in a particular case. As of 30 June 2018, we had 17, 43 and nine resorts under the ownership, lease and management contract operating models, respectively. In the ownership model, we own and manage the resort. In the lease operating model, we are entitled to occupy and use premises as resorts and generate revenue from these operations, while the lessor is entitled to receive rent. In the management contract operating model, we do not own or lease, but are entrusted with the management of the resorts, marketing and distribution of service packages by the property owners. For more details, see "Business—Resorts Operating Model."

We develop, operate and manage tourism destinations, which comprise tourism resources and tourism vacation facilities (including facilities for sightseeing, amusement, leisure entertainment, and leisure vacation), facilities directly supporting tourism (including restaurants in tourism and ancillary areas, vacation apartment for letting, and sites for commercial and tourism service management), and facilities indirectly supporting tourism (including vacation residences for sale and neighborhoods relating to tourism areas). Of our tourism destinations, we currently own Atlantis Sanya and have started the design of the Lijiang and Taicang projects. Our tourism destinations are located in popular natural or cultural settings. Atlantis Sanya offers premium accommodations, a natural seawater Aquarium, the Waterpark, high-quality food and beverage offerings, and MICE facilities. Atlantis Sanya is poised to benefit from PRC government policies favoring Hainan province, such as designating it as a pilot free trade zone.

Our services and solutions in various tourism and leisure settings include: (i) entertainment, tourism- and culture-related services in tourism and leisure locations, such as Miniversity, a learning and playing club for children; and (ii) FOLIDAY platform (FOLIDAY生活平台) to focus on families for tourism and leisure solutions, including our sales channels through Club Med, Foryou Travel and Kuyi, our joint venture with Thomas Cook in China.

We integrate different tourism and leisure solutions into one platform, through which we continuously replenish our customer-to-maker ("**C2M**") global ecosystem. Participants in our ecosystem can interact with each other and share resources, explore cross-selling opportunities and enhance synergies under a unified Foryou Club membership program.

Our senior management has extensive experience in the tourism and leisure sectors. Under their leadership, we have become one of the world's leading leisure tourism services providers and, we believe, are poised to benefit from our expanding global resources and capabilities.

We are a subsidiary of Fosun International Limited (Stock Code: 656), a company listed on the Stock Exchange. Fosun International operates three core ecosystems: health, happiness and wealth. Our Group constitutes the tourism and leisure arm of the happiness ecosystem. Through the Listing, we will be spun off from Fosun International. See "History, Reorganization and Corporate Structure" and "Relationship with Our Controlling Shareholders."

As we acquired Club Med in February 2015, the 2015 financial and resorts operation-related figures consist only of the results of Club Med for the 11 months ended 31 December 2015. Club Med was a company listed on the primary market of Euronext Paris from 1966 and was delisted in 2015.

For the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2017 and 2018, our gross profit was RMB2,067.9 million, RMB2,540.8 million, RMB2,830.3 million, RMB1,601.5 million and RMB1,798.5 million, respectively. Our Adjusted EBITDA for the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2017 and 2018 was RMB182.1 million, RMB630.3 million, RMB746.3 million, RMB490.0 million and RMB425.0 million, respectively.

SPIN-OFF

As Fosun International believes that the spin-off and separate listing of our Group from Fosun International will better position the Remaining Fosun International Group and our Group for growth in their respective businesses and deliver benefits to each of their respective groups, Fosun International submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules. The Stock Exchange has confirmed that Fosun International may proceed with the Spin-off as proposed. Our Company will comply with the requirements under Practice Note 15 and the applicable requirements of the Listing Rules regarding the Spin-off. Please refer to "History, Reorganization and Corporate Structure—Spin-off of our Group from Fosun International" in this prospectus for further details of the Spin-off.

OUR STRENGTHS

We believe that our success and our ability to capitalize on future growth opportunities are attributable to our following competitive strengths:

- We are the largest leisure tourism resorts group in the world in terms of revenue and have a long history of providing high-quality tourism and leisure solutions;
- We are dedicated to establishing an ecosystem with extensive proprietary products and solutions, and access to a portfolio of world renowned brands;
- We are a pioneer in providing innovative tourism and leisure products and services to meet customers' evolving needs and have developed our business in markets with significant growth potential;
- We have accumulated a portfolio of attractive resorts and destinations with, we believe, scarcity value;
- We have a visionary and highly experienced global management team with proven execution and innovation capabilities, supported by a highly proficient workforce; and
- Synergistic relationship with our Controlling Shareholder and strategic partner, Fosun International.

For detailed discussions of these competitive strengths, see "Business—Our Strengths."

OUR STRATEGIES

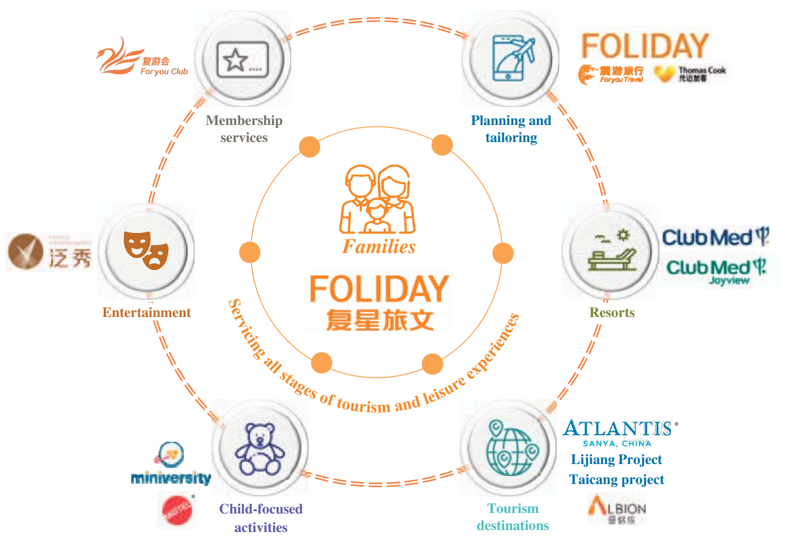
To achieve our objectives and solidify our leading position, we intend to pursue the following strategies:

- Continue to strengthen the attractiveness and distinctiveness of our resorts and tourism destinations with innovative and user-friendly solutions;
- Enhance our ecosystem by offering one-stop products and solutions to meet the evolving preference of family customers and further develop synergies within our FOLIDAY ecosystem;
- Strategically expand our network and presence in China and globally to secure valuable tourism destination resources, particularly those favored by Chinese customers;
- Continue to enlarge our customer base and promote our "FOLIDAY" concept via our platform and sales channels;
- Continue to invest in our digital solutions to accelerate the rollout of our integrated mobile strategy, digitalize our operation and strengthen big data capability; and
- Actively attract and retain a team of top talent to ensure strong human capital.

For detailed discussions of these strategies, see "Business—Our Strategies."

OUR FOLIDAY ECOSYSTEM

Our ecosystem provides global families with a wide array of tourism- and leisure-related solutions, as illustrated in the chart below:



* Business partners or brands owned by business partners

Our ecosystem offers all stages of tourism and leisure experiences, with a focus on families. Our resorts and tourism destination offerings through Club Med, Club Med Joyview and Atlantis Sanya form key components of our ecosystem. Through our FOLIDAY platform and alliance with Thomas Cook, we assist customers in planning their vacation, tailoring our product offerings to their specific needs. Our other services include, among others, child-focused activities, such as Miniversity; entertainment, provided through our Fanxiu business; tourism destination management by Albion; and membership services, provided through our Foryou Club membership program. Our increasingly integrated membership services enable our customers to participate in all aspects of our ecosystem.

CUSTOMERS AND SUPPLIERS

Customers

Our customers primarily comprise (i) resort customers, including individuals and groups; (ii) owners of resorts, to whom we provide resort management services and/or technical assistance, advice on resort construction and renovations, and construction services; (iii) visitors of tourism destinations; (iv) purchasers of tourism-related vacation units; (v) owners and concession right holders of tourism destinations to which we provide design, technical, operational and management services for tourism destinations; and (vi) customers of our services and solutions in various tourism and leisure settings. For our resorts, we divide our customers into individual customers and group customers. Some of our group customers of resorts are tour operators who book our resort rooms as part of their travel packages for their own customers. Since February 2018, Atlantis Sanya had attracted a total of over 2.7 million customers, to Atlantis Sanya's accommodations, the Aquarium, the Waterpark and MICE services, as of the Latest Practicable Date. Some of our customers may book the tickets to our Aquarium and the Waterpark only. Our customers for Atlantis Sanya include individual customers and MICE customers. Some of our MICE customers are tour operators who book our Atlantis Sanya rooms as part of their travel packages for their own customers.

During the Track Record Period, no single customer was material to our business. For the years ended 31 December 2015, 2016 and 2017 and six months ended 30 June 2018, revenue generated from our five largest customers accounted for approximately 2.4%, 4.0%, 4.5% and 1.5% of our total revenue, respectively, and revenue generated from our largest customer accounted for approximately 0.8%, 2.6%, 3.4% and 0.7% of our total revenue, respectively. One of our five largest customers for the six months ended 30 June 2018, Hoshino Tomamu, from which we derived 0.7% of our total revenue for the six months ended 30 June 2018, is a wholly-owned subsidiary of Yuyuan and a non-wholly owned subsidiary of Fosun International, and also a connected person of our Company. Save as disclosed above, our Directors confirm that, as of the Latest Practicable Date, all of our five largest customers for each of the periods during the Track Record Period were Independent Third Parties and none of our Directors or their close associates or our existing Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of those five largest customers. For more information, see "Business—Customers."

During the Track Record Period, we had some overlapping of our major customers and suppliers. For more information, see "Business—Customers—Major Customers—Overlapping major customers/suppliers."

Suppliers

For our operations of resorts and tourism destinations, our suppliers for resorts and tourism destinations primarily comprise (i) flight and other transportation companies; (ii) food, beverage and alcohol suppliers; (iii) third-party service providers; and (iv) other accommodations accessories suppliers and utilities providers.

For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, purchases from our five largest suppliers accounted for approximately 13.9%, 13.5%, 13.6% and 12.8% of our total cost of sales, respectively, and purchases from our largest supplier accounted for approximately 6.0%, 5.4%, 5.1% and 4.3% of our cost of sales, respectively. Our Directors confirm that, as of the Latest Practicable Date, all of our five largest suppliers for each of the periods during the Track Record Period were Independent Third Parties and none of our Directors or their close associates or our existing Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of those five largest suppliers. For more information, see "Business — Raw materials and Suppliers."

SALES AND MARKETING

Our sales and marketing activities are organized at the group level with separate teams covering different brands and regions. The sales channels of our resorts include (i) sales through direct channels, mainly comprising owned shops, call centers and online sales; and (ii) sales through travel agents. Approximately 61.9%, 62.0%, 63.4% and 64.7% of our sales of all-inclusive packages and transportation services of our resorts was generated from sales through direct channels for the 11 months ended 31 December 2015, years ended 31 December 2016 and 2017 and the six months ended 30 June 2018, respectively. We have established long-term cooperation relationships with local travel agent networks and other travel intermediaries, such as Thomas Cook, to assist with reservations and booking for our resorts. We cooperate with our travel agents to broaden our customer base, especially in countries and regions where we may not set up our own sales channel for commercial reasons. For Atlantis Sanya, except for walk-in customers, reservations and booking for Atlantis Sanya accommodations, Aquarium, Waterpark and MICE services are generally made through our direct sales channels, online sales and travel agencies. In general, we pay commissions and incentive fees to the travel agents depending on their sales volumes. Moreover, we are in seller-buyer relationship with travel agent A (who also acts as a typical sales channel) where we sell our Atlantis Sanya rooms to travel agent A who then sells Atlantis Sanya rooms to end-customers at prices set by us. For more information, see "Business—Sales and Marketing."

COMPETITION

The leisure tourism market, particularly its accommodations sector, is competitive. According to Frost & Sullivan, the global leisure tourism resorts market is highly fragmented and intensely competitive, with the top five market players accounting for only 2.4% of market share in terms of revenue in 2017. Our Group is the largest leisure tourism resorts group in the global market with a market share of 0.8% in terms of revenue in 2017. Please see "Industry Overview" for a more detailed discussion regarding the markets in which we operate.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, FHL, FIHL and Mr. Guo Guangchang, through Fosun International, indirectly held 99.12% of our issued Shares. Immediately after the completion of the Global Offering and upon Listing, Fosun International will hold 81.76% of our issued Shares (assuming the Over-allotment Option is not exercised and no Shares will be issued under the Pre-IPO Share Option Scheme and Pre-IPO Free Share Award Plan). Accordingly, our Company will remain as a subsidiary of Fosun International after the Listing, and FHL, FIHL and Mr. Guo Guangchang and Fosun International will constitute a group of Controlling Shareholders of our Company.

Save as disclosed in the section headed "Relationship with Our Controlling Shareholders" in this prospectus, there is no competition between the business of the Remaining Fosun International Group and our business.

We have entered into certain non-exempt continuing connected transactions with the Remaining Fosun International Group, including (i) provision of office property lease and management services by the Remaining Fosun International Group; and (ii) provision of resort management services to an associate of the Remaining Fosun International Group. In relation to these transactions, we are of the view that we do not and will not significantly rely on the Remaining Fosun International Group. Please refer to "Relationship with Our Controlling Shareholders—Operational Independence" in this prospectus for further details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets out our consolidated statements of profit or loss for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Revenue					
Resorts	8,902,569	10,779,686	11,758,411	6,174,491	6,368,570
Tourism Destinations	—	393	13,939	3,530	216,557
Services and solutions in various tourism and leisure settings	—	2,896	27,044	6,628	82,289
Total	8,902,569	10,782,975	11,799,394	6,184,649	6,667,416
Gross profit	2,067,872	2,540,798	2,830,349	1,601,474	1,798,502
Selling and marketing expenses	(1,622,303)	(1,904,861)	(2,170,996)	(1,147,916)	(1,167,730)
General and administrative expenses	(499,112)	(599,115)	(794,474)	(336,845)	(655,740)
Other (expenses)/income and gains, net [1]	(322,663)	26,308	208,510	16,308	39,530
Operating (loss)/profit	(376,206)	63,130	73,389	133,021	14,562
Finance costs	(426,145)	(497,165)	(433,092)	(249,964)	(198,818)
Share of profits and losses of:					
Joint ventures	(491)	(9,934)	(19,290)	(8,635)	(3,435)
Associates	4,487	(1,380)	1,478	854	1,607
LOSS BEFORE INCOME TAX	(798,355)	(445,349)	(377,515)	(124,724)	(186,084)
Income tax (expense)/credit	(155,344)	(27,208)	82,519	(64,341)	51,470
LOSS FOR THE YEAR/PERIOD	(953,699)	(472,557)	(294,996)	(189,065)	(134,614)

Note:

(1) Other (expenses)/income and gains, net includes other income such as interest income, government grants to support resort construction and operation, and proceeds from business interruption insurance; gains such as gains from disposal of equity investments; and other expenses such as the costs relating to the acquisition of Club Med. For details, see "Financial Information—Description of Principal Income Statement Items—Other (expenses) / income and gains, net."

Non-IFRS Measures

We supplement the presentation of our historical financial information with certain non-IFRS accounting measures including EBITDA, Adjusted EBITDA, and Adjusted Net Profit/(Loss). We calculate EBITDA by adding depreciation, amortization and finance costs to profit or loss before tax. We adjust EBITDA and net profit/(loss) to eliminate the effect of certain non-cash items and one-time events including the costs related to the acquisition of Club Med, 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 following tables reconcile our calculations of EBITDA, Adjusted EBITDA and Adjusted Net Loss for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRS. EBITDA, Adjusted EBITDA and Adjusted Net Loss are not required by, or presented in accordance with, IFRS. Please see "Financial Information—Critical Accounting Policies, Estimates and Judgments—Non-IFRS Measures" for details.

EBITDA

	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss before income tax	(798,355)	(445,349)	(377,515)	(124,724)	(186,084)
Add:					
Depreciation	314,749	494,537	521,801	259,123	303,115
Amortization	59,898	83,925	168,935	105,683	58,072
Finance costs	426,145	497,165	433,092	249,964	198,818
EBITDA (unaudited)	**2,437**	**630,278**	**746,313**	**490,046**	**373,921**

Adjusted EBITDA

	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
EBITDA	2,437	630,278	746,313	490,046	373,921
Add:					
Costs related to acquisition of Club Med	179,669	—	—	—	—
Equity-settled share-based payments	—	—	—	—	34,044
Listing expenses	—	—	—	—	17,062
Adjusted EBITDA(1) (unaudited)	**182,106**	**630,278**	**746,313**	**490,046**	**425,027**

Note:

(1) The preparation and operation costs of Atlantis Sanya for the year ended 31 December 2016 and 2017 and the six months ended 30 June 2017 and 2018, before the official opening in April 2018, were RMB26.8 million, RMB155.8 million, RMB36.3 million and RMB187.2 million, respectively.

Adjusted Net Loss

	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Net loss	(953,699)	(472,557)	(294,996)	(189,065)	(134,614)
Add:					
Costs related to acquisition of Club Med	179,669	—	—	—	—
Interest to related companies prior to the reorganization(1)	222,420	249,475	105,901	58,582	30,190
Equity-settled share-based payments	—	—	—	—	34,044
Listing expenses	—	—	—	—	17,062
Adjusted Net Loss(2)	**(551,610)**	**(223,082)**	**(189,095)**	**(130,483)**	**(53,318)**

Note:

(1) Interest to related companies includes the interest on loans with Fosun Industrial and Fosun Property which were settled upon reorganization in May 2017 and the interest on convertible bonds and convertible redeemable preferred shares of Fidelidade which was settled in May 2018.

(2) The preparation and operation costs of Atlantis Sanya for the year ended 31 December 2016 and 2017 and six months ended 30 June 2017 and 2018, before the official opening in April 2018, were RMB26.8 million, RMB155.8 million, RMB36.3 million and RMB187.2 million, respectively.

During the Track Record Period, our net loss narrowed from RMB953.7 million in 2015 to RMB472.6 million in 2016 to RMB295.0 million in 2017 and from RMB189.1 million for the six months ended 30 June 2017 to RMB134.6 million for the six months ended 30 June 2018. Our net loss in 2015 was affected by the cost of our acquisition of Club Med that year. The steady improvements in the operating results of our Group reflect the success of our management of Club Med and execution of its asset optimization strategy as well as contribution of new businesses that we have developed. After adjusting for the cost of the Club Med acquisition, interests payable to related companies prior to our reorganization, equity-settled share-based payments and listing expenses, our Adjusted EBITDA grew from RMB182.1 million in 2015 to RMB630.3 million in 2016 to RMB746.3 million in 2017 driven by strong improvement in Club Med's results of operations. Our Adjusted EBITDA decreased slightly from RMB490.0 million in the six months ended 30 June 2017 to RMB425.0 million in the six months ended 30 June 2018 primarily due to pre-opening expenses of Atlantis Sanya, which were RMB36.3 million in the first half of 2017 and RMB187.2 million in the first half of 2018.

Revenue by geography

The following table sets out a breakdown of our revenue by region where the travel booking was made, which generally corresponds to the home location of the customer, instead of the region to be visited.

	For the year ended 31 December						For the six months ended 30 June			
	2015		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Revenue based on location of customers										
EMEA	6,139,259	69.0%	7,312,691	67.8%	7,923,809	67.1%	4,010,182	64.8%	4,218,995	63.3%
Americas	1,403,749	15.8%	1,797,836	16.7%	2,085,801	17.7%	1,277,594	20.7%	1,275,640	19.1%
Asia Pacific	1,359,561	15.2%	1,672,448	15.5%	1,789,784	15.2%	896,873	14.5%	1,172,781	17.6%
Total	**8,902,569**	**100.0%**	**10,782,975**	**100.0%**	**11,799,394**	**100.0%**	**6,184,649**	**100.0%**	**6,667,416**	**100.0%**

Our business segments and business functions

Our business has three segments: **resorts**, consisting of Club Med; **tourism destinations**, consisting of Atlantis Sanya and Albion; and **services and solutions in various tourism and leisure settings**, consisting of our FOLIDAY platform and other entertainment, tourism- and culture-related businesses including Fanxiu and Miniversity. For systematic presentation and analysis of our operating results, we combine common functions performed across business segments according to the three main business functions we perform: **Resorts and destination operations** combines revenue from resort operations of Club Med and destination operations of Atlantis Sanya and includes Albion's design, operation and management of tourism destinations. **Tourism-related property sales and construction services** combine revenue from tourism-related property development and construction services of Club Med and tourism-related property development of Atlantis Sanya. **Tourism and leisure services and solutions** includes the transportation services of Club Med, the provision of tourism and leisure-related booking and services and provision of entertainment and other culture-related services, including performance shows and children's activities. For more information, see "Financial Information—Description of Principal Income Statement Items—Revenue."

Revenue by business function

	For the year ended 31 December						For the six months ended 30 June			
	2015		2016		2017		2017		2018	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Revenue										
Resorts and destination operations	6,917,211	77.7%	8,357,195	77.5%	9,096,180	77.1%	4,865,586	78.7%	5,396,340	80.9%
Tourism-related property sales and construction services	69,657	0.8%	345,846	3.2%	492,178	4.2%	215,671	3.5%	18,730	0.3%
Tourism and leisure services and solutions	1,915,701	21.5%	2,079,934	19.3%	2,211,036	18.7%	1,103,392	17.8%	1,252,346	18.8%
Total	**8,902,569**	**100.0%**	**10,782,975**	**100.0%**	**11,799,394**	**100.0%**	**6,184,649**	**100.0%**	**6,667,416**	**100.0%**

Gross profit and gross profit margin by business function

The following table sets out our gross profit (GP) and gross profit margin by business function.

	For the year ended 31 December						For the six months ended 30 June			
	2015		2016		2017		2017		2018	
	Gross Profit *RMB'000*	**GP Margin** %	**Gross Profit** *RMB'000*	**GP Margin** %	**Gross Profit** *RMB'000*	**GP Margin** %	**Gross Profit** *RMB'000* (unaudited)	**GP Margin** %	**Gross Profit** *RMB'000*	**GP Margin** %
Resorts and destination operations	1,801,419	26.0%	2,215,124	26.5%	2,477,490	27.2%	1,435,423	29.5%	1,654,575	30.7%
Tourism-related property sales and construction services[(1)]	19,634	28.2%	14,088	4.1%	29,560	6.0%	7,790	3.6%	3,837	20.5%
Tourism and leisure services and solutions	246,819	12.9%	311,586	15.0%	323,299	14.6%	158,261	14.3%	140,090	11.2%
Total	**2,067,872**	**23.2%**	**2,540,798**	**23.6%**	**2,830,349**	**24.0%**	**1,601,474**	**25.9%**	**1,798,502**	**27.0%**

Note:

(1) The fluctuation in gross profit margin from tourism-related property sales and construction services during the Track Record Period was primarily due to lower-margin revenue in 2016 and 2017 from construction services we provided for the construction of the Grand Massif Samoëns resort in France which was completed in 2017. For more information, see "Financial Information—Period to Period Comparison of Results of Operations."

Revenue by business segment

The following table sets forth our revenue by business segment during the Track Record Period.

	For the year ended 31 December						For the six months ended 30 June			
	2015		2016		2017		2017		2018	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Revenue										
Resorts	8,902,569	100.0%	10,779,686	100.0%	11,758,411	99.7%	6,174,491	99.8%	6,368,570	95.5%
Tourism Destinations	—	—	393	0.0%	13,939	0.1%	3,530	0.1%	216,557	3.3%
Services and solutions in various tourism and leisure settings	—	—	2,896	0.0%	27,044	0.2%	6,628	0.1%	82,289	1.2%
Total	**8,902,569**	**100.0%**	**10,782,975**	**100.0%**	**11,799,394**	**100.0%**	**6,184,649**	**100.0%**	**6,667,416**	**100.0%**

Gross profit and gross profit margin by business segment

The following table sets out our gross profit (GP) and gross profit margin by business segment during the Track Record Period.

	For the year ended 31 December						For the six months ended 30 June			
	2015		2016		2017		2017		2018	
	Gross Profit	GP Margin	Gross Profit	GP Margin	Gross Profit	GP Margin	Gross Profit	GP Margin	Gross Profit	GP Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (*unaudited*)	*%*	*RMB'000*	*%*
Resorts	2,067,872	23.2%	2,540,087	23.6%	2,822,679	24.0%	1,599,854	25.9%	1,825,993	28.7%
Tourism Destinations	—	—	393	100.0%	6,854	49.2%	1,044	29.6%	1,428	0.7%
Services and solutions in various tourism and leisure settings	—	—	318	10.9%	816	3.0%	576	8.7%	(28,919)	(35.1)%
Total	**2,067,872**	**23.2%**	**2,540,798**	**23.6%**	**2,830,349**	**24.0%**	**1,601,474**	**25.9%**	**1,798,502**	**27.0%**

For our resorts segment, gross profit and gross profit margin increased throughout the Track Record Period. For our tourism destinations segment, the gross profit margin was lower in the six months ended 30 June 2018, as Atlantis Sanya had just commenced operations, compared to earlier periods when Albion posted higher gross profit margins. Our third business segment, services and solutions in various tourism and leisure settings, expanded rapidly during the first half of 2018 and the loss and negative gross margin from that period was due to the ramping up of entertainment, tourism and culture-related businesses.

The following table sets forth selected items of our consolidated statements of financial position as of the dates indicated:

	As of 31 December			As of 30 June 2018	As of 30 September 2018
	2015	2016	2017		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)
Non-current assets	12,279,536	13,877,734	16,434,609	17,814,796	19,341,124
Current assets	4,036,108	5,756,615	12,895,221	10,626,849	10,816,621
Current liabilities	8,351,729	8,350,896	16,706,141	16,442,146	18,071,525
Net current liabilities	(4,315,621)	(2,594,281)	(3,810,920)	(5,815,297)	(7,254,904)
Non-current liabilities	8,639,560	10,117,680	8,076,200	6,627,464	6,715,399
Total Equity	(675,645)	1,165,773	4,547,489	5,372,035	5,370,821

As of 31 December 2015, 2016 and 2017 and 30 June 2018, we had net current liabilities of RMB4,315.6 million, RMB2,594.3 million, RMB3,810.9 million and RMB5,815.3 million, respectively. During the Track Record Period, our net current liabilities were primarily attributable to the increase in contract liabilities from advance payments from buyers of Tang Residence and amounts due to related parties to fund the expansion of our business operations in China. When physical possession of the pre-sold Tang Residence units are transferred to their buyers beginning from the second half of 2018, the corresponding contract liabilities will be fully satisfied. The satisfaction of such contract liabilities does not require payment of cash by us.

As of 30 September 2018, our net current liabilities increased to RMB7,254.9 million, primarily due to our acquisition of long-term assets, such as land use rights in the Taicang Project, using short-term borrowings. We believe we have sufficient resources such as cash and cash equivalents, cash flow generated from operations, and available banking facilities to fund our future business. We expect our working capital position to improve as we generate more cash from our growing operations and begin to settle contract liabilities. For discussions of our working capital position, see "Financial Information—Description of Principal Consolidated Balance Sheet Items."

As of 31 December 2015, 2016 and 2017 and 30 June 2018, we carried on our balance sheet, intangible assets other than goodwill of RMB2,239.7 million, RMB2,320.4 million, RMB2,525.1 million and RMB2,509.2 million respectively, and goodwill of RMB1,570.8 million, RMB1,617.7 million, RMB1,727.4 million, and RMB1,694.0 million, respectively. Our intangible assets consist mainly of trademarks, and also include patents, software, and leasehold rights. We recognized goodwill in our acquisition of Club Med in 2015 and the amount of goodwill has since fluctuated solely due to translation of exchange rate fluctuation. For discussions of our intangible assets and goodwill, see "Financial Information—Description of Principal Consolidated Balance Sheet Items—Intangible assets" and "—Goodwill." Our intangible assets and goodwill are tested for impairment. For discussions of risks in connection with intangible assets and goodwill, see "Risk Factors—Risks Relating to Our Business—We have significant amounts of intangible assets and goodwill on our balance sheet, which could be reduced by impairment losses."

The following table sets out a selected summary of our consolidated cash flow statements for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Net cash flows generated from operating activities	117,900	1,315,476	3,327,560	2,543,797	198,057
Net cash flows used in investing activities	(5,738,916)	(1,402,750)	(2,257,436)	(963,581)	(497,141)
Net cash flows from/(used in) financing activities	2,211,194	870,356	(1,445,874)	(1,972,105)	715,997
Cash and cash equivalents at end of the year/period	525,106	1,323,469	989,723	965,848	1,393,667

Key Financial Ratios

	As of and for the year ended 31 December			As of and for the six months ended 30 June
	2015	**2016**	**2017**	**2018**
Current Ratio[1]	0.5	0.7	0.8	0.6
Gearing Ratio[2]	43.1%	40.3%	22.1%	16.4%
Adjusted EBITDA margin[3][4]	2.0%	5.8%	6.3%	6.4%

Notes:

(1) Current ratio equals current assets divided by current liabilities as of the end of the period.

(2) Gearing ratio equals net debt as a percentage of total assets as of the end of the period. Total debt includes interest-bearing bank borrowings, finance lease payables, convertible bonds, convertible redeemable preferred shares, and the non-current portion of amounts due to related companies. Net debt equals total debt less cash and cash equivalents.

(3) Adjusted EBITDA margin equals Adjusted EBITDA as a percentage of revenue.

(4) The preparation and operation costs of Atlantis Sanya for the year ended 31 December 2016 and 2017 and six months ended 30 June 2017 and 2018, before the official opening in April 2018, were RMB26.8 million, RMB155.8 million, RMB36.3 million and RMB187.2 million, respectively.

Key Operating Data

The following table sets out certain key information with respect to our resort business:

	For the year ended 31 December			For the six months ended 30 June
	2015[(1)]	2016	2017	2018
Capacity of Resorts ('000)	9,942.0	11,057.0	11,046.1[(1)]	6,082.0
Occupancy Rate by Bed	67.5%	66.1%	68.7%	67.0%[(2)]
Average Daily Bed Rate (RMB)	1,042.9	1,160.2	1,218.9	1,317.4
Revenue per Bed (RMB)	725.2	781.6	845.5	883.6

Notes:

(1) The Capacity of Resorts decreased from 2016 to 2017 due to the decreased capacity of mountain resorts, which was because the opening date of mountain resorts in the winter of 2017 was several days later than the respective opening date in winter of 2016.

(2) The Occupancy Rate by Bed decreased primarily because of the opening of four new resorts and the impact from the volcano eruption in Bali, Indonesia and the political turmoil in the Maldives.

For further information, see "Business — Our Principal Business Activities — Resorts — Resorts Operating Model."

RECENT DEVELOPMENTS

From the end of the Track Record Period to the date of this prospectus, our business operations continued to expand and we recorded Adjusted Net Profit, positive EBITDA and Adjusted EBITDA for the nine months ended 30 September 2018.

In respect of our resort business, Club Med's Occupancy Rate by Bed, Average Daily Bed Rate and Revenue per Bed were generally stable in the three months ended 30 September 2018 compared to the six months ended 30 June 2018. In keeping with Club Med's upscaling strategy, since 30 June 2018, two resorts, both Three Trident, have been permanently closed when their leases were not renewed. A new resort, the Arcs Panorama, a Four Trident Resort with Five Trident space, will open in France in December 2018. An agreement has been reached for the early termination of one lease expiring in 2019.

In respect of our tourism destination business, for the three months ended 30 September 2018, Atlantis Sanya's destination operations, in the first full quarter of operations since the official opening, achieved strong operating and financial results, with revenue of RMB290.0 million and EBITDA of RMB92.9 million, representing EBITDA margin of 31.9%. During the same quarter, Occupancy Rate by Room was 73.0%, Average Daily Rate by Room was RMB1,982.3 and RevPar by Room was RMB1,446.7.

For our Taicang Project, we entered into land acquisition agreements in July 2018 and September 2018 to acquire additional land parcels in Taicang with a gross site area of 181,486.8 m^2 and 154,977.9 m^2, respectively, and have paid in full the land acquisition prices of approximately RMB1,090.6 million and RMB508.9 million, respectively, for these two land parcels. On 20 September 2018, our Group and the French-based Compagnie des Alpes ("**CDA**"), one of the world's leading ski resort operators, entered into a memorandum of understanding, under which both parties agreed to negotiate in good faith on CDA's participation in the development and operation of Taicang Project's indoor ski slope and enter into final cooperation agreements. We have engaged CDA Management, a subsidiary of CDA, to advise on and assist in the design, development and construction of the indoor ski slope.

In respect of our Foryou Club membership system, total club membership reached approximately 2.3 million members as of 30 September 2018, an increase of approximately 57% from 30 June 2018. Purchases by Foryou Club members averaged approximately RMB3.6 million per month from Foryou Club's launch in March 2018 to 30 September 2018.

During the nine months ended 30 September 2018, no property sales revenue was recognized for the pre-sale of Tang Residence units. In late October 2018, we issued property ownership transfer notices to buyers of 783 out of 807 apartments of Tang Residence. Upon the transfer of the physical possession of such units to their buyers, which we expect to commence before the end of 2018, the sales price of such properties will be recognized as revenue. We expect the majority of our contract liabilities related to property sales of RMB6,746.1 million as of 30 June 2018 to be recognized as revenue in 2018 and 2019. As of the Latest Practicable Date, revenue of RMB86.9 million had been recognized from the contract liabilities related to property sales as of 30 June 2018.

Furthermore, since 30 June 2018, we have (i) obtained bank facilities from HSBC and Natixis in the amounts of approximately HK$2 billion and GBP40 million, respectively; (ii) purchased additional shares of Thomas Cook and held in total 6.04% of the equity interest in Thomas Cook as of the Latest Practicable Date; and (iii) signed a share transfer agreement for the acquisition of an additional 7.73% equity interests in Vigor and the acquisition was under the review by the Ministry of Economic Affairs of Taiwan as of the Latest Practicable Date.

For the nine months ended 30 September 2018, we generated revenue of RMB10,221.0 million, including revenue from resorts and destination operations of RMB8,304.0 million, which grew 13.2% year-on-year. Our gross profit margin for the same period was 28.8%.

Our Directors confirm that there has been no material adverse change in our financial, operational or trading positions or prospects since 30 June 2018, the date of our Consolidated Financial Statements as set out in the Accountants' Report included in Appendix I, and up to the date of this prospectus.

OFFER STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option is not exercised:

	Based on an Offer Price of HK$15.60	**Based on an Offer Price of HK$20.00**
Market capitalization(1)	HK$19,081 million	HK$24,462 million
Unaudited pro forma adjusted net tangible assets per Share(2)	HK$3.46	HK$4.21

Notes:

(1) The calculation of market capitalization is based on 1,223,120,863 Shares expected to be in issue immediately upon completion of the Global Offering, but takes no account of the Over-allotment Option and assuming that no Shares will be issued under the Pre-IPO Share Option Scheme and Pre-IPO Free Share Award Plan. Please see "Share Capital" in this prospectus for further details.

(2) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in "Appendix II—Unaudited Pro Forma Financial Information—A. Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets" and on the basis of 214,200,000 Shares to be issued during the Global Offering and thereafter 1,223,120,863 Shares are to be outstanding, assuming the Over-allotment Option is not exercised, and without taking into account any Shares that can be issued under the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan.

Please see "Appendix II—Unaudited Pro Forma Financial Information—A. Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets" in this prospectus for further details.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering, including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued under the Pre-IPO Share Option Scheme and Pre-IPO Free Share Award Plan, on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended 31 December 2017 being RMB11.8 billion (equivalent to approximately HK$13.5 billion), which is over HK$500 million, and (ii) our expected market capitalization at the time of Listing, which, based on the low-end of the indicative Offer Price range, exceeds HK$4 billion.

DIVIDENDS

As of 30 June 2018, we did not have a formal dividend policy or any pre-determined dividend ratio. No divided was declared or paid by our Company during the Track Record Period. After completion of this Global Offering, our Shareholders will be entitled to receive dividends declared by us. The proposal of payment and the amount of our dividends will be made at the discretion of our Board and will depend on our general business condition and strategies, cash flows, financial results and capital requirements, the interests of our Shareholders, taxation conditions, statutory and regulatory restrictions and other factors that our Board deems relevant. Any final dividend distribution shall also be subject to the approval of our Shareholders in a Shareholders' meeting. For more information, see "Financial Information—Dividends."

FUTURE PLANS AND USE OF PROCEEDS

Assuming an Offer Price of HK$17.80 per Share (being the mid-point of the Offer Price range), we estimate that we will receive net proceeds of approximately HK$3,669.1 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 19% of the net proceeds, or approximately HK$697.1 million, is expected to be used to expand our existing business, including further developing our resort business, developing our digital technology infrastructure, enhancing branding as well as promoting sales and marketing activities, and developing kid learning and playing business, and cultural events, performing arts and live entertainment business.

- approximately 52% of the net proceeds, or approximately HK$1,907.9 million, is expected to be used for the development of the Lijiang Project and Taicang Project, and exploring new tourism destinations with valuable resources.

- approximately 26% of the net proceeds, or approximately HK$954.0 million, is expected to be used to repay a portion of our outstanding bank loans.

- approximately 3% of the net proceeds, or approximately HK$110.1 million, is expected to be used for working capital and general corporate purposes.

To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-allotment Option) are either more or less than expected, we may adjust our allocation of the net proceeds for the above purposes on a pro rata basis. For more information, see "Future Plans and Use of Proceeds."

LISTING EXPENSES

The Group expects to incur listing expenses of approximately RMB127.2 million (assuming an Offer Price of HK$17.80, being the mid-point of the indicative Offer Price range between HK$15.60 and HK$20.00, and assuming that the Over-allotment Option is not exercised) until the completion of the Global Offering, of which RMB42.7 million (including RMB17.1 million recognized for the six months ended 30 June 2018) is expected to be charged to our consolidated income statement for the year ending 31 December 2018 and RMB84.5 million is directly attributable to the issue of the Shares to the public and to be capitalized. Listing expenses represent professional fees and other fees incurred in connection with the Listing, including underwriting commissions but excluding discretionary bonus. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

RISK FACTORS

Our business is subject to numerous risks, and there are uncertainties relating to an investment in the Shares. These risks and uncertainties can be categorized as (i) risks relating to our business; (ii) risks relating to the PRC; and (iii) risks relating to the Global Offering.

The following highlights some of the key risks that affect our business:

- Our business and results of operations depend on the number of customers that we are able to attract, which are subject to global economic conditions and certain risks common to the tourism and leisure industry.
- Changes in consumer tastes and preferences may affect visits at our resorts, tourism destinations, and services and solutions in various tourism and leisure settings.
- We have incurred net losses in the past, and we may not be able to achieve profitability in the future.
- We lease some of the resorts from third parties, and a termination of or failure to renew or a dispute relating to any of these leases could negatively impact our results of operations.
- Our results of operations may fluctuate due to seasonal and other factors.
- Geopolitics, natural disasters or other catastrophic events or outbreak of severe contagious diseases may severely disrupt our business and operations and may have a material adverse effect on our business, financial condition and results of operations.

LEGAL PROCEEDINGS AND COMPLIANCE

We are involved in legal or other disputes in the course of our business. As of the Latest Practicable Date, Thomas Cook France had ongoing disputes with us in connection with the sale of Jet Tours in 2008. In January 2010, Thomas Cook France, arguing that the sale price for the Jet Tours acquisition had been too high, sued Club Med and its subsidiary for willful misrepresentation, claiming damages of EUR20 million. The lower court held in favor of Club Med, and the appellate court upheld the lower court's judgment. Thomas Cook France has lodged an appeal to the French Supreme Court. The hearing was held on 9 October 2018, and a decision from the French Supreme Court, which could be announced at any time, was pending as of the Latest Practicable Date. Club Med in turn sued Thomas Cook France for non-performance of its obligation to grant Club Med the status of privileged tour operator, claiming EUR6.2 million in damages. In January 2018, the Paris Commercial Court ordered Thomas Cook France to pay Club Med EUR2 million. Thomas Cook France appealed the decision. As of the Latest Practicable Date, neither legal action has been closed. Our Directors do not believe that the outcome of these legal actions will have a material adverse effect on our relationship with Thomas Cook. As of the Latest Practicable Date, a company (the "**Buyer**"), which had purchased a property complex in Italy from us pursuant to a sales agreement dated 14 September 2005, had ongoing disputes with us. In 2011, the Buyer sued Club Med to seek an order for the revocation, cancelation or termination of the sales agreement, the reimbursement of the purchase price and interest and damages amounting to approximately EUR35 million in total, which has subsequently been reduced to EUR28 million. The Buyer alleged that certain information regarding the situation of the buildings that Club Med provided under the sales agreement was not completely truthful. The Court of First Instance ordered Club Med to indemnify the Buyer for EUR3 million. Club Med appealed this decision and was granted a suspension of execution until the hearing of the merits of the case which is expected to be held in 2019. For more information on the disputes, see "Business — Legal Proceedings and Compliance." Except as disclosed in this Prospectus, as of the Latest Practicable Date, we were not involved in any actual or pending litigation, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe could have a material adverse effect on our business, results of operations, financial condition or reputation. Our Directors are not involved in any actual or threatened material claims or litigation.

During the Track Record Period and up to the Latest Practicable Date, despite our compliance with the applicable health and safety laws and regulations in all material respects, around 27 serious incidents, each of which involved either damages estimated by our insurer to be in excess of EUR75,000 or death, had occurred at our resorts in the course of our business operations. Club Med's total exposure to liability, including any litigation arising out of any incident, is capped at EUR20,000 policy deductible per incident under the relevant insurance policy. Club Med works closely with insurance partners to refine and improve safety and security at its resorts. For more information, see "Business—Health, Hygiene and Safety."

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"ACF II"	ACF II Investment S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated in Luxembourg and one of the shareholders of Club Med Holding
"AMF"	French Financial Markets Authority (*Autorité des marchés financiers*)
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them which is used in relation to the Hong Kong Public Offering and **BLUE** Application Form(s) in relation to the Preferential Offering
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company conditionally adopted on 19 November 2018 which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in Appendix V of this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Assured Entitlement"	the entitlement of the Qualifying Fosun International Shareholders to apply for the Reserved Shares on an assured basis pursuant to the Preferential Offering determined on the basis of their respective shareholdings in Fosun International on the Record Date
"Audit Committee"	the audit committee of the Board
"Beneficial Fosun International Shareholder"	any beneficial owner of share of Fosun International whose shares of Fosun International are registered, as shown in the register of members of Fosun International, in the name of a registered shareholder of Fosun International on the Record Date
"B21"	the value-added telecommunications license for online data processing services (operating ecommerce) in the PRC
"**BLUE** Application Form(s)"	the application form(s) to be sent to Qualifying Fosun International Shareholders to subscribe for the Reserved Shares pursuant to the Preferential Offering

"**Blue Form eIPO**"	the application for the Reserved Shares to be issued in a Qualifying Fosun International Shareholder's own name by submitting applications online through the designed website of the **Blue Form eIPO** at **www.eipo.com.hk**
"**Blue Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Board" or "Board of Directors"	our board of Directors
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday, or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Cayman Companies Law" or "Companies Law"	the Companies Law (2018 Revision) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Club Med"	Club Med SAS (formerly known as Club Méditerranée SA), a simplified joint-stock company *(société par actions simplifiée)* incorporated in France on 12 November 1957 and a non-wholly owned subsidiary of our Company

"Club Med Holding"	Club Med Holding (formerly known as Holding Gaillon II), a simplified joint-stock company (*société par actions simplifiée*) incorporated in France on 9 September 2014 and a non-wholly owned subsidiary of our Company
"Club Med Invest"	Club Med Invest (formerly known as Gaillon Invest II), a simplified joint-stock company (*société par actions simplifiée*) incorporated in France on 9 September 2014 and a non-wholly owned subsidiary of our Company
"Club Med Subsidiaries"	the subsidiaries of Club Med from time to time
"Club Med Sales"	Club Med Sales, Inc., a corporation incorporated under the laws of the State of Delaware on 15 October 1971 and a non-wholly owned subsidiary of our Company
"CM Ordinary Share"	the ordinary shares of Club Med Holding, the terms of which are set out in the section headed "Statutory and General Information—A. Further Information about Our Group—D. Shareholders' Agreement of Club Med Holding"
"CM Class B Share"	the convertible redeemable preferred share B of Club Med Holding, the terms of which are set out in the section headed "Statutory and General Information—A. Further Information about Our Group—D. Shareholders' Agreement of Club Med Holding"
"CM Class C Share"	the preferred share C of Club Med Holding, the terms of which are set out in the section headed "Statutory and General Information—A. Further Information about Our Group—D. Shareholders' Agreement of Club Med Holding"
"CM Convertible Bond"	the convertible bond issued by Club Med Holding, the terms of which are set out in the section headed "Statutory and General Information—A. Further Information about Our Group—D. Shareholders' Agreement of Club Med Holding"
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time

"Company" or "our Company"	Fosun Tourism Group (复星旅游文化集团) (formerly known as Fosun Tourism and Culture Group (Cayman) Company Limited (复星旅游文化集团（开曼）有限公司)), an exempted company with limited liability incorporated in the Cayman Islands on 30 September 2016
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"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
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Deed of Non-competition"	a deed of non-competition undertakings dated 26 November 2018 entered into between our Company and our Controlling Shareholders to ensure a clear delineation between the respective businesses of the Group and the Remaining Fosun International Group with effect from the Listing Date, as further described in "Relationship with Our Controlling Shareholders" in this prospectus
"Director(s)"	director(s) of our Company
"EBITDA"	earnings before interest, taxes, depreciation and amortization
"EIT"	enterprise income tax in the PRC
"EMEA"	Europe, Middle East, and Africa, which, for our purposes, also includes Turkey
"EUR" or "Euro" or "€"	Euro, the lawful currency of the European Union
"Euronext Paris"	Euronext Paris Stock Exchange (the regulated market of Euronext in Paris)
"E.U." or "European Union"	the European Union

"Fanyue Taicang"	Fanyue (Taicang) Tourism and Culture Development Co., Ltd. (泛悅(太倉)旅遊文化發展有限公司), a limited liability company established in the PRC on 18 January 2018 and a wholly-owned subsidiary of our Company
"Fanyi Tourism"	Shanghai Fanyi Tourism and Development Co., Ltd. (上海泛逸旅遊發展有限公司), a limited liability company established in the PRC on 11 October 2017 and a wholly-owned subsidiary of our Company
"Fidelidade"	Fidelidade-Companhia de Seguros, S.A., a company incorporated in Portugal and a non-wholly owned subsidiary of Fosun International
"FHL"	Fosun Holdings Limited (復星控股有限公司), a company incorporated in Hong Kong with limited liability, which is wholly owned by FIHL, and one of our Controlling Shareholders
"FIHL"	Fosun International Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability, and one of our Controlling Shareholders
"Fosun Albion"	Shanghai Fosun Albion Tourism Development Co., Ltd. (上海復星愛必儂旅遊發展有限公司) a limited liability company established in the PRC on 11 May 2016 and a wholly-owned subsidiary of our Company
"Fosun Commercial"	Zhejiang Fosun Commercial Development Co., Ltd. (浙江復星商業發展有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of Fosun International
"Fosun High Tech"	Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of Fosun International
"Fosun Industrial"	Fosun Industrial Holdings Limited (復星產業控股有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of Fosun International
"Fosun International"	Fosun International Limited (復星國際有限公司), 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: 0656), and one of our Controlling Shareholders
"Fosun International Group"	Fosun International and its subsidiaries from time to time

"Fosun Luxembourg"	Fosun Luxembourg Holdings S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated in Luxembourg on 15 May 2013 and a wholly-owned subsidiary of our Company
"Fosun Pharma"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), a company whose A shares are listed on the Shanghai Stock Exchange with stock code 600196, and whose H shares are listed on the Stock Exchange with stock code 02196 and a non wholly-owned subsidiary of Fosun International
"Fosun Property"	Fosun Property Holdings Limited (復星地產控股有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of Fosun International
"Folli Follie"	Folli Follie Commercial Manufacturing and Technical Société Anonyme, a company incorporated in Greece, the shares of which are listed on the Athens Stock Exchange (stock code: FFGRP) in which Fosun International Group holds 16.37% of equity interest as of the Latest Practicable Date
"FTG HK"	Fosun Tourism and Culture Group (HK) Company Limited (復星旅遊文化集團(香港)有限公司), a company incorporated in Hong Kong with limited liability on 3 October 2016 and a wholly-owned subsidiary of our Company
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent third party
"F&S Report" or "Frost & Sullivan Report"	an independent market research report prepared by Frost & Sullivan for the purpose of this prospectus
"Fuyou Investment"	Fuyou Investment (Taicang) Co., Ltd.(復遊投資(太倉)有限公司), a limited liability company established in the PRC on 8 June 2018 and a wholly-owned subsidiary of our Company
"Gaillon Management I"	Gaillon Management I, a simplified joint-stock company (*société par actions simplifiée*) incorporated in France and one of the shareholders of Club Med Holding
"Gaillon Management II"	Gaillon Management II, a simplified joint-stock company (*société par actions simplifiée*) which was incorporated in France and had been revoked in 2016, a former shareholder of Club Med Holding
"GBP" or "£"	the lawful currency of the United Kingdom

"GDP"	gross domestic product
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering (including the Preferential Offering)
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"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. (海南亞特蘭蒂斯商旅發展有限公司), a limited liability company established in the PRC on 15 May 2013 and a wholly-owned subsidiary of our Company
"Hainan FTD"	Hainan Fosun Tourism Development Co., Ltd. (海南復星旅遊發展有限公司), a limited liability company established in the PRC on 6 November 2017 and a wholly-owned subsidiary of our Company
"HK$" or "HKD" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 21,420,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed "Structure of the Global Offering—The Hong Kong Public Offering" in this prospectus

"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong (subject to reallocation as described in "Structure of the Global Offering") at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and conditions described in the section headed "Structure of the Global Offering—The Hong Kong Public Offering" in this prospectus and the Application Forms
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting—Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement, dated 29 November 2018, relating to the Hong Kong Public Offering and entered into by, among others, our Company, Fosun International, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, CLSA Capital Markets Limited, CLSA Limited, Citigroup Global Markets Asia Limited, The Hongkong and Shanghai Banking Corporation Limited, Fosun Hani Securities Limited and Hong Kong Underwriters as further described in the section headed "Underwriting" in this prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hoshino Tomamu"	Hoshino Resort Tomamu Corporation, a company incorporated in Japan, a wholly-owned subsidiary of Yuyuan and a non-wholly owned subsidiary of Fosun International, and also a connected person of our Company
"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
"Indonesia"	the Republic of Indonesia
"International Offer Shares"	the 192,780,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the International Offering (including, for the avoidance of doubt, 21,420,000 Reserved Shares for the Preferential Offering) together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in "Structure of the Global Offering—The International Offering" in this prospectus

"International Offering"	the conditional offering of the International Offer Shares at the Offer Price to professional, institutional, and other investors by the International Underwriters on behalf of our Company as described in "Structure of the Global Offering" (for the avoidance of doubt, of the International Offer Shares initially being offered under the International Offering, the Reserved Shares are made available for subscription by the Qualifying Fosun International Shareholders under the Preferential Offering)
"International Sanctions"	sanction-related laws and regulations issued by the United States, the European Union or the United Nations
"International Sanctions Legal Advisers"	Paul Hastings LLP and Paul Hastings (Europe) LLP, the legal advisers to our Company as to International sanctions laws in connection with the Listing
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, our Company, the Joint Global Coordinators, and the International Underwriters on or about 7 December 2018
"IP"	intellectual property
"JD Capital"	JD Moon River S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated in Luxembourg and one of the shareholders of Club Med Holding
"JD Investors"	JD Capital Hong Kong Utour International Travel Service Co., Limited, JD Alps Limited, Jiuding China Growth Fund, L.P., and Jiuding China Growth Fund II, L.P, each of which is an independent third party
"JLL" or "Property Valuer"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited

"Joint Bookrunners"	J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering only), J.P. Morgan Securities plc (in relation to the International Offering only), CLSA Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Offering only), Citigroup Global Markets Limited (in relation to the International Offering only), The Hongkong and Shanghai Banking Corporation Limited, Fosun Hani Securities Limited, ABCI Capital Limited, AMTD Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Hong Kong Branch, CMB International Capital Limited, Haitong International Securities Company Limited, ICBC International Capital Limited, Natixis, Nomura International (Hong Kong) Limited and Societe Generale
"Joint Global Coordinators"	J.P. Morgan Securities (Asia Pacific) Limited, CLSA Limited, Citigroup Global Markets Asia Limited, The Hongkong and Shanghai Banking Corporation Limited, and Fosun Hani Securities Limited
"Joint Lead Managers"	J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering only), J.P. Morgan Securities plc (in relation to the International Offering only), CLSA Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Offering only), Citigroup Global Markets Limited (in relation to the International Offering only), The Hongkong and Shanghai Banking Corporation Limited, Fosun Hani Securities Limited, ABCI Securities Company Limited, AMTD Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Hong Kong Branch, CMB International Capital Limited, Haitong International Securities Company Limited, ICBC International Capital Limited, Natixis, Nomura International (Hong Kong) Limited, Societe Generale, Futu Securities International (Hong Kong) Limited, Guotai Junan Securities (Hong Kong) Limited, Head & Shoulders Securities Limited, SBI China Capital Financial Services Limited and Zhongtai International Securities Limited Corporation
"Joint Representatives"	J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, CLSA Capital Markets Limited, CLSA Limited, Citigroup Global Markets Asia Limited, Citigroup Global Markets Limited and The Hongkong and Shanghai Banking Corporation Limited, together with each of their respective affiliates
"Joint Sponsors"	J.P. Morgan Securities (Far East) Limited, CLSA Capital Markets Limited and Citigroup Global Markets Asia Limited

"Kerzner"	Kerzner International Limited, a company incorporated in The Commonwealth of the Bahamas, and its subsidiaries
"Kuyi"	Kuyi International Travel Agency (Shanghai) Co., Ltd. (酷怡國際旅行社(上海)有限公司), a limited liability company established in the PRC on 2 September 2015 and a non wholly-owned subsidiary of our Company. As of the Latest Practicable Date, Kuyi is 51% owned by our Group and 49% owned by Thomas Cook Services Limited, a subsidiary of Thomas Cook
"LAT"	land appreciation tax (土地增值稅), as defined in the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例》) and the Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例實施細則》)
"Laxton"	Laxton Investments Limited, a company incorporated in Hong Kong with limited liability on 31 January 2012 and a wholly-owned subsidiary of our Company
"Latest Practicable Date"	20 November 2018, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Lijiang Derun"	Lijiang Derun Real Estate Co., Ltd. (麗江德潤房地產開發有限公司), a limited liability company established in the PRC on 2 March 2006 and a wholly-owned subsidiary of our Company
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"Listing Date"	the date, expected to be on or about Friday, 14 December 2018, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time

"M&A Rules"	the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, SAIC, and the SAFE on 8 August 2006, effective as of 8 September 2006 and amended on 22 June 2009
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Management Equity Plan"	the management equity plan implemented by the shareholders of Club Med Holding in a shareholders' agreement entered into on 18 February 2015, a summary of the principal terms of which is set forth in "Appendix VI—Statutory and General Information—E. Various Plans of Our Company and Club Med Holding—4. Management Equity Plan" in this prospectus
"Mattel"	Mattel Ventures International II Limited, a company incorporated in Hong Kong and an independent third party
"Memorandum"	the amended and restated memorandum of association of our Company conditionally adopted on 19 November 2018 which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in Appendix V to this prospectus
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Giscard d'Estaing"	Mr. Henri Giscard d'Estaing, the vice chairman of the Board, executive Director, deputy chief executive officer of the Company, president of Club Med and director of Club Med Holding
"Mr. Qian"	Mr. Qian Jiannong (錢建農), the chairman of the Board, executive Director and chief executive officer of the Company
"Mr. Wolfovski"	Mr. Michel Wolfovski, the deputy chief executive officer and chief financial officer of Club Med

"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"Non-executive Director(s)"	the non-executive Director(s) of the Company
"Non-Qualifying Fosun International Shareholders"	Fosun International Shareholders whose names appeared in the register of members of Fosun International on the Record Date and whose addresses as shown in such register are in any of the Specified Territories or Beneficial Fosun International Shareholders at that time who are otherwise known by Fosun International to be resident in any of the Specified Territories
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed and to be determined in the manner further described in the section headed "Structure of the Global Offering Pricing and Allocation"
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares (including, for the avoidance of doubt, the Reserved Shares) together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Representatives (for themselves and on behalf of the other International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 32,130,000 additional Shares (representing in aggregate 15% of initial Offer Shares) at the Offer Price to cover over-allocation in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering"
"Pacific Jovial"	Pacific Jovial Limited, a company incorporated in the BVI on 28 February 2018, and a platform for holding the shares in trust for the plan participants under the Pre-IPO Share Ownership Plan
"PBOC"	the People's Bank of China (中國人民銀行)

"People's Congress"	the PRC's legislative apparatus, including the National People's Congress and all the local people's congresses (including provincial, municipal, and other regional or local people's congresses) as the context may require, or any of them
"PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended and adopted by the Standing Committee of the Twelfth National People's Congress on 28 December 2013 and effective on 1 March 2014
"PRC GAAP"	generally accepted accounting practices in the PRC
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal, and other regional or local government entities) and its organs or, as the content requires, any of them
"PRC Legal Advisor"	AllBright Law Offices
"Pre-IPO Free Share Award Plan"	the pre-IPO free share award plan adopted by the Board on 29 June 2018, a summary of the principal terms of which is set forth in "Appendix VI—Statutory and General Information—E. Various Plans of Our Company and Club Med Holding—3. Pre-IPO Free Share Award Plan" in this prospectus
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by our Company on 29 December 2017 and approved by the shareholders of Fosun International on 23 February 2018, a summary of the principal terms of which is set forth in the section headed "Appendix VI—Statutory and General Information—E. Various Plans of Our Company and Club Med Holding—1. Pre-IPO Share Option Scheme"
"Pre-IPO Share Ownership Plan"	the pre-IPO share ownership plan adopted by the Board on 29 December 2017, a summary of the principal terms of which is set forth in "Appendix VI—Statutory and General Information—E. Various Plans of Our Company and Club Med Holding—2. Pre-IPO Share Ownership Plan" in this prospectus

"Preferential Offering"	the preferential offering to the Qualifying Fosun International Shareholders of 21,420,000 Shares (representing approximately 10% of the Offer Shares initially being offered under the Global Offering) as an Assured Entitlement out of the International Offer Shares being offered under the International Offering at the Offer Price, on and subject to the terms and conditions set out in this document and in the **BLUE** Application Form, as further described in "Structure of the Global Offering—The Preferential Offering"
"Price Determination Agreement"	the agreement to be entered into by the Joint Representatives (for themselves and on behalf of the other Underwriters) and the Company on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or about Friday, 7 December 2018, on which the Offer Price will be determined, or such later time as the Joint Representatives (for themselves and on behalf of the other Underwriters) and our Company may agree, but in any event, not later than Thursday, 13 December 2018
"Qijin Investment"	Shanghai Qijin Investment Management Co., Ltd. (上海齊錦投資管理有限公司), a limited liability company established in the PRC on 17 September 2010 and a wholly-owned subsidiary of our Company
"Qualifying Fosun International Shareholders"	Fosun International Shareholders whose names appeared in the register of members of Fosun International on the Record Date, other than Non-Qualifying Fosun International Shareholders
"Record Date"	22 November 2018, being the record date for determining the Assured Entitlement of the Qualifying Fosun International Shareholders to the Reserved Shares
"Regulation S"	Regulation S under the U.S. Securities Act
"Remaining Fosun International Group"	Fosun International Group after completion of the Global Offering and the spin-off of the Group
"Remuneration Committee"	the remuneration committee of the Board
"Reorganization"	the reorganization arrangements undergone by our Group in preparation for the Listing as described in the section headed "History, Reorganization and Corporate Structure"

"Reserved Share(s)"	the 21,420,000 Offer Shares being offered by the Company to Qualifying Fosun International Shareholders pursuant to the Preferential Offering as the Assured Entitlement, which are to be allocated out of the Shares being offered under the International Offering
"RMB" or "Renminbi"	the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"R$"	Brazilian real, the lawful currency of the Federative Republic of Brazil
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAFE Circular No.37"	Notice on Issues Relating to Foreign Exchange Control for Overseas Investment and Financing and Round-tripping by Chinese Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) promulgated by SAFE in July 2014
"SAFE Circular No.75"	Notice on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Roundtrip Investment through Offshore Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) promulgated by SAFE on 21 October 2005
"SAIC"	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"Sanctioned Countries"	countries regarding which governments such as the United States, or governmental organizations, such as the European Union or the United Nations, have, through executive order, passing of legislation, or other governmental means, implemented measures that impose comprehensive economic sanctions or trade embargoes
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Shanghai Club Med"	Shanghai Club Med Holiday Travel Agency Co., Ltd. (上海客美德假期旅行社有限公司), a company established in the PRC and a subsidiary of our Company
"Shanghai Fanxiu"	Shanghai Fosun Fanxiu Performance and Art Co., Ltd. (上海復星泛秀演藝有限公司), a limited liability company established in the PRC on 19 January 2017 and a wholly-owned subsidiary of our Company
"Shanghai Fanyou"	Shanghai Fanyou Investment Management Co., Ltd. (上海泛遊投資管理有限公司), formerly known as Shanghai Xiuping Investment Management Co., Ltd (上海修平投資管理有限公司), a limited liability company established in the PRC on 17 September 2010 and a wholly-owned subsidiary of our Company
"Shanghai FTD"	Shanghai Fosun Tourism Development Co., Ltd. (上海復星旅遊發展有限公司), a limited liability company established in the PRC on 6 February 2017 and a wholly-owned subsidiary of our Company
"Shanghai FTM"	Shanghai Fosun Tourism Management Co., Ltd. (上海復星旅遊管理有限公司), a limited liability company established in the PRC on 29 December 2016 and a wholly-owned subsidiary of our Company
"Shanghai Miniversity"	Shanghai Miniversity Cultural Development Co., Ltd. (上海美托文化發展有限公司), a limited liability company established in the PRC on 9 January 2018 and a non-wholly owned subsidiary of our Company, which is owned as to 70% by our Group and as to 30% by Mattel, an independent third party
"Shareholder(s)"	holder(s) of the Shares
"Shareholders' Agreement"	the shareholders' agreement entered into among Fosun International, Fosun Luxembourg, Fidelidade, the JD Investors, ACF II, Silverfern, the Top Managers, Gaillon Management I, Gaillon Management II, Club Med Holding and Club Med Invest, among others, on 18 February 2015 as amended from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company

"Silverfern"	SCIP—CM Luxembourg S.àr.l., a private limited liability company (*société à responsabilité limitée*) incorporated in Luxembourg, one of the shareholders of Club Med Holding and an independent third party
"Specified Territories"	Australia, the PRC, Malaysia and Singapore
"Spin-off"	the separate listing of our Shares on the Main Board, which is expected to be effected by way of the Global Offering, including the Preferential Offering
"Stabilization Manager"	J.P. Morgan Securities (Asia Pacific) Limited
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between the Stabilization Manager (or its affiliate(s)) and the Company on or around the Price Determination Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"subsidiaries"	has the meaning ascribed thereto under section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed thereto under the Listing Rules
"Thomas Cook"	Thomas Cook Group plc, a company incorporated in England and Wales in which our Company held 6.04% equity interest as of the Latest Practicable Date, the shares of which are listed on the London Stock Exchange (stock code: TCG)
"Top Managers"	Mr. Giscard d'Estaing and Mr. Wolfovski
"Track Record Period"	the financial years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018
"TWD"	the lawful currency of Taiwan
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
"U.N." or "United Nations"	the United Nations
"U.S." or "United States"	the United States of America, its territories, possessions, and all areas subject to its jurisdiction

"US$," "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"Vigor"	Vigor Kobo Co., Ltd. (維格餅家股份有限公司), a company based in Taiwan in which our Company indirectly holds approximately 18.68% equity interest as of the Latest Practicable Date, the shares of which are registered as emerging stock on the Taipei Exchange (formerly known as the GreTai Securities Market) (stock code: 2733)
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's/applicants' own name(s)
"**White Form eIPO**"	the application process for Hong Kong Offer Shares with applications to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Xingyou Taicang"	Xingyou (Taicang) Tourism Management Co., Ltd. (星遊(太倉)旅遊管理有限公司), a limited liability company established in the PRC on 14 June 2018 and a wholly-owned subsidiary of our Company
"Xiuping Travel"	Beijing Xiuping International Travel Agency Co., Ltd. (北京修平國際旅行社有限公司), a limited liability company established in the PRC on 17 June 2013 and a wholly-owned subsidiary of our Company
"Yadong Aitenong"	Yadong Aitenong Tourism Development Co., Ltd. (亞東愛特儂旅遊發展有限公司), a limited liability company established in the PRC on 15 February 2017 and a wholly-owned subsidiary of our Company
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who requires such Hong Kong Offer Shares to be deposited directly in CCASS

"Yuyuan"	Shanghai Yuyuan Tourist Mart Co., Ltd. (上海豫園旅遊商城股份有限公司), a company established in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600655), and a non-wholly owned subsidiary of Fosun International
"Zendai Bund"	Shanghai Zendai Bund International Finance Center Real Estate Co., Ltd. (上海証大外灘國際金融服務中心置業有限公司), a company established in the PRC in which Fosun International holds 50% of the equity interest as of the Latest Practicable Date
"Zhongshang Travel"	Zhongshang World Travel (Beijing) Travel Agency Co., Ltd. (中商世界遊(北京)旅行社有限公司), a limited liability company established in the PRC on 13 June 2014 and a wholly-owned subsidiary of our Company

If there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this prospectus and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities are provided for identification purposes only.

This glossary contains terms used in this listing document as they relate to our Group and/or business. As such, these terms and their meanings may not always correspond to standard industry meanings or usage of these terms.

"AI"	artificial intelligence
"Aquarium"	the Lost Chambers Aquarium in Atlantis Sanya
"Atlantis Sanya"	our tourism destination on the Haitang Bay National Coast of Sanya, Hainan province, PRC
"Average Daily Bed Rate"	the Business Volume divided by the total number of beds sold
"Baby Club Med"	a type of club for infants from four months to 23 months old at Club Med resorts
"Baby Corner"	Club Med resort's restaurant area where parents can prepare meals for their babies
"Business Volume"	the aggregate sales of all-inclusive packages of all the resorts, regardless of whether the resort is owned, leased or managed
"C2M strategy"	a customer-to-maker strategy that we implement to strengthen the attractiveness of our product line-up and increase our customized offerings based on our understanding of evolving customer preferences
"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
"chef(s) de village," "assistant chef(s) de village"	Club Med resort managers (chef) and assistant managers (assistant chef) who direct and manage the staff and operation of resorts
"Club Med Passworld"	a space designed for children from 11 to 17 years old at some Club Med resorts
"Dolphin Cay"	the Dolphin Cay in Atlantis Sanya, which is under construction and is expected to open in 2019
"FOLIDAY"	our global ecosystem consisting of our commercially-interconnected businesses that offer a wide spectrum of tourism- and leisure-related services
"FOLIDAY app"	an app that serves our customers with our products, online customer services and membership system

"Foryou Club"	our membership system in China that manages and operates services and activities for members and customers under the FOLIDAY ecosystem
"Foryou Travel"	the brand for providing travel products and solutions
"G.E"	G.Es (*gentils employé*) are local staff who perform functions of traditional resort and back office staff and are mainly responsible for accommodations, food and beverage, as well as technical services
"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"	members of Club Med's Great Member loyalty program
"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
"Junior Club Med"	a type of club for children from 11 to 17 years old in Club Med resorts
"Lijiang Project"	our tourism destination under planning in Baisha town in Lijiang city, Yunnan province, PRC
"Little Circus"	a type of workshop for children to discover the joys of the circus in small groups under G.Os' guidance at Club Med resorts
"MICE"	meetings, incentives, conferences and exhibitions
"Mini Club Med"	a type of club for children from four to ten years old in Club Med resorts
"Miniversity"	the brand for learning and playing club for children
"Occupancy Rate by Bed"	the ratio expressed as a percentage between the total number of beds sold and the total number of beds available for sale over a period or year
"Petit Club Med"	a type of club for children from two to three years old in Club Med resorts

"Pyjamas Club"	a type of childcare services provided in the evenings for children in Club Med resorts
"Revenue per Bed"	the Resort Revenue divided by the Capacity of Resorts
"Resort Revenue"	the aggregate income of all resorts, including sales of all-inclusive packages and revenue generated onsite out of the all-inclusive packages
"Taicang Project"	our tourism destination under planning in Taicang city, Jiangsu province, PRC
"Tang Residence"	the saleable residential vacation units in Atlantis Sanya
"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
"Waterpark"	the Aquaventure Waterpark in Atlantis Sanya

This prospectus contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, expectation and views of future events, and actual results or outcomes may differ materially from those expressed or implied. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as "will," "expect," "anticipate," "plan," "believe," "may," "intend," "ought to," "continue," "project," "should," "seek," "potential" and other similar terms. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. These forward-looking statements include, but are not limited to, statements relating to:

- our business and operating strategies and the various measures we use to implement such strategies;
- our dividend distribution plans;
- our capital commitment plans;
- our operations and business prospects, including development plans for our existing and new businesses;
- the future competitive environment for the industry which we operate in;
- the regulatory environment as well as the general industry outlook for the industry which we operate in;
- future developments in the industry which we operate in; and
- general economic trends in China, France and other regions where we operate our business.

The words "will," "expect," "anticipate," "plan," "believe," "may," "intend," "ought to," "continue," "project," "should," "seek," "potential" and other similar expressions, as they relate to us (other than in relation to our profits, results of operations and earnings), are intended to identify a number of these forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. See "Risk Factors," "Business" and "Financial Information" for more details.

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from the goals we have expressed or implied in these forward-looking statements. Except as required by applicable laws and regulations, including the Listing Rules, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should not place undue reliance on any forward-looking information.

In this prospectus, statements of or references to our intentions or those of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

An investment in our Shares involves various risks. You should carefully consider all the information in this prospectus and in particular the risks and uncertainties described below before making an investment in our Shares.

The occurrence of any of the following events could materially and adversely affect our business performance, financial condition, and/or results of operations or prospects. If any of these events occur, the trading price of our Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS

Our business and results of operations depend on the number of customers that we are able to attract, which are subject to global economic conditions and certain risks common to the tourism and leisure industry.

We are one of the leading leisure-focused integrated tourism groups globally that provides customers with one-stop tourism and leisure lifestyle experiences by building a global ecosystem that covers the entire spectrum of tourism- and leisure-related services. We mainly operate resorts and tourism destinations and provide services and solutions in various tourism and leisure settings such as (i) entertainment, other tourism- and culture-related services; and (ii) a platform for family-focused tourism- and leisure-related offerings. As a result, our business is particularly sensitive to the general economic environment, which has affected and could affect levels of discretionary business and leisure tourism and discretionary business and consumer spending. In particular, the number of tourists traveling and the amount that customers spend when they travel could decrease if disposable income decreases, sales taxes or value-added taxes increase, unemployment rate increases, transport and fuel costs increase, or the spending habits of customers change in response to increased uncertainty regarding economic conditions.

During the Track Record Period, we generated substantially all of our revenue from the operations of resorts and tourism destinations. As a result, a significant downturn in revenue as a result of a decreased number of guests and visitors at our resorts and tourism destinations may have a material adverse effect on our ability to service our debt and direct costs and our ability to satisfy our borrowing requirements on favorable terms, or at all. A significant deterioration or sustained decline in economic conditions could reduce consumer spending at our resorts and tourism destinations, and could result in a decrease in occupancy rates and the number of visitors, which would have a material adverse effect on our business, financial condition and results of operations.

We currently operate resorts and tourism destinations in EMEA, the Americas, and Asia Pacific. Our operations and the results of operations are subject to a number of factors that could adversely affect our business. Many of these are common to the tourism and leisure industry and we believe the most significant factors are as follows:

- a downturn in international travel market conditions, the national, regional or local political, economic and travel market conditions, including epidemics, travel-related accidents, travel-related industrial action, increased transportation and fuel costs, or natural disasters in the countries and regions in which we operate, which may diminish the demand for leisure tourism;

- increased competition and periodic local oversupply of guest accommodations in the locations where we have operations;

- changes in travel patterns or in the structure of the tourism and leisure industry, including any increase in, or the imposition of new taxes on, air travel;

- increases in operating expenses as a result of inflation, increased personnel costs and healthcare related costs, higher utility costs, increased taxes and insurance costs, as well as unanticipated costs as a result of acts of nature and their consequences and other factors that may not be capable of being offset by increased occupancy rates or room rates;

- changes in governmental laws and regulations relating to the tourism and leisure industry, including those relating to employment, the preparation and sale of food and beverages, health and alcohol licensing laws and environmental concerns, fiscal policies and zoning ordinances and the related costs of compliance; and

- limited natural tourism resources, which could affect our ability to expand our operation or acquire high-quality destination resources on favorable terms, or at all.

The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels in our resorts and tourism destinations, and/or otherwise cause a reduction in our revenue. Such factors, or a combination of them, may also adversely affect the value of our assets and in either such case would have a material adverse effect on our business, financial condition and results of operations.

Changes in consumer tastes and preferences may affect visits at our resorts, tourism destinations, and services and solutions in various tourism and leisure settings.

As one of the world's leading leisure-focused integrated tourism groups with global presence, consumer tastes and preferences are important to our operations. For our resorts, our success depends, to a large extent, on our ability to attract guests to our resorts providing all-inclusive packages. We currently operate three types of resorts, namely our Club Med mountain resorts, Club Med sun resorts and Club Med Joyview resorts. Changes in consumer tastes and preferences, particularly those affecting the popularity of the all-inclusive package model and other social and demographic trends could adversely affect the number of guest visits.

The success of our tourism destination and other business operations, such as Atlantis Sanya, travel products and related services, also largely depends on our ability to successfully predict and adapt to customers' evolving tastes and preferences for tourism, leisure and cultural experiences. If our services do not achieve sufficient acceptance from our customers, our business, financial condition and results of operations could be materially and adversely affected.

We have incurred net losses in the past, and we may not be able to achieve profitability in the future.

We experienced net losses of RMB953.7 million, RMB472.6 million, RMB295.0 million, and RMB134.6 million for the years ended 31 December 2015, 2016, 2017 and for the six months ended 30 June 2018, respectively. We cannot assure you that we will be able to generate profits in the future. Our ability to achieve profitability is affected by various factors, many of which are beyond our control. For example, a downturn in international travel market conditions, the national, regional or local political, economic and travel market conditions, including epidemics, travel-related accidents, travel-related industrial action, increased transportation and fuel costs, or natural disasters in the countries in which we operate may diminish the demand for leisure tourism and thus may adversely affect room rates and occupancy levels in our resorts and tourism destinations, and/or otherwise cause a reduction in our revenue.

If we cannot successfully offset our increased costs and expenses with an increase in revenues, our margins, financial condition and results of operations could be materially and adversely affected. We may incur losses in the future due to our continued and increased investments in our operations. We may also incur losses in the future due to changes in the macroeconomic and regulatory environment, competitive dynamics and our inability to respond to these changes in a timely and effective manner.

We lease some of the resorts from third parties, and a termination of or failure to renew or a dispute relating to any of these leases could negatively impact our results of operations.

We lease some of our Club Med resorts in EMEA, the Americas, and Asia Pacific from third parties. As of 30 June 2018, we leased and operated a total of 43 resorts. Under the lease agreements, we are entitled to occupy and use premises as Club Med resorts and generate revenue from these operations, and we generally pay a rent to the owner of the premises on a quarterly basis. The initial lease term generally ranges from 12 to 15 years, and is usually renewable. A termination or failure to renew on equally favorable terms, or at all, of any of these leases could negatively impact our results of operations.

Moreover, we cannot assure you that there will not be any challenge raised by a third party as to the lessor's ownership of or other rights to any leased property or any dispute between a lessor and us over the enforcement or any alleged breach of any lease agreement. Such challenge or dispute might in turn affect our lease interest or even lead to the termination of a lease agreement which may materially and adversely affect our business, financial condition and results of operations.

Our results of operations may fluctuate due to seasonal and other factors.

Our operations are subject to seasonal factors. During the Track Record Period, we generated substantially all of our revenue from the operations of our resorts and tourism destinations, and we generally had better operational performance and derived a higher amount of revenue from the operations of our resorts in the summer and winter due to school holidays and certain holiday periods, such as the Christmas holidays in Western countries and the Lunar New Year in China. For details, please refer to "Financial Information—Key Factors Affecting Our Group's Results of Operations and

Financial Condition—Seasonality." As a result of the above factors, our results of operations may fluctuate significantly from time to time and comparisons between the revenues generated at different periods of the year may not be meaningful. The results for a given period are not necessarily indicative of results to be expected for any other period of the year.

Geopolitics, natural disasters or other catastrophic events or outbreak of severe contagious diseases may severely disrupt our business and operations and may have a material adverse effect on our business, financial condition and results of operations.

A severe natural disaster, such as a hurricane, forest fire, flood, earthquake or landslide, may interrupt our operations, damage our properties and reduce the number of guests who visit our resorts and tourism destinations in affected areas. For example, our Columbus Isle resort in the Bahamas was temporarily closed due to Hurricane Joaquin in 2015, and the Turquoise, Turks & Caicos resort in Turks and Caicos was temporarily closed due to damage from Hurricane Irma in 2016. Damage to our properties could take a long time to repair and there is no guarantee that we would have adequate insurance to cover the costs of repair or the expense of the interruption to our business. Furthermore, such a disaster may interrupt or impede access to our affected properties or require evacuations and may cause visits to our affected properties to decrease for an indefinite period. The ability to attract guests to our resorts is also influenced by the aesthetics and natural beauty of the outdoor environment where our resorts and tourism destinations are located. A severe forest fire or other severe impact from naturally occurring events could negatively affect the natural beauty of our resorts and tourism destinations and have a long-term negative effect on the number of customers visiting our resorts and tourism destinations as it would take several years or more for the environment to recover. Additionally, bad weather and even forecasts of bad weather, particularly during holidays or other peak periods may affect visits to our resorts and tourism destinations.

Moreover, our business operations may be disrupted due to the occurrence of other catastrophic events or outbreak of severe contagious diseases that are beyond our control, including outbreaks of pandemic or severe contagious diseases or consumers' concerns relating to potential exposure to contagious diseases.

We are unable to predict the effect, if any, that any future natural disasters or catastrophic events or outbreak of severe contagious diseases may have on our business. The severity and frequency of natural disasters, such as hurricanes, sea level rise, floods and droughts, are likely to increase due to the climate change. SARS, avian influenza or swine influenza, MERS-CoV or other widespread communicable diseases may lead the World Health Organization and certain governments to issue travel advisories against non-essential travel to affected regions, impose travel restrictions or impose quarantines. Such actions could have a material and adverse effect on the number of international travelers and the corresponding demand for resorts and tourism destinations. In addition, an outbreak of SARS, avian influenza or swine influenza, MERS-CoV or other widespread communicable diseases may result in the temporary closure of resorts and tourism destinations and/or restaurants, giving rise to a material disruption to our business.

Acts or threats of terrorism, of wars or of any other unfavorable political occurrence have adversely affected the tourism and leisure industry generally and these adverse effects may continue or worsen.

The tourism and leisure industry may be adversely affected by acts or threats of terrorism, wars or any other unfavorable political occurrence. Hence, our operations may be adversely affected from time to time by safety concerns. Terrorist acts in destinations such as France, Tunisia, and Turkey could significantly affect, and may continue to affect, international travel and consequently global demand for tourism and leisure products and services. Our operations in various jurisdictions expose us to geopolitical risks around the world. For example, business declined at our resorts in North Africa and Turkey due to regional political strife in 2016.

In addition, our businesses are also subject to risks and uncertainties such as political, economic or social disturbances, the impact of which may decrease customers' willingness to travel. For example, the uncertainty associated with ongoing instability in North Africa and the Middle East and the possibility or occurrence of future attacks may give rise to an increased negative effect on business and leisure tourism patterns and, accordingly, the performance of our business. Therefore, the popularity of our resorts located in these destinations, such as Morocco, may be adversely affected.

Moreover, we cannot guarantee the absence of strikes, violent crime, or any other local social actions. Any prolonged social conflict might have an impact on our business and results of operations.

Incidents or adverse publicity concerning us or our partners could harm our brand or reputation as well as negatively impact our results of operations and prospects.

Our vision is to bring greater happiness to global families (讓全球家庭更快樂). Our mission is to establish "FOLIDAY" as a universally recognized ideal synonymous with a superior, tailor-made, family-focused leisure tourism experience. During the Track Record Period, we generated substantially all of our revenue from the operations of resorts and tourism destinations. We also generated a small portion of our revenue from operation and management of tourism destinations in China under the Albion brand and the provision of services and solutions in various tourism and leisure settings such as (i) entertainment, other tourism- and culture-related services in various tourism locations under the Miniversity and Fanxiu brands and (ii) a platform for family-focused tourism- and leisure-related offerings under the FOLIDAY and Foryou Travel brands. As a tourism and leisure experiences provider, our ability to attract and retain customers depends, to an extent, upon external perceptions of our brands and the quality of our services and products. Any incident or adverse publicity concerning any one of our resorts, tourism destination and/or brands may adversely affect our businesses under the same brand as a whole. For example, any incident or adverse publicity concerning any one of our Club Med resorts may adversely affect all our resorts under the Club Med brand, and may result in a decreased number of guests and adversely affect our results of operations. Also, any incidents occurred during flights or other modes of transportation arranged by us may adversely affect our reputation and thus our results of operation.

The considerable expansion in the use of social media in recent years has compounded the potential impact of negative publicity. Any accident or injury at our resorts and tourism destinations or any resorts and tourism destinations operated by other operators, particularly an accident or injury or incident involving the safety of guests, the safety of food and beverage and/or the quality of facilities, that receives media attention or is the subject of public discussion, may harm our brand or reputation, cause a loss of consumer confidence, reduce occupancy rate at our resorts and tourism destinations, and negatively impact our results of operations.

In addition, while we are the developer of Atlantis Sanya, the Atlantis brand does not belong to us. Our Atlantis Sanya, except for Tang Residence, is managed by Kerzner, the owner of the Atlantis brand, in accordance with and subject to the relevant contractual terms under the management agreement. As a result, we do not have full control over how Atlantis Sanya is managed other than pursuant to the management agreement. We do not control how the other properties under the Atlantis brand are owned or operated. As of 30 June 2018, Kerzner managed two properties under the Atlantis brand, namely Atlantis, The Palm and Atlantis Sanya. Any material degradation or adverse public perception in the PRC relating to the goodwill of the Atlantis brand could adversely affect the goodwill of Atlantis Sanya, and therefore have a material and adverse effect on the business, financial condition and results of operations of Atlantis Sanya. Moreover, as we partner with other third parties, any incident or adverse publicity concerning our partners may also adversely affect our reputation and business.

Any negative impact on the reputation of the "Fosun" brand may materially and adversely affect our business, financial condition, results of operations and prospects.

As a subsidiary of Fosun International, we have benefited from the reputation, customer network and the established market leadership of Fosun International. We and other subsidiaries of Fosun International share the common brand name "Fosun." We cannot assure you that there will not be any negative news or media coverage related to any of these subsidiaries which may harm or damage the "Fosun" brand name. We may not be able to protect the "Fosun" brand name as we are not in a position to control or influence the conduct of other entities that share such brand name with us. Any damage to the "Fosun" brand name and any failure to protect the "Fosun" brand name could harm our reputation and result in the loss of our competitive advantage and materially and adversely affect our reputation, business, financial condition, results of operations and prospects.

We rely on IT systems for daily operations, and a breakdown or disruption of services of these systems could negatively impact our performance and results.

We utilize IT systems for our day-to-day operations. These systems allow us to manage our operations of resorts, tourism destinations and services and solutions in various tourism and leisure settings, such as the booking, check-in/check-out, collection of payments and charges, service reservations, tracking room repair and maintenance requests, and reviewing customers' online comments. A breakdown or disruption of services of our IT systems, due to a computer virus, hacking or similar events, may result in disruptions to our business activities and other material adverse effects on our operations. Although we have adopted security measures to protect our systems, they could be breached as a result of third-party action, employee error, malfeasance or otherwise, during transfer of data or at any time. The disruption and costs associated with repairing or replacing these systems, along with any associated reputational damage, may be significant. Although we aim to effectively maintain or replace our IT systems in a manner that maintains our daily operations or that provides sufficient web security and protection, we cannot assure you that we can prevent any breakdown or disruption of services of our IT systems caused by third parties, which could have a material and adverse effect on our business, financial condition and results of operations. We also utilize third parties' IT systems to facilitate our business operations. For example, our airline bookings are mainly made through a worldwide billing and settlement plan system. A breakdown or disruption of services of these third parties' IT systems, which is out of our control, could have a material and adverse effect on our business operations.

Failure to ensure and protect the confidentiality of the personal data of consumers could subject us to penalties, negatively impact our reputation and deter consumers from using our platforms.

In providing our services, a challenge we face is the secure collection, storage and transmission of confidential information. We hold certain private information about consumers, such as their names, addresses and contact information, as well as financial and credit information. We also need to collect private information from and provide private information to our partners, third-party service providers and other parties for the purpose of conducting transactions. We are required to collect and use the private information in accordance with applicable laws and regulations, in particular the European Union General Data Protection Regulation No. 2016/679 of 27 April 2016, and not to disclose or use such information without consent from our consumers. See "Regulatory Overview—Telecommunications Services—Regulations relating to information security and censorship" and "Regulatory Overview—Telecommunications Services—Regulations relating to privacy protection." Consumers also expect complete security for such confidential information, which is essential to maintaining their confidence and trust in us. We rely on a network of process and software controls to protect the confidentiality of data provided to us or stored on our systems. We also rely on contracts with our partners and third-party service providers to ensure their protection of the private information we provide to them and to ensure they have the right to provide us with the private information. If we, our business partners or third-party service providers do not maintain adequate controls or fail to implement new or improved controls, such data could be misappropriated or confidentiality could otherwise be breached. If we, our business partners or third-party service providers inappropriately disclose any personal information, we could be subject to claims for identity theft or similar fraud claims or claims for other misuses of personal information, such as unauthorized marketing or unauthorized access to personal information. Confidential information in our systems may also be compromised as a result of intentional or unintentional security breach. While we strive to protect our customers' privacy, any failure or perceived failure to do so may result in proceedings or actions against us by consumers, government entities or others, and could damage our reputation and subject us to fines and damages. In addition, such events would lead to negative publicity and cause consumers to lose their trust and confidence in us, which may result in material and adverse effects on our reputation, business, financial condition and results of operations as well as our ability to retain users on our platforms.

Accidents or injuries may adversely affect our reputation and subject us to liability.

There are inherent risks of accidents or injuries at our resorts and tourism destinations. Due to the nature of our business, safety incidents occur at our resorts from time to time, including incidents over which we have no control. Such incidents, including fatalities, occurred during the Track Record Period. We may face complaints or litigation arising from such incidents and our reputation, business, operations and financial condition could be materially adversely affected. Moreover, one or more accidents or injuries at any of our resorts and tourism destinations could adversely affect our reputation for safety among our current and potential guests, decrease our overall occupancy rates and increase our costs by requiring us to take additional measures to make our safety precautions even more visible and effective. In addition, as we provide services for children at our Club Med resorts, as well as at our Miniversity, we are exposed to more risks on child safety compared to our competitors which do not provide such services to such extent or at all. For example, children may be inadvertently injured even if we maintained our childcare equipment in good condition and babysitters took good care of the babies or G.Os hosting the children's activities have taken sufficient care. Customers may also get injured when involved in sports or water activities at our resorts or waterpark. If accidents or injuries, especially the accidents or injuries of children, occurred at any of our resorts and tourism destinations, our reputation might be damaged and we may be held liable for costs related to the injuries. Our current insurance policies may not provide adequate coverage and we may be unable to renew our insurance policies or obtain new insurance policies without increases in cost or decreases in coverage levels.

We face risks related to instances of food-borne illnesses, food contamination and associated liability claims.

As we provide all-inclusive packages, including food and beverage, to our customers at Club Med resorts and operate food and beverage facilities in Atlantis Sanya, we face an inherent risk of food contamination and associated liability claims. Our food quality depends partly on the quality of the food ingredients and raw materials provided by our suppliers. We may not be able to detect all defects in our supplies and food contamination could be caused by third party food suppliers or other factors which are outside of our control. Due to the scale of our operations, we also face the risk that certain of our employees may not adhere to our mandated procedures and requirements. Food-poisoning incidents may occur at our resorts from time to time. Any failure to detect defective food supplies or observe proper hygiene, cleanliness and other quality control requirements or standards in our operations could adversely affect the quality of the food we offer inside or outside our restaurants, which could lead to liability claims, complaints and related adverse publicity, reduced customer traffic at our restaurants and the imposition against us of penalties by relevant authorities and compensation awards by courts.

We depend on numerous suppliers to provide food, beverage and other supplies to our restaurants, which exposes us to various risks that may materially and adversely affect our reputation, business, financial conditions and results of operations.

The ability to source quality food ingredients and beverages at competitive prices in a timely manner is important to our business. Our ability to maintain consistent quality and maintain our menu offerings throughout our restaurants and in our catering business depend in part upon our ability to acquire fresh food products and beverages and related supplies from reliable sources that meet our quality specifications and in sufficient quantities. If our suppliers do not deliver high quality supplies in a timely manner, our suppliers and offerings in our restaurants, bars, cafes and food courts will be adversely affected and we may face customer complaints and reputational damage, especially given that we operate in the premium tourism market.

Moreover, we are exposed to the risks that we may not be able to obtain supplies in sufficient quantities and that the price of our supplies may rise significantly. A disruption of our food or beverage supplies could occur for a variety of reasons, many of which are beyond our control and this could increase our food and beverage costs and/or cause shortages of food, beverages and other supplies at our restaurants. These factors could have a material and adverse effect on our business, financial condition, results of operations and reputation.

Any disruption to the supply of flights, accommodations, land operator service or other travel products or related services, or an increase in the prices of travel products could adversely affect our operation, turnover and profitability.

Our business, in particular our package tour operations, depends on a number of travel products and services including flights, accommodations, service of land operators and ground transportation, and we sometimes rely on our suppliers or service providers to provide us with such services. To remain flexible in our operations, we usually do not enter into long-term arrangements with our suppliers, and our suppliers may reduce or cease their provision of travel products or services to us at any time, which could materially and adversely affect our business and operating results. We may experience shortages in the supply of these services in the future due to various factors including the market conditions in the relevant industries or the operations of the relevant suppliers or service providers, which could materially and adversely affect our operations. If any supplier or service provider is unwilling or unable to provide us with the relevant products or services in required quantities and at acceptable prices, we may be unable to find alternative sources at commercially acceptable prices, on satisfactory terms, in a timely manner, or at all. Our inability to secure alternative sources could result in delay in our operations and adversely affect our revenue.

Furthermore, we are exposed to fluctuations in airfares, tariffs and land operator fees and other costs. The prices of these products and services are determined principally by market forces and our bargaining power against our suppliers and service providers. We may not be able to offset all increases in prices of our supplies by raising the prices of our products and services. If we increase our prices significantly, we may lose our competitive advantage, and if we cannot pass on such increases to our consumers, we may not be able to maintain our current gross profit margins, and the operating results of our business may be materially and adversely affected.

Our resorts and tourism destinations may encounter temporary closures, reduced turnover or lower occupancy rates as a result of repairs, replacements or the redevelopment or renovation of our resorts and tourism destinations, or geopolitical situation, natural disasters and adverse weather conditions.

Our resorts and tourism destinations may require repairs and replacements from time to time, which may be time-consuming and require significant capital expenditures. Much of the infrastructure and equipment will eventually need to be replaced or significantly repaired or modernized, which could result in interruptions to our business, particularly during our peak periods. Our resorts and tourism destinations may also need to undergo renovation or redevelopment works from time to time to retain their attractiveness and may also require maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations.

During the Track Record Period, we renovated several resorts. Such repairs, replacements, investments, redevelopments or renovations of our resorts and tourism destinations may have a material and adverse impact on our ability to attract guests at the resorts and tourism destinations and in some circumstances may require the partial or complete closure of a resort or tourism destination, or the restaurants or other facilities within a resort or tourism destination. During the period of any such repairs, replacements, investments, redevelopments or renovations, we may experience a reduction in the occupancy rates and/or average room rates of the resorts and accommodations within our tourism destinations and/or the number of customers using our restaurants and facilities. Moreover, the inconvenience caused by such activities may affect the satisfaction and experience of our guests, which may in turn affect their future spending behavior when they choose resorts or tourism destinations in the future.

We rely on third-party managers to manage the daily operations of some of our tourism destinations, and if such third-party managers cease to cooperate with us on commercially acceptable terms, or at all, our business may be materially and adversely affected.

We rely on third-party manager to manage Atlantis Sanya which is a tourism destination owned by us. Atlantis Sanya, except for Tang Residence, is managed by Kerzner, the owner of the Atlantis brand, and we might develop more tourism destinations to be managed by third parties in the future. We entered into a management agreement with Kerzner to manage daily operation of our Atlantis Sanya. See "Business—Our Principal Business Activities—Tourism Destinations—Atlantis Sanya—Management of Atlantis Sanya" for further details on the key terms of the management agreement. If the management agreement is terminated prior to its expiration, we may experience disruptions to our operation of Atlantis Sanya while we seek to replace Kerzner. Moreover, the management agreement has a term of 20 years from the opening date of Atlantis Sanya, which can be renewed for an additional period of five years subject to the parties' mutual consent. However, we are subject to the risk that we may not be able to renew the management agreement upon the expiry of the initial term, under which circumstances we would need to find a new manager. We may incur additional costs associated with finding and retaining a new manager. A replacement manager may charge fees which are higher than those charged by Kerzner. In addition, Atlantis Sanya would need to be rebranded, which would likely involve substantial initial outlay for the marketing, refurbishment, branding and hospitality items and fixtures and furniture of Atlantis Sanya, and it may take several years for a successful operation to be re-established under the new branding.

In addition, since the day-to-day operations and marketing of our Atlantis Sanya are mainly managed by Kerzner under the management agreement, we are exposed to risks which are beyond our control, for example, any actions of Kerzner considered to be improper by the public may lead to negative publicity and media attention, which may damage the reputation of our Atlantis Sanya. Moreover, the failure of Kerzner to manage Atlantis Sanya in accordance with the management agreement may negatively impact Atlantis Sanya's operational and financial performance.

We expect to develop more tourism destinations to be managed by third parties in the future. Such future tourism destinations may be exposed to risks similar to that we are faced by Atlantis Sanya.

We substantially depend on key personnel, and the loss of such key personnel could harm our business. In particular, the recent developments involving a company which our chairman and chief executive officer formerly held non-executive directorship, may affect his ability to devote full attention to the management of our business.

Our future business and results of operations substantially depend on the continuous contributions of our Directors, senior management and other key personnel. A majority of our Directors and senior management have more than ten years' experience in the tourism and leisure industry. The loss of any services of the Directors and senior management could have a material adverse effect on our business, financial condition and results of operations. Our Directors and senior management are key to our success because of their expertise and experience in the tourism and leisure industry, market development, and their contributions to tourism-related real estate development and expertise in managing our operations. Several of our Directors (including our chairman, Mr. Qian) hold positions in other companies and organizations. See "Directors and Senior Management." Negative events or publicity pertaining to, and litigations or regulatory investigations relating to any of these companies or organizations may have an impact on the Director's ability to devote full attention and services to the management of our business. For details of certain recent negative events and publicity that may involve Mr. Qian, see "Directors and Senior Management—Disclosure required under Rule 13.51(2) of the Listing Rules" in this prospectus. In addition, the other key personnel such as chef de village, our resort managers, are also important to our business. The loss of any of our chef de village may adversely affect our resort's operations.

We expect that our Directors and our senior management team will continue to play an important role in the future growth and success of our business. However, there is no assurance that we will be able to retain such personnel. In the event of the loss of services of any Director or senior management, we may not be able to recruit new highly experienced personnel in a timely manner, or at all. As our ability to effectively implement our business strategy will depend upon, among other factors, the successful retention and recruitment of senior management, our business, financial condition and results of operations could be adversely affected as a result.

Labor shortages and disruptions may adversely affect our operations or result in increased labor costs that could reduce our profits.

Our operation depends on our ability to attract, retain, train, manage and engage a sufficient number of qualified and skilled employees. For example, G.Os are important at our Club Med resorts to provide premium services and share our friendly and unique culture to our guests, and the failure to train and retain a sufficient number of G.Os may adversely affect our attractiveness to and satisfaction of our guests. In addition, due to the complexity of our business, the number of qualified and skilled personnel in certain areas may be limited. At Atlantis Sanya, our Aquarium requires experienced divers for daily maintenance. We may be unable to attract and retain a sufficient number of employees, especially G.Os with foreign nationalities, due to any shortage of labor available for hire or employment-related local regulatory constraints and requirements, such as visa and work permit requirements for foreign employees. If we are unable to attract, retain, train and engage a sufficient number of qualified and skilled employees, our ability to staff our operations adequately could be impaired, and any shortage of G.O staff might affect resort customer satisfaction. Moreover, a shortage of skilled labor could also result in higher wages being payable that would increase our labor costs, which could reduce our profits.

We may also experience disruptions of our operations due to strikes, labor disputes or other unrest which may adversely affect our business, financial condition and results of operations. Any disruptions due to strikes or other events could adversely affect our business, financial condition and results of operations.

From time to time, we may be involved in legal and other proceedings arising out of our businesses.

We may be involved in legal and other proceedings arising out of our businesses. For example, our online platforms contain information about resorts, tourism destinations and services and solutions in various tourism and leisure settings. It is possible that if any information accessible on our online platforms contains errors, false or misleading information, third parties could take action against us for losses incurred in connection with the use of such information. Moreover, we may be involved in disputes in connection with employee misconduct, such as inappropriate contact, or perceptions of impropriety, by G.Os, or delivery of content that may be taken as offensive by our guests. We may also be involved in disputes with various parties involved in the construction of our resorts and tourism destinations and the daily operation of our business, including contractual disputes with contractors, suppliers, construction workers and retailers, personal liability claims, and disputes over property damages or other property right infringements. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs, delays in our development schedule, and the diversion of resources and management's attention. We may also have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decisions that result in penalties and/or delay the development of our integrated resorts. In such cases, our business, financial condition, results of operations and cash flows could be materially and adversely affected. During the Track Record Period, we were involved in disputes from time to time. With respect to one dispute, the French Supreme Court held a hearing on 9 October 2018, and may announce its decision at any time, although no decision had been announced as of the Latest Practicable Date. We had prevailed at both the lower and appellate courts. For information on our material legal proceedings, see "Business—Legal Proceedings and Compliance."

Our business model requires access to capital, which may not be available on favorable terms, and there are risks and uncertainties associated with our debt financing.

Our business model requires access to a large amount of capital. As is common in owning properties, this business model requires capital to maintain the high quality of the facilities and services offered. Our success is dependent to a large extent upon our ability to maintain the premium quality of our resorts and tourism destinations, which require capital expenditure and resources, such capital required for renovation of resorts and facilities at our tourism destinations. If we do not invest sufficient capital into our resorts and tourism destinations in order to maintain their premium quality, our ability to successfully market and attract our guests will be adversely affected.

We currently, and have historically, financed our operations principally from our cash flows from operating activities, borrowings under credit facilities and loans from related companies. During the Track Record Period, we obtained bank borrowings to finance our business, such as to construct Atlantis Sanya and to renovate some of our Club Med resorts, in addition to our own capital expenditures. As of 30 June 2018, we had bank borrowings of RMB5.5 billion. Payments of principal and interest on borrowings may result in us having insufficient cash resources to operate our resorts and tourism destinations. In particular, the interest rates borne by us will be subject to the potential impact of any fluctuations in interest rates. We cannot assure you that the interest rates applicable to our existing or future bank loans will not fluctuate significantly. Any increase in these rates will increase our financing costs and may have a material and adverse effect on our business, financial condition and results of operations.

In addition, we are subject to risks relating to our level of indebtedness, including (i) our cash flow may be insufficient to meet our required principal and interest payments which, unless we are able to obtain alternative funding, would result in us defaulting on our loans; (ii) we may be unable to borrow additional funds as needed on favorable terms or at all; (iii) we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our existing loans; (iv) we are subject to restrictive covenants in the loan agreement and may be subject to similar or other restrictive covenants in future loan agreements, which may limit or otherwise adversely affect our operations, such as our ability to incur additional indebtedness, acquire and sell resorts, make certain other investments, make capital expenditures, sell operating assets, declare dividends and make other distributions and affirmative and financial covenants, which may require us to set aside funds for maintenance. If any one of the above events were to occur, our financial condition, results of operations, cash flow and our ability to satisfy our debt obligations could be materially and adversely affected.

We may face delays in completing our resorts and tourism destinations under construction.

We plan to open several new resorts by the end of 2020. In addition, we have two tourism destinations, the Lijiang Project and Taicang Project, under design. The completion of these resorts and tourism destinations can be adversely affected by many factors, including, but not limited to:

- shortages of construction and building materials, equipment, contractors or skilled labor;
- construction accidents;
- natural catastrophes;
- adverse weather conditions;
- complex hydrogeological conditions; and
- lack of infrastructure facilities.

We may also encounter delays or may not be able to obtain all necessary governmental and regulatory licenses, permits, approvals and authorizations for our resorts and tourism destinations under development. Our resorts and tourism destinations under construction may be subject to risks which include, among other things, default by contractors or other third party providers of their obligations or financial difficulties faced by such persons and increases in construction costs which will take us additional time to seek additional funding, all of which could cause a delay in construction. Any delay in the completion of our resorts and tourism destinations under construction could lead to increased construction costs. Also, for resorts under construction to be managed by us, the landlords of resorts might delay the construction schedules, which may result in delays in opening the resort.

Further, if the construction or renovation of these resorts and tourism destinations is not completed on time, revenue generation from these resorts and tourism destinations could be affected and delayed. There is no assurance that we will not experience any delays in completion, delivery or operation or that we will not be exposed to liability or revenue shortfalls for any such delays in the future. Any delay in completion or failure to complete these resorts and tourism destinations according to the specifications, schedule or budget may materially and adversely affect our business, financial condition and results of operations.

We are subject to risks related to our resort and tourism destination management services.

We provide management services to some resorts and tourism destinations within the framework of the relevant management agreements. For example, we manage some Club Med resorts that are not owned by us, and also provide management services for tourism destinations in China through Albion. If we fail to meet the requirements in the relevant management agreements or fully satisfy other requirements set out by the owners or concession right holders of resorts or tourism destinations, they may make claims against us and/or terminate our services in whole or in part. Such failures may arise as a result of unsatisfactory project design, error, misconduct, or default by employees or contractors engaged by owners or concession right holders of resorts or tourism destinations, which may be beyond our control. For instance, for the Club Med resorts managed by us under management agreements, the resort owners might provide some of their own personnel to operate resorts, and therefore in such resorts we do not have the same level of control as in the resorts fully owned or leased by us. There is a potential risk that the owners or concession right holders of resorts or tourism destinations might terminate the management agreements with us due to their business considerations. Also, where the actual profit achieved falls below the agreed threshold, the owners or concession right holders might terminate the management agreements with us, refuse to pay management fees to us, or even request compensation from us. In that case, our business, financial condition and results of operations could be materially and adversely affected.

We incur high maintenance and operating costs in operating our business.

We incur high maintenance and operating costs in operating our business. For example, our business operations utilize a large amount of utilities such as gas, water and electricity. We are generally not able to influence the prices which utilities providers charge us, nor can we easily switch to a different utilities provider. Any price increase or change in pricing structure from these utilities providers could have an adverse effect on our operating costs. Therefore, increases in the prices of products and services which we procure to maintain our services to our customers could increase our operating costs if we are not able to pass these higher costs on to our customers. Moreover, the infrastructure and equipment, including ski lifts, the aquarium and facilities at the waterpark, owned by us or provided by third parties for our business, are costly to maintain, repair and replace, and are susceptible to unscheduled maintenance. In certain cases, the cost of infrastructure or equipment repair or replacement may not be justified by the revenues at the applicable resort or tourism destination.

In addition, operating facilities involves a significant amount of fixed costs which limit our ability to respond to adverse market conditions by minimizing costs. Such limitations may have an adverse impact on our profitability when the tourism and leisure industry experiences a downturn and may exacerbate the impact of a decline in occupancy and/or room rates or in demand for our facilities. Any significant increase in maintenance costs and operating costs may have a material and adverse effect on our business, financial condition, results of operations and prospects.

We face certain risks of defects or deficiencies of properties and facilities in connection with our operations.

The properties and facilities that are essential for our daily operations, such as our resorts, accommodations within our tourism destinations, aquarium and waterpark, may have design, construction or other latent property or equipment defects or deficiencies requiring significant capital expenditures, repair or maintenance expenses or payment of other obligations to third parties. In addition, there may be breaches of laws or regulations, including those in relation to real estate, or non-compliance with certain regulatory requirements in respect of our resorts and tourism destinations. In addition, wear and tear of our resorts and tourism destinations as well as the affiliated facilities or adverse weather conditions could result in defects requiring repairs or replacement. Such defects and/or the repair, maintenance or replacement works carried out to rectify them could increase our costs and could have an adverse effect on the operations of our resorts and tourism destinations as well as the affiliated facilities.

Our resorts and tourism destinations may be affected by contamination or other legal issues which may not previously have been identified and/or rectified. This could give rise to a number of risks, including the risk of prosecution by relevant governmental authorities and the requirement for unbudgeted additional expenditures to remedy such issues, including paying penalties, fines, damages or additional capital expenditures or compliance costs.

Our insurance coverage may not be adequate to cover all possible losses that we could suffer and our insurance costs may increase.

We face various risks during our daily operations, such as the risks of physical damages of our resorts caused by fire, acts of God and claims arising from the operations of our resorts. We seek to maintain comprehensive insurance coverage at commercially reasonable rates. The major types of insurance that we maintain include general liability insurance, property damage and business interruption insurance, director and officer liability insurance, terrorism and political violence insurance and transportation risks insurance. However, our insurance policies do not cover all types of losses and liabilities. There is no assurance that our insurance will be sufficient to cover the full extent of all losses or liabilities for which we are insured, and we cannot guarantee that we will be able to renew our current insurance policies on favorable terms, or at all. In addition, if we sustain significant losses or make significant insurance claims, our ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected.

Our tourism destination business in China involves the sales of tourism-related saleable vacation units, which is susceptible to the performance of the PRC real estate market and are subject to regulatory environment relating to the PRC real estate market.

Our existing tourism destination business in China, Atlantis Sanya, involves the sales of tourism-related saleable vacation units, and we may in the future develop other tourism-related saleable vacation units for sale. The sale of our tourism-related residential vacation properties is subject to general market or economic conditions in which we develop tourism-related real estate development business. Specifically, the sale of our vacation units may be affected by a number of factors, including but not limited to (i) regulatory environment relating to the PRC real estate market, (ii) the completion schedules of the relevant projects, (iii) the timing of the sale of developed residential vacation properties, and (iv) any fluctuations in expenses such as land costs, construction costs or labor costs. While the demand for residential properties in the PRC has been growing rapidly in the past few years, we cannot assure you that the PRC real estate market and housing prices will continue to grow at past levels or will not decline.

Moreover, the sale of our residential vacation properties is subject to general market or economic conditions in which we develop tourism-related real estate development business. If the PRC real estate market experiences a downturn, it would have a material adverse effect on our business, financial performance and prospects. In addition, the development of residential vacation properties is subject to government regulations and policies. For example, we are required to seek permission from relevant government authorities to sell our residential vacation properties in China. We may not be able to obtain such permission on time, or at all, due to factors beyond our control. As of the Latest Practicable Date, we had residential vacation units with a total area of 8,653.4 square meters in Atlantis Sanya that were restricted for pre-sale and being purchased due to the change of government policies. We cannot assure you that no similar situation, which may adversely affect our business and results of operations, will happen in the future. Also, the sale of our residential vacation properties might be affected by the Notice on Stabilizing the Real Estate Market (《關於做好穩定房地產市場工作的通知》) promulgated in March 2018 by Hainan Provincial Department of Housing and Urban-Rural Development, which imposes certain restrictions on the purchase and sale of residential properties in Hainan province. We cannot assure you that the PRC government will not adopt more stringent industry policies, regulations and measures in the future. Restrictive government policies and measures could materially and adversely affect our business, prospects, financial condition and results of operations.

We face intense competition that could adversely affect our business, financial condition and results of operations.

We operate in a competitive and fragmented industry. Although we are dedicated to providing quality tourism and leisure products and services to our customers and focus on mid- and high-end markets that are difficult to penetrate, we face competition from competitors of similar grades and/or styles in the same geographical market. Moreover, there is no guarantee that other brand competitors will not enter into this market with competitive services and prices. The success of our business will depend largely on our ability to compete in areas such as brand reputation, company image, service prices and quality, and convenience of resort and tourism destination location. Our competitors may offer more facilities and/or services at similar or more competitive prices compared to ours to attract more customers. If the efforts of our competitors are successful, our business may be adversely affected. For example, our resorts may experience lower occupancy rates, or our resorts are required to lower room rates, both of which will result in a material and adverse effect on our business, financial condition and results of operations.

Fluctuations in foreign currency exchange rates may lead to volatility in our results of operations and foreign currency exchange losses.

Our reporting currency is the RMB. The value of RMB against the Euro, the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB, the Euro, the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policy goals.

As we conduct our businesses worldwide, we receive foreign currency payments from our customers during our daily operations, and we have different bank borrowing balances in different currencies. The fluctuations in currency exchange rates may significantly decrease the RMB amount received from foreign currency revenues, and could have a significant impact on our indebtedness position. As a result, we are subject to fluctuations in currency exchange rates which may cause volatility in our results of operations and may make it difficult or impossible to compare our results of operations from period to period.

Exchange differences on translation of foreign operations are recognized in our exchange fluctuation reserve, the movement of which is recorded in other comprehensive income. For the years ended 31 December 2015, 2016 and 2017, and the six months ended 30 June 2017 and 2018, the exchange differences arising from translation were loss of RMB222.0 million, gain of RMB58.2 million, loss of RMB396.4 million, loss of RMB227.2 million and loss of RMB138.1 million, respectively. For more information, see "Financial Information—Key Factors Affecting Our Group's Results of Operations and Financial Condition—Exchange Rate Fluctuations and Taxation—Currency fluctuation effects on translations."

Also, the proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the RMB against the Hong Kong dollar may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

We engage in hedging transactions, which can limit gains and increase exposure to losses.

Due to our global operations, during the Track Record Period, we engaged in hedging transactions to protect us from the effects of changes in interest rates on our indebtedness and the effects of changes in foreign exchange rates and to reduce our exposure to market volatility.

Hedging could fail to protect us or could adversely affect us because, among other things:

- the available hedging may not correlate fully with the risk for which protection is sought;
- the duration or nominal amount of the hedge may not match the duration of the related liability;
- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments would reduce our net assets and profits.

In addition, hedging involves transaction costs. These costs may increase as the period covered by the hedging increases and during periods of rising and volatile interest rates or foreign exchange rates. In periods of extreme volatility, it may not be commercially viable to enter into hedging transactions due to the high costs involved.

Any of the above factors could have a material and adverse effect on our business, financial condition and results of operations.

If our risk management and internal control policies and procedures fail to be implemented effectively, our business and prospects may be materially and adversely affected.

We have recently enhanced our risk management and internal control policies and systems in a continual effort to improve our risk management capabilities and enhance our internal controls. See "Business—Risk Management and Internal Control" for more details. However, we cannot assure you that our risk management and internal control policies and procedures will adequately control, or protect us against, all risks. Some of these risks are unforeseeable or unidentifiable and may be more severe than what we may anticipate.

Our risk management capabilities and ability to effectively monitor legal compliance and other risks are restricted by the information, tools, models and technologies available to us. In addition, given the limited history of some aspects of our risk management and internal control policies and procedures, we will require additional time to implement these policies and procedures in order to fully assess their impact and evaluate our compliance with them. Moreover, our employees will require time to adjust to these policies and procedures and we cannot assure you that our employees will be able to consistently comply with or accurately apply them.

If our risk management and internal control policies, procedures and systems fail to be implemented effectively, or if the intended results of such policies, procedures or systems are not achieved in a timely manner, including our ability to maintain an effective internal control system, our business, financial condition, results of operations and reputation may be materially and adversely affected.

We may not make successful strategic investments and acquisitions, and we may be unsuccessful in identifying suitable acquisition targets, which may negatively impact our growth strategy.

We may make strategic investments and acquisitions in the future from time to time. In the event that we are unable to make, or are restricted from making, such strategic investments or acquisitions due to regulatory, financial or other constraints, we may not be able to effectively implement our investment or expansion strategies. For example, pursuant to the joint venture agreement of Kuyi, a joint venture by our Group and Thomas Cook and established to serve as our sales channel, our Group is refrained from making and holding a majority interest in, or acquiring control of a business in the PRC which directly or indirectly competes with the business of Kuyi, unless the prior consent of the joint venture partner has been obtained.

Acquisitions typically involve a number of risks, including, but not limited to:

- our lack of experience in operating in new regions;
- the difficulty of integrating the operations and personnel of the acquired business or company;
- the potential disruption to our ongoing business and the distraction of our management;
- maintaining or entering into new management agreements;
- the difficulty of maintaining uniform standards, controls, procedures and policies;
- the impairment of relationships with employees and customers as a result of the integration of new management and personnel;
- unrevealed potential liabilities associated with the acquired business or company;
- higher than planned requirements to preserve and grow the value of the acquired business or company or, if we are unable to obtain access to such funds, possible loss of value of the acquired business or company;
- adverse effects on our results of operations due to the amortization of and potential impairment provision for goodwill and other intangible assets associated with acquisitions and losses sustained by the acquired business or company after the date of acquisition;
- our ability to acquire land and land use rights on commercially acceptable terms, or at all; and
- our ability to obtain external funding on commercially acceptable terms, or at all, for our strategic investments and future expansion.

There is no assurance that we will be able to implement our investment strategies successfully or that we will be able to expand our portfolio at any specified rate or to any specified size. We may not be able to make acquisitions or investments on favorable terms or within a desired time frame.

Any future investments or acquisitions may also expose us to the risks and uncertainties associated with general risk exposure from such investments or acquisitions as well as risks for cross-border mergers and acquisitions. Since these and other risks and uncertainties are beyond our control, we may fail to implement our external growth strategy successfully, which could have a material and adverse effect on our business, financial condition and results of operations. Even if we were able to make acquisitions or investments as desired, there is no assurance that we will achieve our intended return on such acquisitions or investments.

There can be no assurance given that we will be able to identify additional suitable acquisition targets or consummate future acquisitions or strategic transactions on acceptable terms. Our failure to successfully identify additional suitable acquisition candidates or consummate future acquisitions or strategic transactions on acceptable terms could have an adverse effect on our businesses, cash flow, financial condition, results of operations and prospects.

Our success depends on the continued effective execution of our business strategy and management of our growth, and our inability to do so may affect our financial condition and results of operations.

The successful execution of our business strategy depends on our ability to provide attractive experiences at our resort and tourism destinations as well as other good-quality tourism related products and services, develop attractive tourism projects and offer premium services. Our revenue also depends on a healthy and evolving mix of revenue from our resort, tourism destinations and other businesses. As we generated a majority of our revenue from operation and management of resorts during the Track Record Period while we expect to generate a larger portion of our revenue from other business lines, our revenue mix may change and we may face difficulties in managing our growth.

In addition, our success in executing our business strategy may be adversely affected by a number of factors, including loss of our key management members, changes in the regulatory environment of the PRC and other countries where we operate with respect to the tourism and leisure industry, the availability of suitable land and sufficient funding, or a downturn in the PRC and/or global economy. If we cannot continue to execute our business strategy, we may be unable to continue our growth or maintain our market position, which may adversely affect our financial condition and results of operations. Specifically, we intend to build additional tourism destinations over time, which may place substantial strain on our managerial, operational and financial resources. For instance, we may not have sufficient working capital or financing to expand our network and presence in the world's top destinations. In addition, we may have limited knowledge of the local conditions of these new markets, which may differ from the conditions of the market in which we currently operate. We cannot assure you that we will be able to successfully leverage our experience to expand into other destinations in the world. When we enter into new markets, we may face intense competition from other operators with industry experience or which have established a presence in the relevant geographical areas. We may not be able to recover the costs incurred in expansion of our business or to realize the intended or projected benefits. We also cannot assure you that we can anticipate and resolve all problems that may occur during our expansion and failure to do so may have a material adverse effect on our business, financial condition and results of operations.

We are subject to laws and regulations in multiple jurisdictions, and the change of such laws and regulations may restrict our business and development.

We operate in more than 40 countries and regions and may further expand our global presence in the future. As a result, we are required to comply with different and evolving laws and regulations in respective countries and regions where we operate, which are sometimes contradictory, in many areas such as safety, environment, tourism, transportation and tax. The application of such laws and regulations might be sources of operational difficulty and could lead to litigious situations with suppliers, owners, personnel, or local governments.

In addition, changes in laws and regulations applicable to us in the countries and regions where we operate may restrict our development capacities. Moreover, compliance with changed laws and regulations may require significant expenditures, which could have an adverse effect on our business, financial condition and results of operations.

We had net current liabilities during the Track Record Period and may continue to have net current liabilities in the future.

As of 31 December 2015, 2016, 2017, 30 June 2018 and 30 September 2018, we recorded net current liabilities of RMB4,315.6 million, RMB2,594.3 million, RMB3,810.9 million, RMB5,815.3 million, and RMB7,254.9 million, respectively. During the Track Record Period, our net current liabilities were primarily attributable the increase in contract liabilities from advance payments from buyers of Tang Residence and amounts due to related companies to fund the expansion of our business operations in China. Please see "Financial Information—Description of Principal Consolidated Balance Sheet Items—Net current assets (liabilities)" for a detailed analysis of our net current liability position. There can be no assurance that we will be able to improve our liquidity and record net current assets. If we continue to record net current liabilities, we may face a deficiency of working capital and may not be able to service short term debts. Any of these events could have a material adverse impact on our business and results of operations.

We are exposed to the credit risk of our customers.

We are subject to the credit risks of our customers and our cash flows are dependent on timely payment of our trade receivables by our customers. We may not be able to receive payment on time. Historically, the trade receivables turnover days for the years ended 31 December 2015, 2016, 2017 and for the six months ended 30 June 2018 were 14.1 days, 16.2 days, 23.5 days and 25.6 days, respectively. The trade receivable turnover days have increased in 2017 and 2018 as we introduced businesses with longer operation cycles. For details, please see "Financial Information — Description of Principal Consolidated Balance Sheet Items — Trade receivables — Provision Policy — Trade receivables turnover days." Although our management makes periodic collective assessments as well as individual assessment on the recoverability of trade and other receivables, we cannot assure you that our customers will pay us in full for their purchases in a timely manner or at all in the future. If our customers fail to pay us in full in a timely manner, our financial condition and results of operations may be materially and adversely affected. Please also refer to the paragraphs headed "Financial Information — Quantitative and Qualitative Disclosures about Financial Risk — Credit Risk" in this prospectus for further details.

Our business may generate net operating cash outflow, which may have a material adverse impact on our liquidity and financial condition.

Our net operating cash flow for the six months ended 30 June 2018 decreased to RMB198.1 million compared to RMB2,543.8 million for the six months ended 30 June 2017. This decrease was primarily due to an increase in completed properties for sale, a reduction in the amount of contract liabilities generated from pre-sale of Tang Residence units and an increase in prepayments for land use rights, in the first half of 2018 compared to the first half of 2017. In future periods, cash spent on properties under development, completed properties for sale, tax paid in relation to property development and other expenditures in operating activities, may result in net operating cash outflows, which may have a material adverse impact on our liquidity and financial condition. We cannot assure you that we will have sufficient cash from other sources in the future to fund our operations after net operating cash out flow. If we resort to other financing activities to generate additional cash, we may incur additional financing costs and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us.

We have significant amounts of intangible assets on our balance sheet, which could be reduced by impairment losses.

As of 30 June 2018, the carrying amount of our intangible assets other than goodwill was RMB2,509.2 million and our intangible assets consisted mainly of trademarks, and also include patents, software, and leasehold rights.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Trademarks with indefinite useful life are mainly the Club Med trademarks. We do not anticipate any limitations in the registration or continual renewals of such trademarks over time, and we have the ability to and intend to renew such trademarks continuously. On the basis of our comprehensive assessment of the trends in the market environment and competition, such trademarks are at the core of our business and are expected to generate net cash flows indefinitely. Leasehold rights with indefinite useful life represent access rights paid for by successor tenants to their predecessors to enter lease contracts. The payment for the access right is determined generally based on economic performance and outcome of the leased location. Most such leasehold rights are in France where they can be renewed or the leasehold rights could be passed to successor tenants, and tenants are legally entitled to an eviction indemnity against the lessor if the lease cannot be renewed or leased to successor tenants. The leasehold rights will not expire and will contribute to the future cash flow of our Group.

The useful lives of intangible assets are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis. Such change would require such intangible assets to be impaired and amortized, which would reduce their carrying values and adversely affect our financial position and financial results.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. Estimating the value in use requires us to make estimations and assumptions in determining the expected future cash flows from the relevant cash-generating units and in choosing a suitable discount rate to calculate the present value of those cash flows. We may incur significant impairment losses if actual events in the future differ adversely from our cash flow projections resulting in the recoverable amount being lower than the carrying amount of the relevant cash generating unit or asset. Any significant impairment losses of intangible assets could adversely affect our financial condition and results of operations. For more information, see "Note 2.4 Summary of Significant Accounting Policies—Intangible assets (other than goodwill)" and "Note 16 Intangible Assets" in "Appendix I — Accountants' Report" of this prospectus.

We have a significant amount of goodwill on our balance sheet, which could be reduced by impairment losses.

We recognized goodwill of RMB1,533.3 million from the acquisition of Club Med in February 2015 and, due solely to the translation of exchange rate fluctuations, the carrying amount of goodwill increased to RMB1,694.0 million as of 30 June 2018.

We test goodwill for impairment at least on an annual basis, and this requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. Estimating the value in use requires us to make estimations and assumptions in determining the expected future cash flows from the relevant cash-generating units and in choosing a suitable discount rate to calculate the present value of those cash flows. We may incur significant impairment losses if actual events in the future differ adversely from our cash flow projections resulting in the recoverable amount being lower than the carrying amount of the relevant cash generating unit or asset. Any significant impairment losses of our goodwill could adversely affect our financial condition and results of operations. For more information, see "Financial Information — Critical Accounting Policies, Estimates and Judgments — Business combination, goodwill and impairment testing" and "Note 17 Goodwill" in "Appendix I — Accountants' Report" of this prospectus.

Gain on disposal of a subsidiary and disposal of property, plant and equipment is non-recurring in nature. Accordingly, we may not record such gain in the future.

We review our asset portfolio from time to time and prudently consider disposing certain assets when the timing and price is right. We recorded gain on disposal of a subsidiary in October 2017, amounting to RMB192.5 million. For the years ended 31 December 2016 and 2017, and six months ended 30 June 2017 and 2018, we also recorded gain on disposal of property, plant and equipment, of RMB17.5 million, RMB91.6 million, RMB26.8 million and RMB25.8 million, respectively. For details, please see Note 14 and Note 46 to "Appendix I — Accountants' Report." Such disposals of subsidiaries and property, plant and equipment were non-recurring in nature. Therefore, we may not be able to record such gains in the future, which in turn may affect our profitability.

Our results of operations, financial condition and prospects may be adversely affected by impairment loss for properties under development and completed properties for sale.

We are exposed to the risks of the tourism-related property sales market and we may sustain impairment losses in our properties under development and completed properties for sale, if we fail to complete the construction and sell the properties in time at our desired prices. Such impairment loss may arise when the carrying value of a property exceeds its recoverable amount. The amount of properties under development and completed properties for sale as of 30 June 2018 was RMB2,398.5 million and RMB1,297.0 million, respectively. We cannot assure you that we may not incur impairment losses, during adverse market conditions in the future. If we incur such impairment losses, our results of operations, financial condition and prospects may be adversely affected.

We are exposed to fair value changes of long-term investments measured at fair value through profit or loss and other comprehensive income, as the valuation of such investments may involve unobservable inputs that require judgment and assumptions which are inherently uncertain.

For the years ended 31 December 2015, 2016 and 2017, and six months ended 30 June 2018, we had long-term investments at fair value through profit or loss of RMB55.0 million, RMB47.0 million, RMB18.5 million and RMB16.0 million, respectively, and long-term investments at fair value through other comprehensive income of nil, RMB195.0 million, RMB190.1 million and RMB808.9 million, respectively. For details, please see Note 21 to "Appendix I — Accountants' Report."

The fair value of such investments that are not traded in an active market is determined using valuation techniques, which require judgment and assumptions and involve the use of unobservable inputs, such as the discount rate and long-term growth rate. We use our judgment to make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions, and estimates could materially affect the respective fair value of these investments. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value. These factors include, but are not limited to, general economic conditions, changes in market interest rates and stability of the capital markets.

The valuation techniques that we use may involve a significant degree of management judgment and are inherently uncertain, and may result in material adjustment to the carrying amounts of such investments, which in turn may materially and adversely affect our results of operations.

Our balance sheet and financial ratios may be adversely impacted by IFRS 16 when it becomes effective.

IFRS 16 was issued in January 2016, and will be effective for accounting periods beginning on or after 1 January 2019. As of 31 December 2015, 2016 and 2017 and 30 June 2018, our operating lease commitments were RMB7,993.4 million, RMB9,141.9 million, RMB10,853.0 million, and RMB12,968.5 million, respectively. We will apply the above new standards when they become effective and make amendments to the existing standards accordingly. It is expected that the commitments due after December 2018 will be required to be recognized in the consolidated statement of financial position as right-of-use assets and lease liabilities. Recognizing such right-of-use assets and lease liabilities will have an impact on our balance sheet and therefore may impact our financial ratios, such as return on total assets.

We may be exposed to various types of taxes in the jurisdictions in which we operate or have a presence.

We conduct our operations in more than 40 countries and regions worldwide, and we are exposed to various types of taxes in jurisdictions such as the PRC, France, the United States, Brazil, Belgium and Japan. The level of taxation in each of the jurisdictions where we are established, including the PRC, is subject to changes in laws and regulations, as well as changes in the application of existing laws and regulations by tax authorities, and such changes, if any, may lead to an increase in our effective tax rates. Moreover tax laws and applicable practice have become increasingly complex and sophisticated, especially with respect to cross-border transactions. Thus, while we intend to manage our tax situation in each of these jurisdictions efficiently, there can be no assurance that the desired tax outcome will necessarily be achieved. We maintain a transfer pricing regime that we believe complies with the applicable laws and practices in the localities where we operate, but if local authorities disagree with our transfer pricing policy for our intra-group cross-border transactions and prevail in tax proceedings, we may be required to pay higher tax charges and potential penalties. Finally, we will also be subject to taxes in any new jurisdictions in which we launch new operations, and similar risks will apply in respect of such taxes. All these factors may have a material and adverse effect on our business, financial condition and results of operations.

Our substantial amounts of deferred tax assets are subject to the uncertainties of accounting estimates.

We have substantial amounts of deferred tax assets that are subject to the uncertainties of accounting estimates. The carrying values of deferred tax assets were RMB125.1 million, RMB136.4 million, RMB259.5 million and RMB351.9 million as of 31 December 2015, 2016 and 2017 and 30 June 2018, respectively. Based on our accounting policies, deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses to the extent that sufficient taxable profit or the taxable temporary difference will be available in the future. The realization of a deferred tax asset mainly depends on our management's judgement as to whether sufficient taxable profits or taxable temporary differences will be available in the future. Estimations of future taxable profits depend on numerous factors beyond the control of our management. The carrying amount of deferred tax assets is reviewed by our management at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

We could incur significant costs or liability related to environmental matters.

Our operations are subject to various environmental laws and regulations, including those relating to water pollution control, air pollution control, soil pollution control, noise pollution control and other pollutant discharge and disposal control. For example, in China, we are required to submit an environmental impact report, environmental impact statements or environmental impact registration forms to the relevant authorities for approval to commence the construction of a project. In certain jurisdictions, upon the completion of construction, the relevant environmental authorities inspect our properties to ensure our compliance with the applicable environmental protection standards. Under these laws and regulations, an owner or operator of resorts and tourism destinations may be subject to liability, including a fine or imprisonment, for water pollution control, air pollution control, soil pollution control, noise pollution control and other pollutant discharge and disposal control. Furthermore, we may be required to make significant capital expenditures to comply with existing or new environmental laws or regulations. The presence of water pollution, air pollution, noise pollution, soil pollution, or other pollutant pollution without a valid license or the failure to remedy water pollution, air pollution, soil pollution, or other pollutant pollution or non-compliance with any environmental laws, regulations or environmental impact reports, environmental impact statements or environmental impact registration forms, or the failure to obtain valid environmental certificates or complete inspection from relevant environmental authorities, may expose us to liability or have a material and adverse effect on our business, financial condition and results of operations.

Animals in our care are important to our Aquarium and Dolphin Cay at Atlantis Sanya, and they could be exposed to infectious diseases.

We operate the Aquarium, and we have dolphins in our Dolphin Cay at Atlantis Sanya. Individual animals, specific species of animals or groups of animals in our collection could be exposed to infectious diseases or might die due to diseases or other reasons. While we have never had any such experiences, an outbreak of an infectious disease among any animals in our Aquarium or Dolphin Cay or the public's perception that a certain disease could be harmful to human health may materially adversely affect our business, financial condition and results of operations.

We are subject to complex and evolving laws and regulations governing the treatment of animals, and may be involved in claims and lawsuits by animal protection activist groups.

We operate in a complex and evolving regulatory environment and are subject to various laws, regulations and international treaties. We are required to comply with laws and regulations that regulate the treatment of animals involving the import and export of exotic and native wildlife, endangered species and protection of wildlife. We incur compliance costs in connection with these laws and regulations, and violation of any of such laws and regulations could subject us to fines and penalties and result in the loss of our licenses and permits, which, if it occurred, could impact our ability to display certain animals. Future amendments to existing laws, regulations and treaties or new laws, regulations and treaties may potentially restrict our ability to maintain our animals or otherwise adversely affect our business.

Additionally, from time to time, animal protection activists and other third-party groups may make claims before government agencies and/or bring lawsuits against us. Such claims and lawsuits might be based on allegations that we do not properly care for some of our featured animals. While we seek to structure our operations to comply with all applicable laws and vigorously defend ourselves when sued, there are no assurances as to the outcome of future claims and lawsuits that could be brought against us. In addition, associated negative publicity could adversely affect our reputation and results of operations.

There are uncertainties involved in implementing certain arrangements for the delineation of business between the Remaining Fosun International Group and us.

For the clear delineation of business between the Remaining Fosun International Group and us, Fosun International intends to procure Yuyuan to agree to the termination of the equity entrustment arrangement which grants Yuyuan, among others, the shareholding rights over the Lijiang Project ("**Entrustment Termination**"). However, we have no control over the timing or outcome of the Entrustment Termination, which is subject to various external approvals and regulatory requirements. In the event that the Entrustment Termination is not effected, the Lijiang Project needs to be structured, consistent with the Operating Principles, so that the GFA for tourism-related facilities will remain below 50% of the total GFA, and Yuyuan and Fosun International will then procure that the Lijiang Project be sold to Yuyuan or a third party in accordance with the equity entrustment agreement. In that case, we might have to sell the Lijiang Project accordingly. For more details, please refer to "Relationship with Our Controlling Shareholders—Delineation of Business."

Economic sanctions laws imposed by the United States, European Union, and other jurisdictions may expose us to potential compliance risks.

Sanctions laws prohibit business in or with certain countries or governments, and with certain persons or entities that have been sanctioned by the United States, the E.U. or other governments and international or regional organizations, such as the United Nations Security Council. Although the primary markets in which we operate are not jurisdictions currently subject to comprehensive economic sanctions, we do conduct a very limited amount of business in the Crimea region of Ukraine and Cuba. We are therefore exposed to international sanctions risk. While we believe that we are not and have not been in violation of any applicable sanctions and that none of our activities are currently sanctionable under applicable laws, there can be no assurance that we will be in compliance with such sanctions laws in the future, particularly as we cannot predict with certainty the interpretation or implementation of any sanctions laws or policies or their future changes. Any alleged violations of sanctions could adversely affect our reputation, business, results of operations and financial condition.

RISKS RELATING TO THE PRC

China's economic, political and social conditions, government policies, as well as the global geopolitical and economic conditions, may continue to affect our business.

A portion of our businesses, assets, operations and revenues are located in or derived from our operations in the PRC and, as a result, our business, financial condition and results of operations are subject, to a significant degree, to the economic, political, social and regulatory environment in the PRC. The PRC government regulates the economy and the industries by imposing industrial policies and regulating the PRC's macro economy through fiscal and monetary policies.

The PRC economy has undergone a transition from a planned economy to a market-oriented economy. The PRC government has, in recent years, taken various actions to introduce market forces for economic reform, to reduce State ownership of productive assets and to promote the establishment of sound corporate governance in business entities. However, a substantial portion of productive assets in the PRC are still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the economy and the industries by issuing industrial policies. The PRC government still retains significant control over the PRC's economic growth through the allocation of resources, the monetary policies and preferential treatments to particular industries or enterprises.

Our performance has been and will continue to be affected by China's economy, which in turn is influenced by the global economy. The uncertainties relating to the global economy, the political relationships between China and foreign countries including the United States, as well as the political environment in various regions of the world will continue to impact China's economic growth. While China's economy has experienced significant growth in the past few decades, growth has been uneven across different regions and economic sectors and there is no assurance that such growth can be sustained. The growth rate of China's nominal GDP has decreased from 8.2% in 2014 to 7.0% in 2015 but has recovered to 11.2% in 2017. Recently, the United States imposed significant tariffs on certain Chinese-made products. The PRC has in turn imposed tariffs against certain U.S. products in response to U.S. tariffs. Continued trade tensions between the U.S. and China may ultimately have an adverse effect on the global economy, which in turn may affect our business.

We are unable to predict all the risks and uncertainties that we face as a result of current economic, political, social and regulatory developments and many of these risks are beyond our control. All such factors may adversely affect our business and operations as well as our financial performance. For example, while China has a comprehensive set of laws, rules and regulations, the administration of economic affairs is also highly dependent on changes in national and regional policy, including the implementation of laws, rules and regulations. From time to time, particularly when certain activities are the target of greater policy scrutiny, key personnel of affected enterprises have had to respond to inquiries from Chinese regulatory authorities. The time and energy needed to respond to such inquiries may affect such persons' ability to devote full attention to their enterprises, compel them to assume less responsibility or, in extreme cases, step down from their roles. Resulting negative publicity from such inquiries, whether or not justified, may also have a negative effect on the results of operations of such enterprises.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The "Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors" (《關於外國投資者併購境內企業的規定》), or the M&A Rules, "Special Management Measures for the Market Entry of Foreign Investment (Negative List) (2018 Version)" (《外商投資准入特別管理措施(負面清單)(2018年版)》), and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors infeasible or more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the

"Anti-Monopoly Law" (《反壟斷法》) requires that the MOFCOM shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the "Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors" issued by the MOFCOM (《商務部實施外國投資者併購境內企業安全審查制度的規定》) that became effective in September 2011 specifies that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and it prohibits any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. Moreover, as our ultimate controlling person is a mainland natural person, our overseas investment activities, such as overseas acquisitions of rights and assets, might be subject to the restrictions, requirements and procedures set out under "Administrative Measures for Outbound Investment by Enterprises" (《企業境外投資管理辦法》). As this measure was recently promulgated, there is uncertainty in its application, interpretation and enforcement.

We may be deemed to be a PRC tax resident enterprise under the EIT Law, which may materially and adversely affect our profitability and the value of your investments.

We are a company incorporated under the laws of the Cayman Islands. Pursuant to the EIT Law and its implementation rules, if an enterprise incorporated outside of the PRC has its "de facto management bodies" within China, such enterprise would generally be deemed a "PRC resident enterprise" for tax purposes and be subject to an EIT rate of 25% on its global income. "De facto management bodies" is defined as the body that has actual overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009, July 2011 and January 2014, the SAT issued several circulars to clarify certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by PRC enterprises. We are currently not regarded as a PRC tax resident enterprise. However, if we are regarded as a PRC tax resident enterprise by the PRC tax authorities, we would have to pay PRC EIT at a rate of 25% for our entire global income, which may materially and adversely affect our profits and hence our retained profit available for distribution to our Shareholders.

You may be subject to PRC withholding tax on dividends from us and PRC income tax on any gain realized on the transfer of our Shares.

Under the EIT law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides otherwise, PRC withholding tax at a rate of 10% is normally applicable to dividends from a PRC source paid to investors that are "non-resident enterprises," which do not have an establishment or place of business in China, or which have such establishment or place of business but whose relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such is generally subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China.

Under the PRC Individual Income Tax law and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempted under applicable tax treaties or similar arrangements.

If we are treated as a PRC resident enterprise as described under "—We may be deemed to be a PRC tax resident enterprise under the EIT Law, which may materially and adversely affect our profitability and the value of your investments," dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within China and as a result be subject to the PRC income taxes described above. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely affected.

The PRC government's control of foreign currency conversion and restrictions on the remittance of RMB out of the PRC may limit our foreign exchange transactions, may limit our ability to pay dividends and other obligations, and may affect the value of your investment.

The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive part of our revenue in RMB. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of dividends declared in respect of our Shares, if any. Shortage in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency out of China, or otherwise satisfy their foreign currency denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

In light of the flood of capital outflows from China in 2016 due to the weakening of RMB, the PRC government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movement. More restrictions and a substantial vetting process are put in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC government may at its discretion further restrict access to foreign currencies in the future for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

Some of our properties are located on land that is under long-term land use rights granted by the PRC government. There is uncertainty about the amount of the land grant premium that we will have to pay and additional conditions that may be imposed if we decide to seek an extension of the land use rights for our properties.

Some of our properties are held by us under land use rights granted by the PRC government. Under PRC laws, the maximum term of the land use rights is 40 years for commercial and mixed-use purposes, 50 years for office complexes and 70 years for residential-use purposes. Upon expiration, the land use rights will revert to the PRC government unless the holder of the land use rights applies for and is granted an extension of the term of the land use rights. Some land use rights are granted subject to conditions to be satisfied including, for example, specified deadlines for the commencement of construction. Companies that fail to satisfy conditions may be subject to fines and penalties.

Except for land use rights acquired for residential use, the land use rights do not have automatic rights of renewal and holders of land use rights are required to apply for extensions of the land use rights one year prior to the expiration of their terms. If an application for extension is granted (and such grant would usually be given by the PRC government unless the land in issue is to be taken back for the purpose of public interests), the holder of the land use rights will be required to, among other things, pay a land grant premium. If no application is made, or if such application is not granted, the properties under the land use rights will be reverted to the PRC government without any compensation. As none of the land use rights granted by the PRC government which are similar to those granted for our properties has, as of the Listing Date, run its full term, there is no precedent to provide an indication of the amount of the land grant premium which our Group will have to pay and any additional conditions which may be imposed if our Group decides to seek an extension of the land use rights for our properties upon the expiry thereof.

In certain circumstances, the PRC government may, where it considers it to be in the public interest, terminate land use rights before the expiration of the term. In addition, the PRC government has the right to terminate long-term land use rights and expropriate the land in the event the grantee fails to observe or perform certain terms and conditions pursuant to the land use rights grant contracts. If the PRC government charges a high land grant premium, imposes additional conditions, or does not grant an extension of the term of the land use rights of any of our properties, our operations and business could be disrupted, and our business, financial condition and results of operations could be materially and adversely affected.

Certain of our lease agreements have not been registered with the relevant government authorities and may be subject to fines.

We have leased several properties in the PRC. As of the Latest Practicable Date, certain of our lease agreements had not been registered with the relevant government authorities. Under the relevant PRC laws and regulations, the lease agreements need to be registered and filed with the relevant government. According to our PRC legal advisers, while the lack of registration will not affect the validity and enforceability of the lease agreements, a fine ranging from RMB1,000 to RMB10,000 may be imposed on the parties for each non-registered lease. We may incur additional expenses if any fines were imposed upon us. The registration of some lease agreements requires additional steps to be taken by the respective landlords which are beyond our control. We cannot assure you that the landlords will be cooperative and the registration of these lease agreements and other lease agreements that we may enter into in the future can be completed.

We may be subject to additional social security and housing provident fund contributions and late payments and fines imposed by the relevant governmental authorities.

Our PRC subsidiaries are obliged to register with the social security fund and housing provident fund authorities, and contribute to social security funds and housing provident funds for their employees under applicable PRC laws and regulations. As of the Latest Practicable Date, (i) our newly established PRC subsidiaries that had not hired any full-time employees had not opened accounts for social security funds and housing provident funds; and (ii) one of our PRC subsidiaries, Hainan Albion Property Management Co., Ltd., failed to make contributions to the housing provident funds and social security funds for some of its employees.

According to PRC laws and regulations, the relevant authorities may demand that the PRC subsidiaries effect registration within a limited time, and that failure to do so may subject our PRC subsidiaries to fines of not more than three times the amount of social security funds due, and fines with an amount ranging from RMB10,000 to RMB50,000 for failure regarding housing provident funds for each entity. The relevant PRC subsidiaries will effect registration once the authorities make any request, or when they begin to hire full time employees.

As advised by our PRC Legal Advisor, in the event that the relevant social security and housing provident fund authorities demand that we pay the outstanding amounts of social security and housing provident fund contributions, which we estimate to be less than RMB0.5 million as of the Latest Practicable Date and we shall be required to pay such amounts, if applicable, and if we do not do so within the prescribed time limit, the relevant authorities may impose fines on us.

As of the Latest Practicable Date, we had not been ordered by relevant government authorities to make rectification with respect to the incidents described above. However, we cannot assure you that the PRC government authorities will not impose fines on us for not paying the social insurance and housing provident fund in the future.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System, or FICMIS, and registration with other governmental authorities in China. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local counterparts, and (ii) each of our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount as recorded in FICMIS. Any medium or long-term loan to be provided by us to our Consolidated Affiliated Entities must be recorded and registered by the NDRC and the SAFE or its local counterparts. We may not be able to complete such recording or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the proceeds of this Global Offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On 30 March 2015, the SAFE promulgated the "Notice of the State Administration of Foreign Exchange on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises" (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) ("**SAFE Circular 19**"), which took effect on 1 June 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises and allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using the RMB fund converted from their foreign exchange capitals for expenditures beyond their business scopes. On 9 June 2016, the SAFE promulgated the "Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange" (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) ("**SAFE Circular 16**"). SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capitals for expenditure beyond their business scope, investment of securities or financial products other than guaranteed bank products, providing loans to non-affiliated enterprises unless it is within the business scope, or constructing or purchasing real estate not for self-use. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to and use in China the proceeds from this Global Offering, which may adversely affect our business, financial condition and results of operations.

The heightened scrutiny over acquisitions from the PRC tax authorities may have an adverse impact on our business, acquisition or restructuring strategies or the value of your investment in us.

On 3 February 2015, the SAT issued the "Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises" (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) ("**Circular 7**"), which abolished certain provisions in the "Notice on Strengthening the Administration of Enterprise Income Tax on Non-resident Enterprises" (《關於加強非居民企業股權轉讓企業所得稅管理的通知》) ("**Circular 698**"), which was previously issued by the SAT on 10 December 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise ("**PRC Taxable Assets**").

For example, Circular 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose.

Except as provided in Circular 7, transfers of Chinese taxable property under the following circumstances shall be automatically deemed as having no reasonable commercial purpose, and are subject to PRC enterprise income tax: (i) more than 75% of the value of the overseas enterprise is directly or indirectly from Chinese taxable properties; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed of investment in China at any time during the year prior to the indirect transfer of Chinese taxable property, or more than 90% of the income of the overseas enterprise is directly or indirectly from China during the year prior to the indirect transfer of Chinese taxable property; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold Chinese taxable property and have registered with the relevant authorities in the host countries (regions) in order to meet the local legal requirements in relation to organization forms, yet prove to be inadequate in their ability to perform their intended functions and withstand risks as their alleged organization forms suggest; or (iv) the income tax from the indirect transfer of Chinese taxable property payable abroad is lower than the income tax in China that may be imposed on the direct transfer of such PRC Taxable Assets.

Although Circular 7 contains certain exemptions (including, (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. Therefore, the PRC tax authorities may deem any transfer not made in the public market of our Shares by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of the PRC involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders that are non-resident enterprises or us to additional PRC tax reporting obligations or tax liabilities.

Provisions of Circular 7, which impose PRC tax liabilities and reporting obligations, do not apply to a "non-resident enterprise acquiring and disposing of the equity interests of the same offshore listed company in a public market" (the "**Public Market Safe Harbor**"), which is determined by whether the parties, number and price of the shares acquired and disposed are not previously agreed upon, but determined in accordance with general trading rules in the public securities markets, according to an implementing rule for Circular 698. In general, transfers of the Shares by Shareholders on the Stock Exchange or other public market would not be subject to the PRC tax liabilities and reporting obligations imposed under the Circular 7 if the transfers fall under the Public Market Safe Harbor. As stated in the section headed "Information about this prospectus and the Global Offering," potential investors should consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in the Shares.

We may be subject to penalties, including restriction on our ability to inject capital into our PRC subsidiaries and our PRC subsidiaries' ability to distribute profits to us, if our PRC resident Shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local counterparts of the SAFE in connection with their direct or indirect offshore investment activities. The "Circular on Relevant Issues on the Foreign Exchange Administration of Domestic Resident's Overseas Investment and Financing and Roundtrip Investment through Special Purpose Vehicles" (《關於境內居民通過境外特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**Circular 37**"), promulgated by the SAFE in July 2014, requires PRC residents or entities to register with SAFE or its local counterparts in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our Shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local counterpart of the SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger or division. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing its profits and the proceeds from any reduction in capital, share transfer or liquidation to its offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by the SAFE to return the foreign exchange remitted overseas or into PRC within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into PRC and deemed to have been evasive or illegal, and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We have requested PRC residents holding direct or indirect interest in our Company to our knowledge to make the necessary applications, filings and amendments as required by applicable foreign exchange regulations. As of the Latest Practicable Date, all 57 PRC citizens who attended our Pre-IPO Share Ownership Plan had conducted the registration under SAFE Circular 37. We are committed to complying with and to ensuring that our Shareholders who are subject to the regulations will comply with the relevant SAFE rules and regulations. However, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be able to compel them to comply with Circular 37 or other related regulations. We cannot assure you that the SAFE or its local counterparts will not release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such Shareholders to comply with Circular 37 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could adversely affect our business and prospects.

As there is uncertainty concerning the reconciliation of these foreign exchange regulations with other approval requirements, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant governmental authorities. We cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations.

Failure to comply with PRC regulations regarding the registration requirements for share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Under Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local counterparts and complete certain other procedures. Participants in a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. Also, Circular 7 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly-listed special purpose company may register with SAFE or its local counterparts before they exercise the share options. We and our PRC employees who have been granted share options will be subject to these regulations upon the completion of this Global Offering. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiary's ability to distribute dividends to us, or otherwise materially adversely affect our business.

The SAT has also issued relevant rules and regulations concerning employee share incentives. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon exercise of the share options. Our PRC subsidiaries have obligations to file documents with respect to the granted share options with relevant tax authorities and to withhold individual income taxes for their employees upon exercise of the share options. If our employees fail to pay or we fail to withhold their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by the competent governmental authorities.

The legal system in the PRC has inherent uncertainties that could limit the legal protections available to our Shareholders.

The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court of the PRC and may not be as comprehensive or developed as that of other jurisdictions. Prior court decisions may be cited for reference but have limited precedential value. Accordingly, the outcome of dispute resolutions may not be consistent or predictable.

Although efforts have been made by the PRC government to enhance protection of foreign investment in the PRC, the PRC has not yet developed a fully integrated legal system. Newly-enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC and there is much uncertainty in their application, interpretation and enforcement. Furthermore, the PRC legal system is partly based on government policies and administrative rules that may take effect retrospectively. As a result, we may not be aware of our violations of certain policies or rules in a timely manner.

The legal protection available to us under the PRC laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted, which may result in the diversion of our resources and management attention. In addition, the outcome of dispute resolutions may not be consistent or predictable and it may be difficult to enforce judgments and arbitration awards in the PRC.

These uncertainties relating to the interpretation, implementation and enforcement of the PRC laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions can affect the legal remedies and protections available to you, and may adversely affect the value of your investment.

You may experience difficulties in effecting service of legal process and enforcing judgments or bringing original actions in the PRC or Hong Kong based on foreign laws against us and our Directors and management.

We are an exempted company incorporated in the Cayman Islands and some of our assets are located in China and some of our current operations are conducted in China as well. In addition, many of our current Directors and managements are nationals and residents of China and a significant portion of the assets of these persons are located in China. It may not be possible for investors to effect service of process upon us or those persons in the PRC. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On 14 July 2006, Hong Kong and the PRC entered into the "Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned" (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**"), pursuant to which a party with an enforceable final court judgment rendered by any designated PRC court or any designated Hong Kong court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant PRC court or Hong Kong court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in the dispute did not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against certain of our assets or Directors in the PRC in order to seek recognition and enforcement of foreign judgments in the PRC.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares and the liquidity and market price of our Shares may be volatile.

Prior to completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Joint Representatives (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

The trading price of the Shares may be volatile, which could result in substantial losses to you.

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies in the same and in similar industries that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the Offer Price of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution. If we issue additional Shares in the future, subscribers of our Shares in the Global Offering may experience further dilution in their shareholding percentage.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and Fosun International, could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and Fosun International, or the perception or anticipation of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by Fosun International are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of Fosun International to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

Fosun International has substantial control over our corporate actions and can exert significant influence over important corporate matters, which may reduce the price of our Shares and deprive you of an opportunity to receive a premium for your Shares.

After Completion of the Global Offering, Fosun International will own approximately 81.76% of our total issued Shares, assuming the Over-allotment Option is not exercised. As such, Fosun International will have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive our shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the market price of our Shares. These actions may be taken even if they are opposed by our other shareholders. In addition, the interests of Fosun International may differ from the interests of our other shareholders. See “Relationship with Our Controlling Shareholders.”

There is no assurance if and when we will pay dividends in the future.

Distribution of dividends will be at the discretion of our Board and subject to Shareholders' approval. A decision to declare or pay dividends and the amount of such dividends will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. See “Financial Information—Dividends.” As a result, there can be no assurance whether, when and in what manner we will pay dividends in the future.

Since there may be a gap of several Business Days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins.

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several Business Days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may be different from those in Hong Kong.

Our corporate affairs are governed by the Articles of Association, the Cayman Companies Law and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes or judicial precedents in existence in Hong Kong. This may mean that the remedies available to our minority Shareholders may be different from those available under the laws of Hong Kong or other jurisdictions. A summary of the constitution of our Company and the Cayman Companies Law is set out in Appendix V to this prospectus.

Facts and statistics in this prospectus may come from various sources and may not be fully reliable.

Some of the facts and statistics in this prospectus are derived from various publications of governmental agencies or publicly available sources and obtained during communications with various government agencies or independent third parties that our Directors believe are reliable. For example, some of the facts and statistics in this prospectus are derived from the Frost & Sullivan Report. However, our Directors cannot guarantee the accuracy, quality or reliability of such materials. Our Directors believe that the sources of the information are appropriate and have taken reasonable care in extracting and reproducing such information. They do not believe that such information is false or misleading in any material aspect or that any material fact has been omitted that would render such information false or misleading. The information has not been independently verified by our Group, the Joint Sponsors or any other party involved in the Global Offering and no representation is given as to its accuracy or completeness. Due to the possibly flawed or ineffective sampling or discrepancies between published information and market practices or other reasons, such facts and statistics may be inaccurate or may not be comparable to official statistics. You should consider how much weight or importance such facts or statistics carry and should not place undue reliance on them.

Prospective investors should read the entire prospectus carefully and are strongly cautioned against placing any reliance on the information in any press article or other media coverage which contains information not being disclosed or which is inconsistent with the information included in this prospectus.

You are strongly advised to read the entire prospectus carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this prospectus.

Prior to the completion of the Global Offering, there may be press and media coverage regarding our Group and the Global Offering. Our Directors would like to emphasize to prospective investors that we do not accept any responsibility for the accuracy or completeness of such information and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our Shares. In making decisions as to whether to invest in our Shares, prospective investors should rely only on the financial, operational and other information included in this prospectus.

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

THE HONG KONG PUBLIC OFFERING, THE PREFERENTIAL OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering and the Preferential Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 21,420,000 Shares and the International Offering (including the Preferential Offering) of initially 192,780,000 Shares (subject, in each case, to reallocation on the basis referred to in "Structure of the Global Offering" in this prospectus and without taking into account the Over-allotment Option and the Shares which may be issued under the Pre-IPO Share Option Scheme or the Pre-IPO Free Share Award Plan).

For applicants under the Hong Kong Public Offering and the Preferential Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering and the Preferential Offering.

The Hong Kong Offer Shares and Reserved Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and are subject to us and the Joint Representatives (on behalf of the Hong Kong Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date.

If, for any reason, the Offer Price is not agreed among us and the Joint Representatives (on behalf of the Hong Kong Underwriters), on or before Thursday, 13 December 2018, the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangement, please see the section headed "Underwriting" in this prospectus.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES AND THE RESERVED SHARES

The procedures for applying for Hong Kong Offer Shares and the Reserved Shares are set forth in the section headed in "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus and in the Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed "Structure of the Global Offering" in this prospectus.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set forth in the section headed "Structure of the Global Offering" in this prospectus.

RESTRICTIONS ON OFFERS AND SALES OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares that may be issued under the Over-allotment Option and any Shares which may be issued under the Pre-IPO Share Option Scheme and Pre-IPO Free Share Award Plan).

No part of our equity or debt securities is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, 14 December 2018. The Shares will be traded in board lots of 200 Shares each. The stock code of the Shares will be 1992.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained by our principal share registrar, Harneys Fiduciary (Cayman) Limited, in the Cayman Islands, and our Hong Kong register of members will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

Dealings in our Shares registered in our Hong Kong register will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty of 0.1% on the higher of the consideration for, or the market value of, the Shares is charged to the purchaser on every purchase and to the seller on every sale of the Shares. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

CSRC APPROVAL AND OTHER RELEVANT PRC AUTHORITIES APPROVAL

The Listing does not require the approval of the CSRC or any other PRC government authorities under the current PRC laws, regulations and rules.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in RMB, EUR and US$ have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following exchange rates:

RMB0.88532 : HK$1.00, EUR0.12841 : HK$1.00 TWD3.9075 : HK$1.00, GBP0.09915 : HK$1.00 and US$0.12782 : HK$1.00.

2015: RMB6.89772: EUR1.00;

2016: RMB7.34172: EUR1.00;

2017: RMB7.65785: EUR1.00;

2018: RMB7.68882: EUR1.00;

No representation is made that any amounts in RMB, EUR, TWD, GBP or US$ were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail, provided that if there is any inconsistency between the Chinese names of the entities or enterprises established in China mentioned in this prospectus and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities or enterprises are provided for identification purposes only.

OTHER

The 2015 figures of Club Med in this prospectus, unless otherwise specified, consist only of the figures of Club Med for the 11 months ended 31 December 2015, as we acquired Club Med in February 2015.

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised and no Shares will be issued under the Pre-IPO Share Option Scheme and Pre-IPO Free Share Award Plan.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Our headquarters are located in the PRC while our business and operations are conducted in more than 40 countries and regions spanning six continents. All of our executive Directors and the senior management team are located in the PRC or France and they manage our business and operations principally from there. As a result, our Company does not, and will not in the foreseeable future, have a sufficient management presence in Hong Kong as required under Rule 8.12 of the Listing Rules. Further, it would be impractical and commercially unnecessary for us to appoint an additional executive Director who is ordinarily resident in Hong Kong or to relocate its existing PRC- or France-based executive Directors to Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, subject to the condition that the following measures and arrangements are made for maintaining regular and effective communication with the Stock Exchange:

(i) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. Our two authorized representatives are Mr. Wang Wenping, an executive Director, vice president and chief financial officer, and Ms. Leung Wan Yi, our company secretary. Ms. Leung Wan Yi is ordinarily resident in Hong Kong;

(ii) any meeting between the Stock Exchange and our Directors will be arranged through our authorized representatives or our compliance adviser or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and our compliance adviser;

(iii) each of the authorized representatives will be available to meet with the Stock Exchange within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and/or email. Each of the authorized representatives is authorized to communicate on behalf of us with the Stock Exchange;

(iv) each of the authorized representatives has means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance the communication between the Stock Exchange, the authorized representatives and the Directors, we have implemented a policy that (a) each Director will provide his/her respective office phone number, mobile phone number, facsimile number and email address to the authorized representatives; and (b) each Director and authorized representative will provide, if available, his/her respective office phone number, mobile phone number, facsimile number and email address to the Stock Exchange. In the event that a Director expects to travel or is out of office, he/she will provide the phone number of the place of his/her accommodation or offer means of communication to our authorized representatives;

(v) the Directors, who are not ordinarily resident in Hong Kong, have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and are able to come to Hong Kong and, when required, meet with the Stock Exchange upon reasonable notice; and

(vi) we have, in compliance with Rule 3A.19 of the Listing Rules, appointed Guotai Junan Capital Limited as our compliance adviser who will, among other things, in addition to our two authorized representatives, act as our additional channel of communication with the Stock Exchange for the period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. Our compliance adviser will have full access at all times to the authorized representatives of the Company and our Directors.

CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute partially exempt continuing connected transactions for our Company under the Listing Rules upon Listing. We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements set out in Chapter 14A of the Listing Rules for certain continuing connected transactions. For details of such continuing connected transactions and the waiver, see the section headed "Connected Transactions" in this prospectus.

DISCLOSURE OF PRE-ACQUISITION FINANCIAL INFORMATION

Pursuant to Rule 4.05A of the Listing Rules, where a new applicant acquires any material subsidiary or business during the trading record period and such an acquisition if made by a listed issuer would have been classified at the date of application as a major transaction or a very substantial transaction, it must disclose pre-acquisition financial information on that material subsidiary or business from the commencement of the trading record period (or if the material subsidiary or business commenced its business after the commencement of the trading record period, then from the date of the commencing of its business) to the date of acquisition. Pre-acquisition financial information on the material subsidiary or business must normally be drawn up in conformity with accounting policies adopted by the new applicant and be disclosed in the form of a note to the accountants' report or in a separate accountants' report.

This prospectus contains the audited consolidated financial results of the Group for the three years ended 31 December 2017 and the six months ended 30 June 2018 (the "**Track Record Period**").

Disclosure of Pre-acquisition Financial Information of Thomas Cook

We acquired approximately 5.37% of the equity interest in Thomas Cook Group plc ("**Thomas Cook**") from the Fosun International Group (the "**Thomas Cook Acquisition**") on 29 June 2018 which was within the Track Record Period. Under Rule 4.05A of the Listing Rules, the Thomas Cook Acquisition is classified as a major transaction and we are thus required to present in this prospectus the pre-acquisition financial information of Thomas Cook from the commencement of the Track Record Period to the date of acquisition (the "**Pre-acquisition Financial Information**").

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 4.05A of the Listing Rules on the following basis:

(i) The Thomas Cook Acquisition is merely our passive minority investment and we do not have any control over Thomas Cook. After the Thomas Cook Acquisition, we hold only approximately 5.37% of the equity interest in Thomas Cook, which interest is accounted for as equity investment measured through other comprehensive income in our books. Moreover, we do not have any board representation in Thomas Cook, and thus do not have control over the board of directors of Thomas Cook.

(ii) It is practically impossible for us to prepare the Pre-acquisition Financial Information in accordance with Rule 4.05A of the Listing Rules. Given the circumstances set out in paragraph (i) above, we do not have access to the books and records of Thomas Cook. In addition, because Thomas Cook is a publicly listed company on the London Stock Exchange (the "**LSE**") and is accountable to its public investors, it would not be in a position to allow us any access to its books and records for preparing the Pre-acquisition Financial Information under Rule 4.05A of the Listing Rules.

(iii) Thomas Cook is a public company listed on the LSE and its financials are available in the public domain which has already afforded the investment community sufficient information. Thomas Cook has published audited annual results prepared in accordance with International Financial Reporting Standards (the "**IFRSs**") as adopted by the European Union and also published the unaudited six-month results reviewed by its auditors in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board which is largely the same as a review in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity." The published financials of Thomas Cook are available on its website and via the Regulatory News Service and stored in the Financial Conduct Authority's National Storage Mechanism, and are accessible by the public for a comprehensive understanding of the financial position of Thomas Cook (the "**Published Financials**").

(iv) As alternative financial disclosure, we have included certain financial statements of Thomas Cook for each of the three years ended 30 September 2015, 2016 and 2017 and the six months ended 31 March 2018. For details, see "Appendix III—Extracts of Certain Financial Statements of Thomas Cook" to this prospectus. Those financial statements are extracted from the Published Financials of Thomas Cook and have been prepared on the basis as set out in the relevant reports of Thomas Cook according to such reports. Reference should be made to the full contents of Thomas Cook's respective reports for a comprehensive understanding of its business and financial performance.

Disclosure of Pre-acquisition Financial Information of Club Med

We acquired approximately 91% of the equity interest in Club Med in February 2015. For details of the acquisition, see section headed "History, Reorganization and Corporate Structure—Acquisition of Club Med by Tender Offer" in this prospectus.

Under Rule 4.05A of the Listing Rules, the acquisition of Club Med is classified as a very substantial acquisition and we are thus required to present in this prospectus the pre-acquisition financial information of Club Med from the commencement of the Track Record Period to the date of acquisition (the "**January 2015 Financial Information**").

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 4.05A of the Listing Rules on the following basis:

(i) The January 2015 Financial Information standalone will not be materially useful to investors in considering our overall performance and in evaluating Club Med's operating results over a meaningful period of time, primarily because:

(a) Club Med was a publicly listed company on the primary market of the Euronext Paris before the acquisition of Club Med (subsequently delisted in March 2015). The financial information of Club Med during its listing (including the audited financial statements for its original fiscal year ended 31 October 2014 prepared in accordance with IFRSs as adopted by the European Union) is available in the public domain and investors can assess the historical performance of Club Med on a stand-alone basis by referring to those financial statements as a whole. As such, it has already afforded the investment community sufficient information about Club Med. The benefit of having an additional one-month full set of financials is highly limited. Therefore, we believe that its audited financial statements for the Track Record Period, with Club Med's financial information consolidated since 1 February 2015,[(1)] will provide comprehensive financial information that will enable investors to evaluate our combined businesses; and

Note:

(1) Since Club Med's financial closing, as supported by its IT financial reporting system, is conducted on a monthly basis, it is not practicable for the Group to obtain financial figures of Club Med from within the month of February 2015. Based on the overall assessment of the Group, the financial impact of consolidating 11 days of financial information, from 1 February 2015 to the acquisition date, is not expected to be material to the financial position and performance of the Group.

(b) the business of Club Med is subject to seasonality and any one month is not indicative of the yearly financial performance of Club Med. As such, we believe that one month is a very limited period of time to assess Club Med's business and financial performance.

(ii) Preparing the January 2015 Financial Information in strict compliance with Rule 4.05A of the Listing Rules would create substantial practical difficulties and require us and our reporting accountants to undertake a considerable amount of work, which would be onerous in terms of time, resources and costs. Specifically:

(a) although Club Med has maintained monthly records, such records were prepared for internal management purposes, but not for audit purposes; preparing formal financial statements for January 2015 alone, including a consolidated statement of profit or loss and other comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity and a consolidated statement of cash flows, with notes disclosing, among other things, information that is not presented elsewhere in the financial statements, all in accordance with IFRSs would present extremely onerous challenges; for example, we would need to conduct a complicated analysis of the impact of exchange rates from different countries where its subsidiaries operate; and

(b) as of 30 June 2018, Club Med had business and operations in over 40 countries and regions and had resorts in more than 26 countries and regions. Even after the January 2015 Financial Information had been prepared for audit purposes, it would be unduly burdensome to conduct audit procedures in relation to these financial statements, as audit procedures would need to be performed in the numerous countries where Club Med's subsidiaries are located.

(iii) With a view of providing potential investors with sufficient information, the following information (the "**Alternative Financial Disclosure**") which is comparable to the January 2015 Financial Information that is required to be disclosed under Rule 4.05A of the Listing Rules, would provide appropriate and fair indicators and will be presented in this prospectus:

(a) the revenue, operating profit and net profit of Club Med for the month ended 31 January 2015 which was prepared in accordance with IFRSs as adopted by the European Union. For details, see "Financial Information—Basis of Presentation" in this prospectus; and

(b) the fair value of Club Med at the time of acquisition of Club Med in February 2015. For details, see "Financial Information—Basis of Presentation and Preparation" in this prospectus and Note 46 in the Accountants' Report set out in Appendix I to this prospectus.

BUSINESS ACQUIRED/TO BE ACQUIRED AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants' report to be included in a listing document must include the income statements and balance sheet of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

Rules 4.28 of the Listing Rules further provides that if a new applicant has acquired or proposed to acquire any business or companies, which would at the date of application or such later date of acquisition before the listing of the application be classified as a major subsidiary, since the date to which the latest audited financial statements of the issuer have been made up, it must include in this listing document the pro forma financial information required under Rule 4.29 of the Listing Rules in respect of the enlarged group. For this purpose, if the aggregate total assets, profits or revenue represents 5% or more under the size test ratios as defined under Chapter 14 of the Listing Rules, these acquisitions will be deemed to be an acquisition of a major subsidiary.

On various dates after the Track Record Period, we acquired in aggregate approximately 0.67% of the issued shares of Thomas Cook from the market at a total consideration of approximately GBP8,860,548 (equivalent to approximately HK$89.4 million) (the "**Post-TRP Thomas Cook Acquisitions**").

On 3 July 2018, Laxton sought to acquire approximately 7.73% of the issued shares of Vigor. The shares of Vigor are registered as emerging stock on the Taipei Exchange (formerly known as the GreTai Securities Market) under stock code 2733.

Laxton conducted the above acquisition by entering into a share transfer agreement with Mr. Sun Guohua and Ms. Xiao Shijin, both being the controlling shareholders of Vigor and independent third parties, pursuant to which they agreed to transfer the entire interest in Hezhongli Joint Stock Co., Ltd. (合眾力股份有限公司) ("**Hezhongli**") to Laxton (the "**Post-TRP Vigor Acquisition**," together with the Post-TRP Thomas Cook Acquisitions, the "**Post-TRP Acquisitions**"). Hezhongli is a company established in Taiwan whose only substantial assets are approximately 7.73% of the issued shares of Vigor. As of the Latest Practicable Date, the Post-TRP Vigor Acquisition is under the review by the Ministry of Economic Affairs of Taiwan.

In light of the Post-TRP Acquisitions, under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, we are required to present in this prospectus the financial information of Thomas Cook and Vigor during the Track Record Period.

As our Group has acquired interests in Thomas Cook during and after the Track Record Period which, using 100% of Thomas Cook's consolidated total assets, profits or revenue for size tests calculation, will result in one or more of the percentage ratios exceeding 5%, the requirement under Rule 4.28 of the Listing Rules to prepare pro forma financial information of an enlarged group is triggered for the Thomas Cook acquisitions.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 4.04(2), 4.04(4)(a) and 4.28 of the Listing Rules on the following basis:

(i) The requested waiver would not prejudice the interests of the investing public.

(a) The Post-TRP Acquisitions are *de minimis*. The total number of shares of Thomas Cook that we acquired and proposed to be acquired after the Track Record Period will in any event represent no more than approximately 0.73% (or such other percentage if Thomas Cook issues any new shares or repurchases any issued shares before we conduct any possible acquisitions) of the then total issued share capital of Thomas Cook. All applicable percentage ratios regarding the Post-TRP Acquisitions will be less than 5%;

(b) Based on the equity acquisition nature of the Post-TRP Acquisitions, we are not able to exercise control over Thomas Cook or Vigor at board or shareholders' level;

(c) The equity interest of Thomas Cook and Vigor acquired pursuant to the Post-TRP Acquisitions will only be accounted for as equity investment measured through other comprehensive income, and the financials of Thomas Cook and Vigor will not be consolidated into our financials; and

(d) the Post-TRP Acquisitions will not result in any significant change to our financial position since 30 June 2018 and all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or our financial position has been included in this prospectus. As such, a waiver from compliance with Rules 4.04(2), 4.04(4)(a) and 4.28 of the Listing Rules would not prejudice the interests of the investing public.

(ii) It would be impracticable and unduly burdensome to us and our Shareholders.

Apart from what is available in the public domain, we have no access to the books and records of Thomas Cook nor Vigor for conducting an audit given that:

(a) we will not, as a result of or immediately following the Post-TRP Acquisitions, have any control over Thomas Cook or Vigor, nor will we have any representative on or control over their respective boards of directors (except that Mr. Xu Bingbin, our senior management member, is one of the eight directors of Vigor), or be in a position to consolidate the financials of Thomas Cook or Vigor; and

(b) Thomas Cook is a public company listed on the LSE and Vigor is registered as an emerging stock on the Taipei Exchange, and both are accountable to public investors and thus would not be in a position to allow us to access their books and records.

As we do not have sufficient information to prepare the historical financial information of Thomas Cook or Vigor, it would be impracticable and unduly burdensome for us to prepare the information required under Rules 4.04(2), 4.04(4)(a) and 4.28 of the Listing Rules for inclusion in the prospectus.

(iii) Alternative information has been provided in this prospectus.

We have provided in this prospectus alternative information in connection with the Post-TRP Acquisitions that would be required for a discloseable transaction under Chapter 14 of the Listing Rules in order to compensate for the non-inclusion of historical financial information of Thomas Cook and Vigor. See "History, Reorganization and Corporate Structure—Post-Track Record Period Acquisition" in this prospectus for more details.

In addition, we have provided certain extract financial statements of Thomas Cook for each of the three years ended 30 September 2015, 2016 and 2017 and the six months ended 31 March 2018 as set out in "Appendix III—Extracts of Certain Financial Statements of Thomas Cook" to this prospectus based on its Published Financials.

PERMISSION FOR ALLOCATION OF SHARES TO DIRECTORS AND/OR THEIR CLOSE ASSOCIATES

The Qualifying Fosun International Shareholders who are entitled to participate in the Preferential Offering include our Directors, namely Mr. Qian Jiannong and Mr. Wang Can. In the absence of a prior written consent from the Stock Exchange, participation by the Directors and/or their close associates who are Qualifying Fosun International Shareholders in the Preferential Offering would be prohibited by paragraph 5(2) of Appendix 6 to the Listing Rules which restricts share allocations to directors of the listing applicant or their close associates, whether in their own names or through nominees, unless the conditions set out in Rule 10.03 of the Listing Rules are fulfilled.

Rule 10.03 of the Listing Rules provides that directors of the listing applicant and their close associates may only subscribe for or purchase securities for which listing is sought which are being marketed by or on behalf of a new applicant if (i) no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of securities and (ii) the minimum prescribed percentage of the public shareholders required by Rule 8.08(1) of the Listing Rules is achieved. The Reserved Shares to be offered to the Directors and/or their close associates who are Qualifying Fosun International Shareholders are to be offered on a preferential basis pursuant to the Preferential Offering and therefore the condition set out in Rule 10.03(1) of the Listing Rules is not fulfilled. However, the Directors who are eligible to participate in the Preferential Offering will be participating in their capacity as Qualifying Fosun International Shareholders (rather than in their capacity as Directors or the close associates of Directors), on the same terms as all other Qualifying Fosun International Shareholders, and no preferential treatment will be given to them in the allocation of the Reserved Shares under the Preferential Offering as compared to any other Qualifying Fosun International Shareholders.

In view of the above, the Company has sought the Stock Exchange's consent for, and the Stock Exchange has consented to, the inclusion of the Directors and/or their close associates in the Preferential Offering notwithstanding the requirements under paragraph 5(2) of Appendix 6 to the

Listing Rules and the requirements under Rule 10.03 of the Listing Rules, subject to the conditions that (a) no preferential treatment will be given to the Directors and/or their close associates who are Qualifying Fosun International Shareholders in the allocation of the Reserved Shares under the Preferential Offering, and (b) the minimum public float requirement under Rule 8.08(1) of the Listing Rules will be complied with.

DISCLOSURE REQUIREMENTS WITH RESPECT TO CHANGES IN SHARE CAPITAL

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of paragraph 26 of Part A of Appendix 1 to the Listing Rules in respect of disclosing the particulars of any alterations in the capital of any member of the Group within the two years immediately preceding the issue of this prospectus.

We have identified 13 entities that we consider are the principal operating subsidiaries primarily responsible for the track record results of our Group (the "**Principal Entities**," and each a "**Principal Entity**"). For further details, please see "History, Reorganization and Corporate Structure—Our Principal Operating Subsidiaries." Globally, we have more than 100 subsidiaries across over 40 different jurisdictions. It would be unduly burdensome for us to disclose such information, which would not be material or meaningful to investors. By way of illustration, for the financial year ended 31 December 2017, the aggregate revenue of the Principal Entities in respect of which the relevant information is disclosed represents more than 90% of our total revenue. Accordingly, the remaining subsidiaries in our Group are insignificant to the overall results of the Group.

As such, the particulars of the changes in the share capital of our Company and the Principal Entities are disclosed in "Appendix VI—Statutory and General Information—A. Further information about our Company and our Subsidiaries—2. Changes in the share capital of our Company" and "Appendix VI—Statutory and General Information—A. Further information about our Company and our subsidiaries—5. Changes in the share capital of our subsidiaries" to this prospectus. Further, all major shareholding changes and reorganization steps taken by our Group have been included in "History, Reorganization and Corporate Structure" in this prospectus.

WAIVER IN RESPECT OF PUBLIC FLOAT REQUIREMENTS

Rules 8.08(1)(a) and (b) of the Listing Rules requires that there must be an open market in the securities for which listing is sought. This normally means that at least 25% of the issuer's total number of issued shares must at all times be held by the public. Rule 8.08(1)(d) of the Listing Rules provides that, the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% in the case of issuers with an expected market capitalization at the time of listing of over HK$10 billion, where it is satisfied that the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage, and on condition that the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document and confirm sufficiency of public float in successive annual reports after listing. Additionally, a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

We have applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Stock Exchange has granted our Company a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules, pursuant to which the public float of our Company may fall below 25% of the issued share capital of our Company (assuming that the Over-allotment Option is not exercised and no Shares will be issued under the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan), on the conditions that:

(a) the minimum percentage of our issued share capital to be held by the public should be at the higher of:

  (a) 15.80%, being the minimum percentage of Shares held by the public immediately after the completion of the Global Offering (prior to any exercise of the Over-allotment Option and assuming that (i) FHL, Mr. Qian Jiannong and Mr. Wang Can were allocated all the Reserved Shares under the Preferential Offering by applying excess Reserved Shares, and (ii) no Shares were issued under the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan);

  (b) 16.29%, being the minimum percentage of Shares held by the public immediately after the completion of the Global Offering (prior to any exercise of the Over-allotment Option and assuming that (i) FHL, Mr. Qian Jiannong and Mr. Wang Can were allocated the Reserved Shares under their Assured Entitlement without allocating any excess Reserved Shares, and (ii) no Shares were issued under the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan);

  (c) 16.51%, being the minimum percentage of Shares held by the public immediately after the completion of the Global Offering (prior to any exercise of the Over-allotment Option and assuming that (i) FHL, Mr. Qian and Mr. Wang Can were allocated all the Reserved Shares under the Preferential Offering by applying excess Reserved Shares, and (ii) all the underlying Shares as of the Latest Practicable Date under the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan were fully issued, and the relevant shares held by the core connected persons of our Company were not counted toward the public float);

  (d) 17.55%, being the minimum percentage of Shares held by the public immediately after the completion of the Global Offering (prior to any exercise of the Over-allotment Option and assuming that (i) no Reserved Share was allocated to FHL, Mr. Qian Jiannong and Mr. Wang Can under the Preferential Offering, and (ii) no Shares will be issued under the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan); and

  (e) such percentage of Shares to be held by the public immediately after the completion of the Global Offering (as increased by any Shares to be issued pursuant to the Over-allotment Option, the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan);

(b) we will make appropriate disclosure of the lower percentage of public float required by the Stock Exchange in this prospectus;

(c) we will have an expected market capitalization at the time of Listing of over HK$10 billion; and

(d) we will confirm sufficiency of public float in our successive annual reports after the Listing.

WAIVER IN RESPECT OF RULE 9.09(B) AND PARAGRAPH 5 OF APPENDIX 6 TO THE LISTING RULES

Rule 9.09(b) of Listing Rules provides that there must be no dealing in the securities for which listing is sought by any core connected person of the issuer in the case of a new applicant, from 4 clear business days before the expected hearing date until listing is granted. Paragraph 5 of Appendix 6 to the Listing Rules provides that no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in rules 10.03 and 10.04 of the Listing Rules are fulfilled.

The Company considers it appropriate to allow FHL, Mr. Qian and Mr. Wang Can to subscribe for the Reserved Shares for the following reasons:

(i) FHL, Mr. Qian and Mr. Wang Can were provided by Fosun International their Assured Entitlement in their capacity as Qualifying Fosun International Shareholders rather than in their capacity as core connected persons (Pursuant to Paragraph 3(f) of the Practice Note 15 of the Listing Rules);

(ii) allocation of the Reserved Shares in the preferential offering to FHL, Mr. Qian and Mr. Wang Can is on the same term as all other Qualifying Fosun International Shareholders and not on the basis of Preferential Treatment given to them in the capacity as the Company's core connected persons; and

(iii) even if FHL, Mr. Qian and Mr. Wang Can apply for the Reserved Shares in excess of their Assured Entitlement, the allocation of the Reserved Shares will be consistent with the allocation basis Company use in the case of over-subscription in public offering in Hong Kong and no preferential treatment will be given to them.

Under the Preferential Offering, FHL, Mr. Qian Jiannong and Mr. Wang Can are entitled, and may decide, to apply for the Reserved Shares in the capacity as Qualifying Fosun International Shareholders the Reserved Shares. We have applied for, and the Stock Exchange has exercised its discretion under Rule 9.09(b) and Paragraph 5 of the Appendix 6 of the Listing Rules to allow FHL, Mr. Qian and Mr. Wang Can (being core connected persons of the Company) to apply for the Reserved Shares.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Qian Jiannong (錢建農)	Room 501 No. 5 Lane 118 Jingyu South Road Shanghai, PRC	Chinese
Mr. Henri Giscard d'Estaing	89 Bd du Montparnasse 75006 Paris, France	French
Mr. Wang Wenping (王文平)	Room 302 No. 3, Lane 1666 Changning Road Shanghai, PRC	Chinese
Non-executive Director		
Mr. Wang Can (王燦)	Room 602 Building 26, Lane 11 Honggu Road Shanghai, PRC	Chinese
Independent non-executive Directors		
Dr. Allan Zeman (盛智文)	House B Cape Villa 28 Cape Road Chung Hom Kok Hong Kong	Chinese (Hong Kong)
Mr. Guo Yongqing (郭永清)	Room 201 No. 6 Lane 1739 Xizang South Road Shanghai, PRC	Chinese
Ms. Katherine Rong Xin	No. 18 Lane 1118 Mingyue Road Shanghai, PRC	American

For further information regarding our Directors, please see "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**J.P. Morgan Securities (Far East) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong
	CLSA Capital Markets Limited 18/F, One Pacific Place 88 Queensway Hong Kong
	Citigroup Global Markets Asia Limited 50th Floor, Champion Tower Three Garden Road Central Hong Kong
Joint Global Coordinators	**J.P. Morgan Securities (Asia Pacific) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong
	CLSA Limited 18/F, One Pacific Place 88 Queensway Hong Kong
	Citigroup Global Markets Asia Limited 50/F Champion Tower Three Garden Road Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	Fosun Hani Securities Limited Unit 2101-2105 21/F, Champion Tower 3 Garden Road Central Hong Kong

Joint Bookrunners	**J.P. Morgan Securities (Asia Pacific) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong *(in relation to the Hong Kong Public Offering only)*
	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP United Kingdom *(in relation to the International Offering only)*
	CLSA Limited 18/F, One Pacific Place 88 Queensway Hong Kong
	Citigroup Global Markets Asia Limited 50/F Champion Tower Three Garden Road Central Hong Kong *(in relation to the Hong Kong Public Offering only)*
	Citigroup Global Markets Limited 33 Canada Square Canary Wharf London E14 5LB United Kingdom *(in relation to the International Offering only)*
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	Fosun Hani Securities Limited Unit 2101-2105 21/F, Champion Tower 3 Garden Road Central Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong

AMTD Global Markets Limited
23/F-25/F, Nexxus Building
41 Connaught Road Central
Hong Kong

Crédit Agricole Corporate and Investment Bank, Hong Kong branch
Floor 27
Two Pacific Place
88 Queensway
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

Haitong International Securities Company Limited
22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

ICBC International Capital Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

Natixis
Level 72 International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Nomura International (Hong Kong) Limited
30/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Societe Generale
34/F Three Pacific Place
1 Queen's Road East
Hong Kong

Joint Lead Managers

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong
(in relation to the Hong Kong Public Offering only)

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom
(in relation to the International Offering only)

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Citigroup Global Markets Asia Limited
50/F Champion Tower
Three Garden Road
Central
Hong Kong
(in relation to the Hong Kong Public Offering only)

Citigroup Global Markets Limited
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom
(in relation to the International Offering only)

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Fosun Hani Securities Limited
Unit 2101-2105 21/F, Champion Tower
3 Garden Road
Central
Hong Kong

ABCI Securities Company Limited
10/F Agricultural Bank of China Tower
50 Connaught Road
Central
Hong Kong

AMTD Global Markets Limited
23/F-25/F, Nexxus Building
41 Connaught Road Central
Hong Kong

Crédit Agricole Corporate and Investment Bank, Hong Kong Branch
Floor 27
Two Pacific Place
88 Queensway
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

Haitong International Securities Company Limited
22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

ICBC International Capital Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

Natixis
Level 72 International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Nomura International (Hong Kong) Limited
30/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Societe Generale
34/F Three Pacific Place
1 Queen's Road East
Hong Kong

Futu Securities International (Hong Kong) Limited
11/F, Bangkok Bank Building
18 Bonham Strand West
Sheung Wan
Hong Kong

Guotai Junan Securities (Hong Kong) Limited
26/F-28/F Low Block Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Head & Shoulders Securities Limited
Room 2511, 25/F Cosco Tower
183 Queen's Road Central
Hong Kong

SBI China Capital Financial Services Limited
Unit A2, 32/F
United Centre
95 Queensway, Admiralty
Hong Kong

Zhongtai International Securities Limited
19/F Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

Legal Advisers to Our Company

As to Hong Kong law and United States law
Paul Hastings
21-22/F, Bank of China Tower
1 Garden Road
Hong Kong

As to French law
Paul Hastings (Europe) LLP
32, rue de Monceau
75008 Paris
France

As to U.S. sanctions law
Paul Hastings LLP
875 15th Street, NW
Washington D.C. 20005
United States

As to E.U. and U.N. sanctions law
Paul Hastings (Europe) LLP
Via Rovello
Milan 20121
Italy

As to PRC law
AllBright Law Offices
11-12/F, Shanghai Tower
No. 501, Yincheng Middle Road
Shanghai
PRC

As to Cayman Islands law
Harney Westwood & Riegels
4th Floor, Harbour Place, 103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

As to Greek law (advising on civil aspects)
Koimtzoglou-Leventis & Associates Law Partnership
3A Fragoklissias & Granikou Street
Marousi, 151 25
Greece

As to Greek law (advising on criminal aspects)
Ovvadias S. Namias — Law Firm
16,Voukourestiou Street
GR- 106 71 Athens
Greece

Legal Advisers to Fosun International

As to Hong Kong law and United States law
Paul Hastings
21-22/F, Bank of China Tower
1 Garden Road
Hong Kong

Legal Advisers to the Joint Sponsors and the Underwriters

As to Hong Kong law and United States law
Kirkland & Ellis
26th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

	As to PRC law **JunHe LLP** 20/F, China Resources Building 8 Jianguomenbei Avenue Beijing PRC
Auditors and Reporting Accountants	**Ernst & Young** 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Compliance Adviser	**Guotai Junan Capital Limited** 27/F Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 1018, Tower B 500 Yunjin Road Shanghai PRC
Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 6/F, Three Pacific Place 1 Queen's Road East Hong Kong
Receiving Banks	**CMB Wing Lung Bank Limited** Wing Lung Bank Building 45 Des Voeux Road Central Hong Kong **Hang Seng Bank Limited** 83 Des Voeux Road Central Central Hong Kong **Standard Chartered Bank (Hong Kong) Limited** 15/F, Standard Chartered Tower 388 Kwun Tong Road Hong Kong

Registered Office	Harneys Fiduciary (Cayman) Limited 4th Floor, Harbour Place, 103 South Church Street P.O. Box 10240 Grand Cayman KY1-1002 Cayman Islands
Headquarters in the PRC	18/F, Tower S1 Bund Finance Center 600 Zhongshan No. 2 Road East Shanghai the PRC
Principal place of business in Hong Kong	Room 808 & 2101-06 ICBC Tower 3 Garden Road Central Hong Kong
Company's Website	**www.fosunholiday.com** (*the information contained on the website does not form part of this prospectus*)
Company Secretary	Ms. Leung Wan Yi (梁韻兒) (*a Fellow of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators*) Room 2101-06 ICBC Tower 3 Garden Road Central Hong Kong
Authorized Representatives	Mr. Wang Wenping (王文平) Room 302 No. 3, Lane 1666 Changning Road Shanghai, PRC Ms. Leung Wan Yi (梁韻兒) Room 2101-06 ICBC Tower 3 Garden Road Central, Hong Kong
Audit Committee	Mr. Guo Yongqing (郭永清) (Chairman) Mr. Wang Can (王燦) Ms. Katherine Rong Xin

Remuneration Committee	Ms. Katherine Rong Xin (Chairman) Mr. Guo Yongqing (郭永清) Mr. Wang Wenping (王文平)
Nomination Committee	Mr. Qian Jiannong (錢建農) (Chairman) Dr. Allan Zeman (盛智文) Ms. Katherine Rong Xin
Strategy Committee	Mr. Qian Jiannong (錢建農) (Chairman) Mr. Henri Giscard d'Estaing Dr. Allan Zeman (盛智文)
Principal Share Registrar and Transfer Agent	**Harneys Fiduciary (Cayman) Limited** 4th Floor, Harbour Place 103 South Church Street P.O. Box 10204 Grand Cayman, KY1-1002 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Banks	**The Hongkong and Shanghai Banking Corporation Limited** 1 Queen's Road Central Hong Kong **Le Crédit Lyonnais Crédit Agricole** CS 90010 93167 Noisy Le Grand Cedex France **China Development Bank, Sanya Sub-Branch** Building B08 No. 16, Luhuitou Road Hedong District Sanya, Hainan Province PRC

Certain information and statistics set out in this section and elsewhere in the Prospectus have been derived from various government publications, market data providers and other independent third-party sources. In addition, certain information and statistics set forth in this section and elsewhere in this prospectus have been derived from an industry report commissioned by us and independently prepared by Frost & Sullivan in connection with the Global Offering, or the Frost & Sullivan Report. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information or statistics false or misleading. None of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any other party involved in the Global Offering or their respective directors, advisers and affiliates have independently verified such information and statistics. Accordingly, none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any other party involved in the Global Offering or their respective directors, advisers and affiliates makes any representation as to the correctness or accuracy of such information and the statistics contained in this prospectus. For the above reasons, information contained in this section should not be unduly relied upon.

SOURCE OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on, the tourism market, and leisure tourism market for use in this prospectus. Founded in 1961, Frost & Sullivan provides market research on a variety of industries, among other services. The information from Frost & Sullivan disclosed in the prospectus is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of RMB620,000, and is disclosed with the consent of Frost & Sullivan. The Frost & Sullivan Report is prepared through extrapolating publicly available data such as information provided by governments, industry associations, annual reports of public companies, industry reports and other available information gathered by non-profit organizations.

Frost & Sullivan also adopted the following primary assumptions while making projections on the global and PRC macroeconomic environments, tourism market, and leisure tourism market:

(i) the steady growth of the global and PRC economy in the next decade;

(ii) the stability of the global and PRC social, economic, and political environment in the forecast period; and

(iii) that market drivers, such as increasing spending on leisure tourism, growing preference for tourism services and experiences and a growing number of diverse destinations, are likely to drive the growth of the global and PRC tourism market (including the leisure tourism market).

Frost & Sullivan's projections are made based on various market determinants and their coefficients assigned to a market which indicate their relative importance. The market determinants represent both subjective assumptions and objective factors; therefore, the projected data may not be consistent with the actual data.

Except as otherwise indicated, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that, after taking reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

OVERVIEW OF THE GLOBAL AND PRC ECONOMY

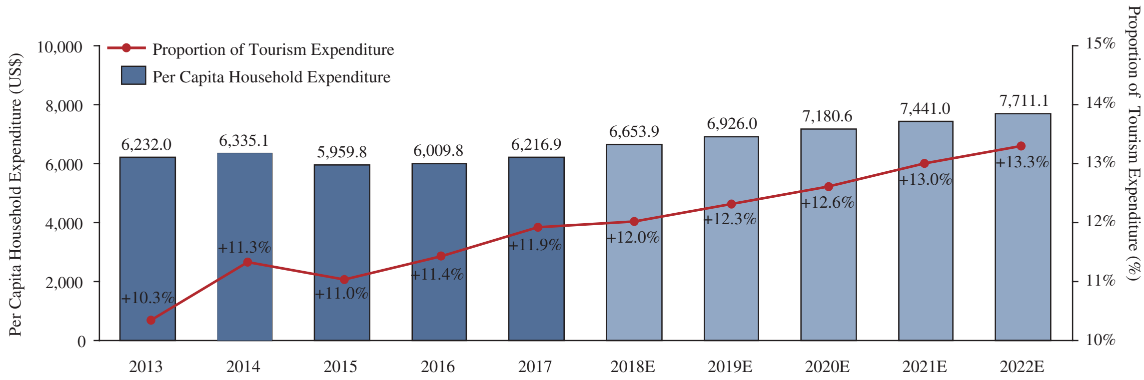
Global Economy

The global economy has seen significant growth since the middle of 2016, primarily driven by (i) economic growth in certain regional markets, such as China, the United States and Europe; and (ii) the recovery in global commodity trade and investment markets. Global nominal GDP and per capita nominal GDP reached US$79.9 trillion and US$10,828.3 in 2017, respectively, representing an annual growth rate of 5.8% and 4.5% from 2016, respectively. The global economy is expected to continue to grow in the near future. Global nominal GDP is expected to grow at a CAGR of 6.3% from 2017 to 2022, reaching US$108.5 trillion in 2022, while global per capita nominal GDP is expected to grow at a CAGR of 5.1% from 2017 to 2022, reaching US$13,905.6 in 2022, according to the International Monetary Fund (the "**IMF**").

In line with global economic trends, the global per capita household expenditure also recorded growth in 2016 and reached approximately US$6,216.9 in 2017, with a growth rate of 3.4% from 2016, and is expected to further increase to approximately US$7,711.1 in 2022, representing a CAGR of 4.4% from 2017. Similarly, the global per capita tourism expenditure reached approximately US$740.8 in 2017, with a growth rate of 8.5% from 2016, and is expected to reach approximately US$1,025.1 in 2022, representing a CAGR of 6.7% from 2017 according to the World Travel and Tourism Council ("**WTTC**"), mainly driven by (i) the continued rise in disposable income; (ii) more leisure time available; and (iii) improvements in transportation services and relaxed global visa policies.

The following chart sets forth the historical and projected global per capita household expenditure and tourism expenditure for the periods indicated:

Per Capita Household Expenditure and Tourism Expenditure (Global), 2013—2022E



Sources: World Bank, World Travel & Tourism Council and Frost & Sullivan

PRC Economy

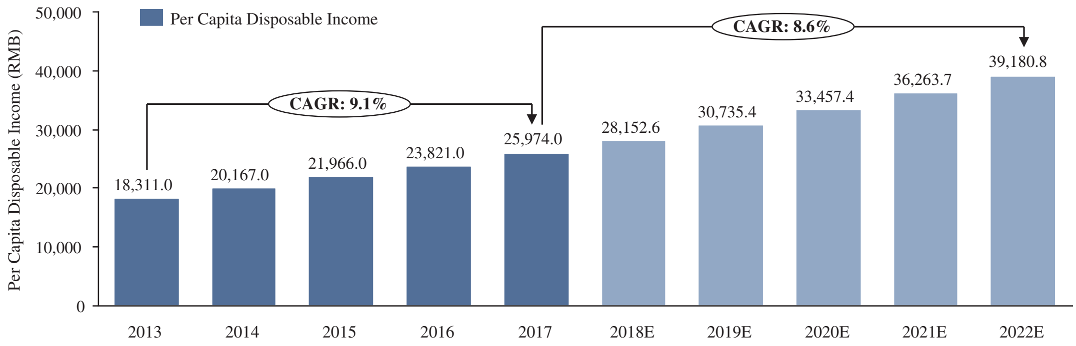
The PRC economy grew steadily from 2013 to 2017, and is expected to maintain steady growth from 2017 to 2022. The nominal GDP in China increased from RMB59.5 trillion in 2013 to RMB82.7 trillion in 2017, representing a CAGR of 8.6%, and is expected to further increase to RMB122.6 trillion in 2022, representing a CAGR of 8.2% from 2017. Per capita nominal GDP in China also increased from approximately RMB43,320.0 in 2013 to approximately RMB59,660.0 in 2017, representing a CAGR of 8.3%, and is expected to further increase to approximately RMB86,400.3 in 2022, representing a CAGR of 7.7% from 2017.

In line with the continuous growth in the economy and further urbanization, the per capita annual disposable income increased from approximately RMB18,311.0 in 2013 to approximately RMB25,974.0 in 2017, representing a CAGR of 9.1%, and is expected to increase to approximately RMB39,180.8 in 2022, representing a CAGR of 8.6% from 2017. In addition, the per capita household expenditure in China increased from approximately RMB13,220.4 in 2013 to approximately RMB18,322.0 in 2017, representing a CAGR of 8.5%, and is expected to reach approximately RMB27,331.0 in 2022, representing a CAGR of 8.3% from 2017.

Driven by (i) the steady growth in the economy, (ii) a rise in consumption of cultural and recreational goods and services, and (iii) growing tourism frequency in China, the per capita tourism expenditure in China increased from RMB2,363.2 in 2013 to RMB3,887.6 in 2017, representing a CAGR of 13.3%, and accounted for 21.2% of total per capita household expenditure in China in 2017. In 2017, the per capita tourism expenditure in China was approximately US$575.2 (RMB3,887.6), which was significantly below the global average of US$740.8 (RMB5,007.0), and demonstrated the large potential for the growth of the PRC tourism market, which is expected to experience significant growth and outpace that of the global market. The per capita tourism expenditure in China is expected to further increase to RMB6,486.3 in 2022, representing a CAGR of 10.8% from 2017, while the global average per capita tourism expenditure is expected to further increase to US$1,025.1 in 2022, representing a CAGR of 6.7% from 2017.

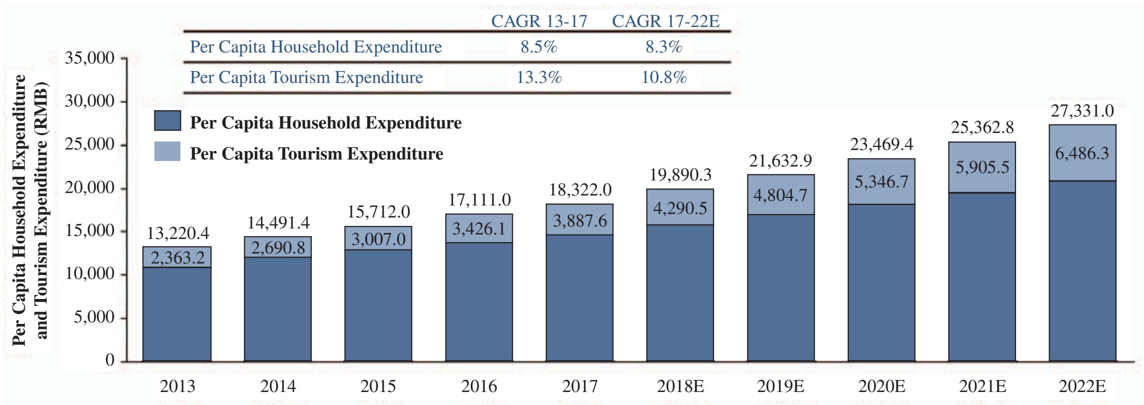
The following charts set forth the historical and projected per capita disposable income, per capita household expenditure and per capita tourism expenditure in China for the periods indicated:

Per Capita Disposable Income (China), 2013—2022E



Sources: National Bureau of Statistics, IMF and Frost & Sullivan

Per Capita Household Expenditure and Tourism Expenditure (China), 2013—2022E



Source: National Bureau of Statistics, National Tourism Administration and Frost & Sullivan

OVERVIEW OF GLOBAL TOURISM INDUSTRY

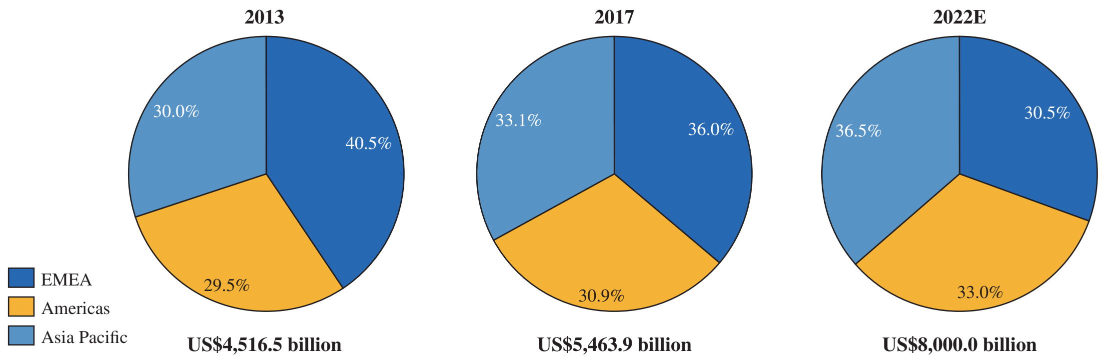
Global Tourism Market

Tourism represents travel for a variety of purposes, including but not limited to leisure, business, visiting friends and relatives ("**VFR**"), health and other purposes. Over the past few years, the global tourism industry experienced continued expansion and diversification and became one of the largest and fastest-growing economic sectors in the world in terms of revenue. According to the WTTC, the global tourism industry is one of the world's largest economic sectors, contributing a total of 10.4% of global GDP in 2017. In addition to outpacing global economic growth, the tourism sector, with an annual growth rate of 4.6%, also outperformed other major global economic sectors in 2017, including manufacturing (annual growth rate of 4.2%), information and communication (annual growth rate of 3.6%), retail and wholesale (annual growth rate of 3.4%), and other sectors such as financial services and construction, which reported growth of less than 3.0%. The tourism industry contributes to the global economy mainly through (i) economic activity generated by industries such as accommodations, airlines and other passenger transportation services, travel agents, and (ii) activities of restaurant and leisure industries that deal directly with tourists.

Due primarily to (i) the growing global economy in recent years, (ii) the ever-increasing number of tourism destinations, (iii) the development of diversified tourism product and service offerings, such as online booking services, and (iv) the improvements in transportation services, the global tourism market has witnessed, and is also projected to continue to experience, a steady increase in terms of revenue. The revenue of the global tourism market increased from US$4,516.5 billion in 2013 to US$5,463.9 billion in 2017, representing a CAGR of 4.9%, and is also expected to increase to approximately US$8,000.0 billion in 2022, representing a CAGR of 7.9% from 2017.

The global tourism market can be divided into three main markets by geographic destination: (i) Europe, Middle East, and Africa ("**EMEA**"), (ii) North and South America ("**Americas**"), and (iii) Asia Pacific.

Revenue of Tourism Market by Region (Global), 2013, 2017 and 2022E



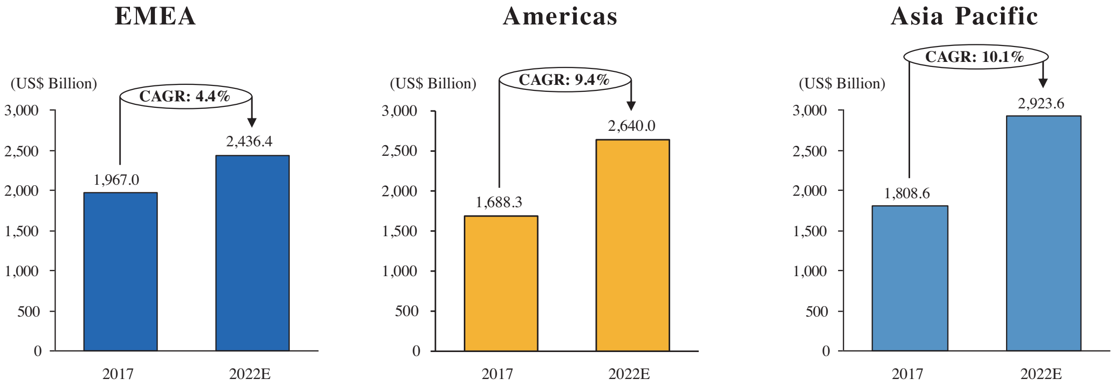
Sources: World Travel & Tourism Council, World Tourism Cities Federation and Frost & Sullivan

The revenue of the tourism market in EMEA increased from US$1,829.1 billion in 2013 to US$1,967.0 billion in 2017, representing a CAGR of 1.8%. In 2017, EMEA was the world's largest tourism market, accounting for 36.0% of the global tourism market in terms of revenue. The revenue of the tourism market in EMEA is expected to increase to US$2,436.4 billion in 2022, representing a CAGR of 4.4% from 2017.

Because of the increase in newly developed destinations in the Americas, such as in Brazil and Mexico, the revenue of the tourism market in the Americas increased to US$1,688.3 billion in 2017, representing a CAGR of 6.1% from 2013, accounting for 30.9% of the global tourism market in terms of revenue, and is expected to reach US$2,640.0 billion in 2022, with a CAGR of 9.4% from 2017.

The performance of the tourism market is particularly strong across Asia Pacific. Asia Pacific leads global growth in terms of revenue primarily because of (i) the continued rise in disposable income; (ii) more leisure time available; and (iii) the improvements in transportation services and more relaxed global visa policies. The revenue of the tourism market in Asia Pacific increased to US$1,808.6 billion in 2017, representing a CAGR of 7.4% from 2013, accounting for 33.1% of the global tourism market in terms of revenue, and is expected to reach US$2,923.6 billion in 2022, with a CAGR of 10.1% from 2017.

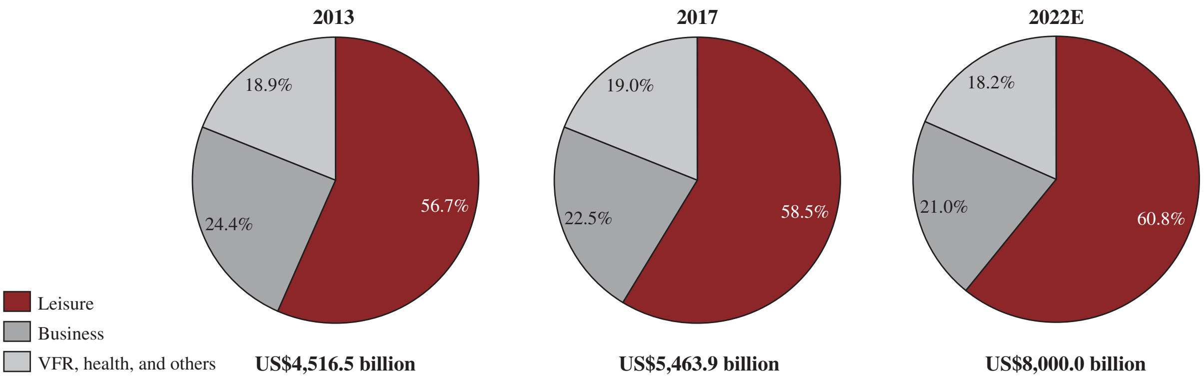
Revenue of Tourism Market, 2017 and 2022E



Sources: World Travel & Tourism Council, World Tourism Cities Federation and Frost & Sullivan

The global tourism market can also be classified into (i) leisure, (ii) business, and (iii) VFR, health and others based on purpose of tourism. The leisure segment is the largest in terms of revenue, accounting for 58.5% of the total revenue of the global tourism market in 2017, and is expected to account for 60.8% of the total revenue of the global tourism market in 2022, which represents a CAGR of 8.8% from 2017 to 2022 in terms of revenue. Such increases have been and are expected to be mainly due to (i) increasing spending on leisure tourism; (ii) growing preference on leisure tourism services and experiences; (iii) family travelers seeking family-oriented leisure tourism; and (iv) an ever-increasing number of diverse destinations. The following chart sets forth the historical and projected revenue breakdown of the global tourism market by purpose for the periods indicated:

Revenue of Tourism Market by Purpose (Global), 2013, 2017 and 2022E



Sources: World Travel & Tourism Council, United Nations World Tourism Organization and Frost & Sullivan

Global Leisure Tourism Market

Overview

The global leisure tourism market, a major segment of the global tourism market, which contributed 58.5% of the overall tourism market in terms of revenue in 2017, has become increasingly prevalent worldwide for its diversified product and services offerings, along with a rising trend in consumption of higher value-added and/or more premium products and services (often known as "consumption upgrade" in China), diversification and customization. The global leisure tourism market, which recorded total revenue of US$3,194.0 billion in 2017 and grew at a CAGR of 5.7% from 2013 to 2017, recorded faster growth compared to that of the global tourism market. In addition, the global leisure tourism market is expected to grow at an even higher rate and reach US$4,866.7 billion in terms of revenue in 2022, representing a CAGR of 8.8% from 2017.

The global leisure tourism market can be primarily divided into (i) accommodations, (ii) transportation, (iii) food and beverage, (iv) entertainment, (v) shopping, and (vi) other tourism-related products and services. Accommodations are one of the largest segments in this market, with an approximate market share of 25.0%, in terms of revenue in 2017.

Set forth below is an analysis of emerging trends for consumers in the global leisure tourism market:

- *Family Customer.* Parent-child travel has long been popular in developed countries, and has also become increasingly accepted in high-growth emerging countries such as China. As parents devote more time to creating memorable experiences with children and infuse educational elements into leisure tourism experiences, a broader variety of hotels and resorts have developed parent-child services and activities catering to such needs.

- *Tailor-Made Experiences for "Millennials."* Millennials, referring to people born between 1980 and 1999, generally have a high affinity for leisure tourism activities. Millennials are also generally more willing to accept new experiences and tourism concepts and are more accustomed to using modern technology to seek tailor-made leisure tourism experiences.

- *Online Impact.* Consumers increasingly prefer online booking as well as social platforms for sharing tourism experiences. In recent years, online reviews, opinions and comments regarding tourism experiences posted on social media and user-generated content platforms are likely to influence tourists' preferences for destinations and tourism methods.

- *Customized Services and Experiences.* In recent years, consumers have increasingly sought to pursue unique and tailor-made tourism experiences. Younger travelers especially prefer outdoor activities such as skiing, diving and camping. As a result, hotels and resorts which provide a combination of diversified products and services, including but not limited to accommodations, dining and entertainment, are becoming more popular.

Ski resorts remain an important component of this segment. We are the largest ski resorts provider in Europe in terms of number of resorts in 2017. We operate ski resorts in five countries, more than almost any other competitor in the world.

Market Landscape and Competition

The global leisure tourism market is highly fragmented, with the top ten players together accounting for 4.9% of market share in terms of revenue in 2017. Market participants in the global leisure tourism market compete on the quality of leisure tourism activities such as accommodations, transportation, food and beverage, diversification of services and products such as spas, golfing, skiing, water and land sports, geographical coverage and price, among others.

With the development of the sector, participants who provide integrated leisure tourism products and services are playing increasingly important roles. These participants are groups of business that operate in the entire lifecycle of a customer's leisure tourism experience in order to provide one-stop and comprehensive leisure tourism products and services. Our Group is one of these integrated leisure tourism services providers.

The Leisure Tourism Accommodations Market

Accommodations in the leisure tourism market, categorised by types, include hotels and resorts, motels, hostels, inns, bed and breakfasts (B&Bs), camping, home exchange, vacation rentals and others.

Resort is one of the key format in the leisure tourism accommodations market. Resorts are isolated and self-contained commercial establishments that provide most of a tourist's needs, such as accommodations, food, drink, sports, entertainment and shopping, on the premises. Some resorts can be integrated with a main attraction, such as a scenic or historic site, ski area, golf park, water and land sports, and spas, among others.

Overview

Driven by increasing spending on tourism, growing preference for tourism services and experiences including family-oriented tourism, and an ever-increasing number of diverse destinations over the past few years, the global leisure tourism accommodations market has recorded continued expansion, with revenue increasing from US$605.3 billion in 2013 to US$798.5 billion in 2017, representing a CAGR of 7.2%, and is expected to further increase to US$1,297.8 billion in 2022, representing a CAGR of 10.2% from 2017. Resort has been recognized as one of the most popular accommodation formats in recent years. The global leisure tourism resorts market accounted for approximately 27.4% of the leisure tourism accommodation market in terms of revenue in 2017, increased from US$158.0 billion in 2013 to US$218.6 billion in 2017, representing a CAGR of 8.5%, and is expected to further increase to US$375.5 billion in 2022, representing a CAGR of 11.4% from 2017.

Market Landscape and Competition of Leisure Tourism Resorts Segment

The global leisure tourism resorts market is highly fragmented and intensely competitive, with the top five market players together accounting for only 2.4% of market share in terms of revenue in 2017. Our Group is the largest leisure tourism resorts group in the global market. Our market share is 0.8%

in terms of revenue in 2017. Market participants in the global leisure tourism resorts market compete on quality of rooms, restaurants, entertainment facilities and services and MICE facilities, attractiveness of locations, availability of a global sales system, price and other factors. Our Group operated 69 resorts covering 26 countries and regions worldwide as of 30 June 2018. The following table sets forth the ranking, revenue and market share of the top five leisure tourism resorts groups in the global market in terms of revenue in 2017:

Ranking and Market Share of Top Five Leisure Tourism Resorts Group (Global), 2017

Ranking	Leisure Tourism Resorts Group(1)(2)	Revenue(4) (US$ Million)	Market Share in terms of Revenue	No. of Resorts	Country Coverage	Region Coverage
1	The Group	1,666.9	0.8%	69(3)	26	EMEA, Americas, Asia Pacific
2	Group A	1,522.0	0.7%	90	15	EMEA, Americas
3	Group B	722.0	0.3%	148	35	EMEA, Americas, Asia Pacific
4	Group C	708.9	0.3%	230	12	EMEA, Americas
5	Group D	660.0	0.3%	52	6	Americas
	Top Five	**5,279.7**	**2.4%**			
	Total	**218,556.0**	**100.0%**			

Notes:

(1) Leisure tourism resorts group refers to the hotels and resorts group which focuses on leisure tourism resorts, rather than business hotels, and excludes consortia, themed resorts, and casinos and resorts.

(2) Leisure tourism resorts include resorts, villages, and villas, and exclude residential properties, holiday residences or apartments, and camping, among others.

(3) As of 30 June 2018, the Group had 69 resorts in operation worldwide, including a cruise ship.

(4) The revenue of leisure tourism resorts includes room revenue, and revenue generated by restaurant, entertainment, transportation, among others, and excludes tourism-related property sales and construction services.

Source: Frost & Sullivan Report

Regional

The leisure tourism resorts markets of EMEA, the Americas and Asia Pacific are all highly fragmented and intensely competitive, with the top five market players together accounting for only 4.1%, 3.6% and 1.6% of the respective markets in terms of revenue in 2017.

Our Group is the largest leisure tourism resorts group in the EMEA market. Our market share was 1.4% in terms of revenue in 2017. The following table sets forth the ranking, revenue and market share of the top five leisure tourism resorts groups in the EMEA market in terms of revenue in 2017:

Ranking and Market Share of Top Five Leisure Tourism Resorts Group (EMEA), 2017

Ranking	Leisure Tourism Resorts Group	Revenue (US$ Million)	Market Share	No. of Resorts
1	The Group	1,099.5	1.4%	42(1)
2	Group A	843.7	1.1%	51
3	Group B	543.9	0.7%	107
4	Group C	446.6	0.6%	145
5	Group E	260.0	0.3%	42
	Top Five	**3,193.8**	**4.1%**	
	Total EMEA Resorts Market	**78,680.2**	**100.0%**	

Note:

(1) As of 30 June 2018, the Group operated 42 resorts in the EMEA, including a cruise ship.

Source: Frost & Sullivan Report

Our Group is also one of the leading leisure tourism resorts groups in the Americas market. The following table sets forth the ranking, revenue and market share of the top five leisure tourism resorts groups in the Americas market in terms of revenue in 2017:

Ranking and Market Share of Top Five Leisure Tourism Resorts Group (Americas), 2017

Ranking	Leisure Tourism Resorts Group	Revenue (US$ Million)	Market Share	No. of Resorts
1	Group A	678.3	0.9%	41
2	Group D	660.0	0.9%	52
3	Group F	559.5	0.8%	14
4	Group G	450.0	0.6%	24
5	The Group	308.6	0.4%	12[(1)]
	Top Five	**2,656.5**	**3.6%**	
	Total Americas Resorts Market	**74,309.0**	**100.0%**	

Note:

(1) As of 30 June 2018, the Group operated 12 resorts in the Americas.

Source: Frost & Sullivan Report

Our Group is the second largest leisure tourism resorts group in the Asia Pacific market with a market share of 0.4% in terms of revenue in 2017. The following table sets forth the ranking, revenue and market share of the top five leisure tourism resorts groups in the Asia Pacific market in terms of revenue in 2017:

Ranking and Market Share of Top Five Leisure Tourism Resorts Group (Asia Pacific), 2017

Ranking	Leisure Tourism Resorts Group	Revenue (US$ Million)	Market Share	No. of Resorts
1	Group H	351.3	0.5%	67
2	The Group	258.7	0.4%	15[(1)]
3	Group I	228.0	0.3%	15
4	Group J	120.6	0.2%	32
5	Group K	90.8	0.1%	24
	Top Five	**1,049.4**	**1.6%**	
	Total Asia Pacific Resorts Market	**65,566.8**	**100.0%**	

Note:

(1) As of 30 June 2018, the Group operated 15 resorts in the Asia Pacific.

Source: Frost & Sullivan Report

Entry Barriers

Destination Resources. Although demand for leisure tourism destinations may continue to increase, there is a natural limit to desirable geographical resources that can be developed. Moreover, some governments have formulated strict administrative licensing procedures for tourism resources development and, as a result, new competitors face high barriers to acquire high-quality and attractive destination resources.

Initial Capital Cost. The leisure tourism industry is capital intensive. The initial cost to develop destinations is high. In addition, a sufficient amount of capital is also required to sustain the cost of daily operations as it takes time for a new destination to ramp up.

Product and Service Differentiation. In the intensely competitive global environment, leisure tourism groups compete by regional coverage, diversity of choices in accommodations, quality of service, brand awareness, diversification of entertainment, and price, among others. Consumers tend to be loyal to the brands offering the best experience and services. Therefore, building a leisure tourism brand with unique products and services is an entry barrier for many new global competitors.

Operational Experience and Management Capability. The operation and management of a leisure tourism business is complex, particularly for integrated leisure tourism groups whose business covers the entire lifecycle of the customers' holiday experience. New participants in the global leisure tourism market face a steep learning curve and would be able to gain significant market share only with solid industry experience, innovation in management philosophy, and skillful application of information technology.

Market Drivers

Increasing Spending on Leisure Tourism. With increasing disposable income and more leisure time available, consumer purchasing power on leisure tourism has been increasing, which in turn has driven the demand for, as well as spending on, products and services in the global leisure tourism market.

Growing Preference for Tourism Services and Experiences. With increasing demand for tailor-made leisure tourism experiences, customers have developed a more diverse array of preferences for leisure tourism products and services, which in turn has led to an overall upgrade in the quality and diversity of product and service offerings in the global leisure tourism market.

Family-oriented Leisure Tourism. Families, including three-generation families, have become the largest group of tourism customers in recent years. Therefore, the demand for convenient and family-oriented leisure tourism experiences through a flexible combination of diversified products and service offerings in the global leisure tourism market has increased.

Ever-increasing Number of Diverse Destinations. An ever-increasing number of diverse destinations worldwide has become a key driver of the leisure tourism industry. Resorts designed for families and all-inclusive resorts in various kinds of tourism destinations such as beachfronts, ski areas, golf parks, recreational areas, scenic or historic sites, are able to provide diversified and customized choices to meet the different needs of customers.

Market Trends

Growth of Premium Products and Services. With the improvement in living standards and greater availability of leisure time in emerging countries and regions, customers in the global leisure tourism market increasingly prefer premium products and services to create convenient and comfortable tourism experiences, which have led to the development of middle- to high-end accommodations that pay greater attention to hygiene and safety.

Diversified Market Preference. A variety of family-oriented leisure tourism products and offerings, such as skiing, theme parks, water activities, dramatic and musical performances and spas, are becoming more popular among customers in the global leisure tourism market. Such strong demand for diversified products and services also enables market participants to devote more time and resources to product innovation and service quality improvement in the future.

Preference for One-stop Services. The rapid development of the internet has enabled customers to choose more convenient "one-stop" services for all stages of the leisure tourism cycle, including but not limited to reservation for accommodations, airlines, attractions and entertainment. One-stop services enable customers to choose products and services best suited to their preferences in a cost- and time-efficient way. In addition, strategically upgrading from providing single products to offering comprehensive one-stop leisure tourism products and services can benefit players in the global leisure tourism market, and enable such players to occupy a larger market share.

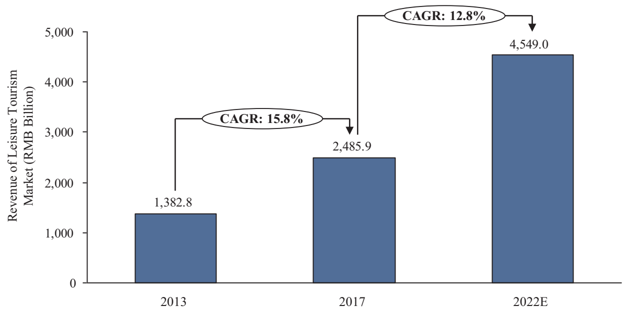
Greater Digital Impact. The growing popularity of online sharing which influences the way people choose leisure tourism products and services. For example, when celebrities post pictures and articles of some popular destinations on online social platforms, customers may be attracted to these destinations. Furthermore, with new developments in science and technology, artificial intelligence and the internet of things, services in the global leisure tourism market will likely become more efficient and automated.

Leisure Tourism Market in China

Market Landscape and Competition

The leisure tourism market is highly mature in EMEA and the Americas, while it has become increasingly developed in China. With rising disposable income, government policies favoring tourism consumption, and relaxation of the one-child policy, among other factors, the PRC leisure tourism market, particularly family-focused leisure tourism activities, is poised to grow significantly over the next few years. This market grew from RMB1,382.8 billion in 2013 to RMB2,485.9 billion in 2017, a CAGR of 15.8%, and is expected to grow to RMB4,549.0 billion in 2022, a CAGR of 12.8% from 2017.

Revenue of Leisure Tourism Market (China), 2013, 2017 and 2022



Sources: Ministry of Culture and Tourism of the PRC, China National Tourism Administration and Frost & Sullivan

Revenue from the leisure tourism market in China primarily consists of accommodations, transportation, food and beverage, shopping and entertainment. From 2013 to 2017, the proportion of revenue generated from accommodations increased from 18.0% to 20.0%. By 2022, the proportion of revenue generated from accommodations is expected to reach 21.5%.

The leisure tourism resorts market in China accounted for approximately 25.9% of the leisure tourism accommodation market in terms of revenue in 2017. The revenue of the leisure tourism resorts market in China increased from approximately RMB62.0 billion in 2013 to approximately RMB128.6 billion in 2017, representing a CAGR of 20.0%, and is expected to further increase to RMB265.9 billion in 2022, representing a CAGR of 15.6% from 2017. The leisure tourism resorts market is becoming prevalent in China, which is primarily due to (i) an increasing number of family customers seeking family-oriented accommodations, such as family suites, (ii) diversified leisure and entertainment activities for families and childcare facilities, (iii) MICE facilities for business conferences, incentive travels, activities and weddings, and (iv) attractiveness of locations, among others.

Entry Barriers

Initial Capital Cost. Costs for developing leisure tourism destinations in China are high, and a sufficient amount of capital is required for daily operations, while the return on investment takes years. Therefore, for small- and medium-sized enterprises with limited financing capacity and low investment risk tolerance, capital requirement is the main barrier of entering the leisure tourism market in China.

Brand Awareness. Brand awareness influences consumers' choice of leisure tourism products and services in China, and consumers may prefer an established and well-known brand. The successful promotion of brand names is highly dependent on the quality and diversification of leisure tourism products, activities and services, attractiveness of locations, availability of national distribution system, marketing strategies, and pricing, among others. New entrants to the leisure tourism industry with little or no reputation in the industry and among consumers take time and costs to build up reputation and brand.

Operational Experience and Management Capability. The operation of leisure tourism business is complex and requires abundant experience and management capability. For leisure tourism groups that provide multiple types of products, in order to run the leisure tourism business with steady operation and support, they need mature and experienced management teams with effective marketing tools. While established leisure tourism groups with experienced management teams have adequate in-depth knowledge to adjust their products and services based on customers' changes in preferences and tastes in a timely and effective manner, it might be difficult for new entrants who lack industry experience to react quickly to customers' changes in preferences and tastes, which will eventually lead to deterioration of new entrants' businesses.

Market Drivers

Expected Increase in Time Available for Leisure Tourism. The PRC government promulgated the Outline of National Tourism and Leisure (2013-2020) (《國民旅遊休閒綱要》(2013-2020)), which is scheduled to be fully implemented by 2020. This outline provides for mandatory paid vacations for government offices, state-owned enterprises and private-owned enterprises meeting certain criteria, and is expected to enable most working citizens to enjoy additional vacation time and, accordingly, raise demand for consumption of leisure tourism products and services.

Upgrade in Consumption Preferences. As economies mature and incomes rise, consumers are more likely, over time, to spend more on products and services, such as vehicles, fashion, entertainment as well as tourism activities. The Chinese economy has grown consistently since the economic reforms introduced in the late 1970s. In recent years, as disposable income continued to rise in China, an increasing number of consumers have been able to afford leisure tourism products and services. The "consumption upgrade" (消費升級) phenomenon now prevalent in China is expected to become a dominant driving force for the development of the leisure tourism market in China.

Accelerated Construction of Holiday Villages and Resorts. In response to the increase in demand for leisure tourism products and services, the pace of construction of holiday villages and resorts has accelerated. There are currently 26 national tourism resorts and numerous provincial tourism resorts in China. China is expected to become one of the world's major providers of leisure resorts in the near future. We have a wide portfolio of accommodations. Our operation of Club Med Sanya Resort and Atlantis Sanya together make us the largest high-end resort provider in Sanya, based on number of guest rooms that have an average daily rate per room of above RMB1,000 as of 30 June 2018.

Increasing Popularity of Skiing. Skiing has become increasingly popular in China, with skier visits expected to grow from 17.5 million in 2017 to 40.0 million in 2022, a CAGR of 18.0%. In addition to Beijing's hosting of the Winter Olympics in 2022, the popularity of skiing is also expected to be enhanced by the Development Plan of Winter Sports (2016-2025) (冰雪運動發展規劃(2016-2025年)), which is designed to improve ski infrastructure in China. The number of ski areas in China increased from 408 in 2013 to 703 in 2017, a CAGR of 14.6%, and is expected to increase to 1,000 by 2022, a CAGR of 7.3% from 2017. We operated two ski resorts located in well-known ski areas in China, namely Beidahu and Yabuli, to offer (i) various ski and snowboard courses. For example, Club Med Yabuli has employed instructors to provide ski lessons; and (ii) comfortable accommodations to meet a variety of needs from our clients.

Market Trends

Increased Demand for Tailor-made Tourism Packages and Services. As disposable income rises, increasingly affluent consumers have greater demand for customized, packaged deals that offer tailor-made leisure tourism experiences. These service offerings are popular as they obviate the need for consumers to spend time and resources to design their own tourism package, as experienced service providers can understand consumer needs and design solutions that meet consumer demand. In China, we are a leader in providing one-stop tailor-made leisure tourism services.

Greater Popularity of Family Tourism. Families have become the largest and fastest segment of China's tourism market. However, traditional modes of tourism in China were largely not designed to cater to the needs of family tourists, such as availability of family suites, outdoor activities for children and facilities for childcare. With the promulgation of the two-child policy, it is expected that average family size will increase while the overall economy will be increasingly catered toward larger families. Family trips and other tourism activities are expected to become a major trend in the leisure tourism market. We are one of the leading family-focused players in this industry.

Changing Customer Preferences. Customer preferences have gradually shifted from a focus on traditional sightseeing to longer-term stays in resorts, theme parks and live entertainment. Moreover, as with their counterparts throughout the world, Chinese millennials are willing to share their experience and express their individuality on social media and user-generated content platforms.

Set out below are summaries of certain aspects of French, EU and PRC laws and regulations which are relevant to our business and operations.

FRENCH AND EU LAWS AND REGULATIONS

Compliance with Applicable EU and French Regulations on Privacy and the Protection of Personal Data

The collection, retention and transmission of information concerning individuals (personal data) is subject to various prohibitions, limitations and procedures under European directives and regulations and under the national legislations governing privacy and the protection of personal data in most of the countries in which Club Med and its subsidiaries ("**CM Group**") carry out their activities. Specifically, the European General Data Protection Regulation (EU) 2016/679 of 27 April 2016 (GDPR), which became applicable on 25 May 2018, contains substantial new requirements pertaining to the processing of personal data as well as new rights for individuals (data subjects), in particular the right to portability of their personal data. Under the GDPR no personal data may be processed unless it is done under a lawful basis specified by the GDPR; business processes involving personal data must use the highest possible privacy settings by default (privacy by default) and data protection must be designed into the development of such processes (privacy by design). Infringements of the GDPR may be sanctioned by administrative fines of up to EUR 20 million or 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher. Criminal penalties may also be imposed under French law, namely imprisonment of up to five years and/or a fine of up to EUR300,000 for natural persons or up to EUR1,500,000 for legal entities (Articles 226-16 through 226-24 of the French Criminal Code).

New Package Travel Directive

On 25 November 2015, the new European Package Travel Directive (2015/2302/EU) was adopted. This new Directive has been transposed into French law by Ordinance No 2017-1717 of 20 December 2017 and a Decree of 29 December 2017. It is applicable since 1 July 2018. The new Directive extends the protection of the Package Travel Directive of 1990 which first imposed liability on companies that sell package holidays for all components of the package holiday (including services to be provided by third parties such as airlines, hotel companies and local tour companies), to consumers who book other forms of combined travel (e.g., a self-chosen combination on a website of a flight plus car rental).

The 2015 Package Travel Directive broadens the concept of "package" and applies to (i) prearranged packages (ready-made holidays from a tour operator made up of at least two elements: transport, accommodation, car rental or other touristic services not intrinsically part of any of the three previous elements); (ii) customized packages (selection of components by the consumer and bought from a single business online or offline) and (iii) linked travel arrangements or "click-through packages" (if the consumer, after having booked one travel service on one website, is invited to book another service through a targeted link or similar and the second booking is made within 24 hours).

The Ordinance of 20 December 2017 maintains the strict liability regime of French professionals selling package holidays which is provided by article L. 211-16 of the French tourism code that was created pursuant to the French Law of 13 July 1992. According to this strict liability regime, the seller of packages is liable to consumers for the satisfactory performance of the services provided for in the contract, whether these services are performed by itself or by other travel service providers, without prejudice to the right to seek redress from them.

Travel Agency Registration

Travel industry in France is mainly regulated by the French Tourism Code and applicable European Parliament's and Council's directives, in particular the "Package Travel Directive" mentioned immediately above.

The activity of an operator offering travel services is a regulated activity in France and as such travel operators established in France or wishing to set up their activity in France are required to be registered on a public register held by Atout France, a French agency whose main objective is to promote tourism in France and whose board is composed of representatives of the French government, local authorities and of professionals from the tourism industry. Atout France is notably in charge of (i) the registration of travel agents and other travel operators as well as (ii) the implementation of classification procedures and delivery of the classification of hotels and other types of accommodation.

All French based travel agencies and tour operators are required to register with Atout France, it being specified that such registration is subject to a small-amount fixed registration fee and the provision of (i) evidence of professional liability insurance, and (ii) a specific financial security (intended to refund all payments made by or on behalf of travellers in respect of travel package and touristic services and the repatriation of travellers in the event of the operator's default). This mandatory registration is only valid for three years and must be renewed, at the latest, one month before its expiration date.

Authorization to public opening in France

Establishments receiving general public ("**ERP**") are buildings in which outside persons are admitted regardless whether the entrance is charged, free, restricted or results from an invitation. The construction, development or modification of an ERP are subject to different French regulations depending on whether the work requires a building permit.

- If the envisioned works do not require a building permit, the operator (or owner) of the ERP must obtain a construction work permit from the mayor of the city where the building is located, in particular if the construction works are subject to prior notification. In such case, the prior notification is sought at the same time as the construction work permit.

- If a building permit is required, it serves as a construction work permit, with a specific dossier. Within the same time, an authorization to public opening must be requested from the local administrative authorities.

ERPs are classified into categories that define the applicable French regulatory requirements (e.g., type of construction work permit or safety rules) according to the risks involved. The categories are determined by the building capacity, including employees (except for the 5th category). Categories ranges from 1 to 5; ERPs above 1,501 persons are in the first category.

ERPs are also classified by type (identified by a letter) depending on their activity or operating structure (e.g., hotels are "O" type and restaurant and drinking places are "N" type). The classification of an establishment is validated by the safety commission based on the information sent by the establishment's operator in the safety dossier submitted to the town hall services.

The opening of an ERP is also subject to safety and fire prevention obligations which are required at the time of construction and during operation. The applicable safety regulations vary depending on the building classification and are mainly intended to reduce fire hazard, alert occupants when a disaster occurs (for instance by installing proper alarms inside the building), promote evacuation while avoiding panic, alert emergency services and ease their intervention.

The operator of an ERP is required to submit a request for an authorisation to public opening to the mayor at least one month before public opening.

The mayor (or, if in Paris, the police *prefecture*) may only grant an authorization to public opening by decree (*arrêté*) after the safety commission has provided its opinion on the ERP compliance with applicable regulations (only for 1st to 4th ERP categories).

The operator may appeal a mayor's decision to refuse the opening before the administrative court within 2 months following such negative decision.

Since the French Law No 2005-102 of 11 February 2005 on "equal rights and opportunities, participation and citizenship of disabled persons," establishments opened to the general public must also be accessible to all types of disability. These establishments must be accessible to everyone, without distinction, any person shall be able to circulate and receive the information disseminated.

General Food Law and Beverage Selling Regulation

The European Parliament and the Council adopted Regulation (EC) No 178/2002 laid down in 2002 the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety (General EU Food Law Regulation). The General EU Food Law Regulation is the foundation of food and feed law at European Union level. It sets outs an overarching and coherent framework for the development of food and feed legislation both at European Union and national levels. To this end, it lays down general principles, requirements and procedures that underpin decision making in matters of food and feed safety, covering all stages of food and feed production and distribution. It also sets up an independent agency responsible for scientific advice and support, the European Food Safety Authority (EFSA). Moreover, it creates the main procedures and tools for the management of emergencies and crises as well as the Rapid Alert System for Food and Feed (RASFF). The General EU Food Law Regulation ensures a high level of protection of human life and consumers' interests in relation to food, while ensuring the effective functioning of the internal market.

In addition to those basic rules, more specific EU food and feed law covers different areas such as food and feed hygiene, food and feed labelling, food and feed additives, food contact materials, quality and compositional requirements, drinking water, novel foods and GMOs.

Furthermore, Regulation (EC) No 882/2004 of the European Parliament and of the Council has established a single legislative framework for the organization of official controls. That framework has significantly improved the efficiency of official controls. However, in order to rationalise and simplify the overall legislative framework, the rules applicable to official controls in specific areas are integrated into a single legislative framework for official controls by Regulation (EU) No 2017/625 of the European Parliament and of the Council of 15 March 2017 on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products, with effect from 14 December 2019 and thus repealing and replacing Regulation (EC) No 882/2004.

The French Consumer Code and various French Decrees provide for specific food related information and requirements as well as food safety and hygiene rules applicable to places offering catering services.

Pursuant to the French Rural and Maritime Fishing Code, an operator of an establishment producing, handling or storing foodstuffs of animal origin or containing ingredients of animal origin (meat, dairy products, fishery products, eggs, honey), intended for human consumption, such as Club Med which provides catering services within its resorts, is exempt from health registration, but is subject to a notification obligation, before it starts its activity.

Pursuant to the French Public Health Code, there are also specific licenses to be obtained in order to sell alcoholic beverages, whether during mealtimes or to non-eating customers. They are categorized as follows:

- In order to serve beverages outside mealtimes or to non-eating customers, one must obtain:
  - o a License III ("partial license") for fermented alcoholic beverages, (e.g., beer, wine, cider and fruit-based beverages) containing up to 3% alcohol by volume, plus wine-based liquors and fruit-based liquors containing up to 18% alcohol by volume; or
  - o a License IV ("full license") which is the same as License III plus rum and distilled alcoholic beverages.
- In order to serve beverages during mealtimes and to eating customers only, one should apply for:
  - o a Small Restaurant License which allows to serve the same beverages as the ones served with a License III; or
  - o a Restaurant License which allows to serve the same beverages as the ones served with a License IV.

The obtaining of any of these licenses is conditional upon:

- the obtaining of an operating permit, which is only delivered after attending a basic training course covering issues such as the dangers of over-consumption, and the laws against selling alcohol to minors; and

- the filing of a prior notification to the competent local administrative authority at the latest 15 days prior to the opening/reopening/transfer of the establishment.

Environmental Protection

The French Environmental Code, which was created in 2000, provides for the main provisions on environmental policy. In 2005, the French Constitutional Law No 2005-2005 of 1 March 2005 included the French Environmental Charter into the corpus of constitutional French rules, recognizing the fundamental rights and duties relating to the protection of the environment.

This Environmental Charter states key constitutional principles such as the right to live in a balanced and healthy environment (article 1), the obligation for public authorities to act bearing in mind the precautionary principle (article 5) and the "polluter pays" principle (article 4). The Ministry of Ecological and Solidarity Transition is in charge of managing and developing environmental policies in a number of fields including energy, climate change, air and water pollution, biodiversity, transport and urban development. At the local level, prefects, who represent the State, are vested with the power to administer and deliver permits for certain installations registered under environmental protection regulations ("*Installations Classées pour la Protection de l'Environnement — ICPE*") as well as for projects that could impact water resources. Depending on the level of risk for the installations present, as well as the nature of the activities, such environmental authorizations impose different formalities for the operators.

The French Environmental Code covers mainly four offenses which are water pollution, air pollution, waste, and the installations registered under environmental protection regulations. The infringement of any of these regulations shall cause a specific criminal sanction ranging from a simple fine ("*contravention*") to imprisonment.

Anti-corruption Prevention

Although France is a signatory to several international instruments in relation to the fight against corruption such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and the EU Convention on the fight against corruption involving officials of the European Communities or officials of member states, bribery and corruption are criminalized in France through different criminal offences contained in the French Penal Code.

Under French criminal law, the prosecution of bribery is based on the status of the person bribed, so that a specific offence has been created for each type of person. Thus, the French Penal Code criminalizes bribery of domestic public officials (Articles 433-1 and 432-11 of the French Penal

Code), bribery of domestic judicial staff (Article 434-9 of the French Penal Code), bribery of private individuals (Articles 445-1 and 445-2 of the French Penal Code), bribery of foreign or international public officials (Articles 435-1 and 435-3 of the French Penal Code) and bribery of foreign or international judicial staff (Articles 435-7 and 435-9 of the French Penal Code).

The latest and the most significant reform in relation to anti-corruption in France is the French Law No 2016-1691 of 9 December 2016 "Sapin II" on transparency, fight against corruption and modernization of the economy. This law notably (i) expands the extraterritorial reach of France's anti-corruption laws; (ii) imposes on certain business organizations to implement compliance programs; (iii) creates a new anti-corruption agency, the French Anticorruption Agency ("Agence Française Anticorruption"); (iv) improves protection of whistleblowers; and (v) creates a settlement agreement framework ("Convention judiciaire d'intérêt public") which is relatively similar to a deferred prosecution agreement.

The French Anticorruption Agency has been empowered to refer cases to its Enforcement Committee so as to prosecute and sanction non-compliant legal entities. Legal entities which do not fulfil their obligations under Sapin II French Law (mainly in the absence of an effective anticorruption compliance program) may impose a financial penalty up to EUR1 million, whereas individuals may face a financial penalty up to EUR200,000.

More generally, legal entities violating French bribery laws and regulations are liable for a fine of up to EUR5 million or a fine of ten times the amount of the proceeds of the offence. Additional penalties may apply such as the public posting or dissemination of the decision or the prohibition on undertaking certain professional activities.

BRAZILIAN LAWS AND REGULATIONS

Material Licenses Required Operating the Business

Sanitary Licenses

The sanitary legislations in Brazil include (i) Federal Law No. 9,782/1999, which defines the National Health Surveillance System; (ii) Federal Law No. 6,437/1977, which establishes violations of federal health legislation; and (iii) Federal Law No. 8,080/1990, which regulates the conditions for the promotion, protection and recovery of health, the organization and operation of the corresponding services, and by the respective state and municipal laws.

The National Health Surveillance System is coordinated, regulated and managed in the three spheres of government, namely, federal, state and municipal levels.

At the Federal level, the National Health Surveillance Agency (*Agência Nacional de Vigilância Sanitária — ANVISA*) is responsible for coordinating the National Sanitary Surveillance System; at the state and municipal levels, there are the Health Secretariats or equivalent specific bodies linked to the State Government or to Municipal Governments, which shall act according to the specificities and needs of each territory. According to Federal Law No. 8,080/1990, the decentralization of sanitary services to the Municipalities shall be emphasized.

Therefore, for the activities performed by a company, the respective Municipalities in which each of the establishments is located are responsible for the issuance of the sanitary licenses necessary to conduct such activities. However, the competency to issue such licenses arises from state sanitary legislation, possibly complemented by municipal legislation.

The sanitary legislation applicable to the establishments are the laws issued by the States of São Paulo, Bahia and Rio de Janeiro, as described below:

(i) In the State of São Paulo (Lake Paradise), Ordinance No. 1/2018 of the Sanitary Surveillance Center, which regulates, within the State Sanitary Surveillance System (encompasses the municipal and state levels), the licensing of establishments of health interest.

(ii) In the State of Rio de Janeiro (Rio das Pedras), Resolution No. 1,058/2014 of the State Secretariat of Health, which defines responsibilities for sanitary surveillance actions in the state and municipal levels. Also noteworthy is Resolution No. 1,411/2010, of the Secretary of State for Health and Civil Defense, which delegates the responsibility of sanitary surveillance actions to the Municipal Secretariats.

(iii) In the State of Bahia (Trancoso and Itaparica), State Law No. 3.982/1981, which provides for the Health Subsystem of the State of Bahia and approves the basic legislation on the promotion, protection and recovery of health, State Decree No. 29,414/1983, which regulates the previous law, and Ordinance No. 2.101/1990, which establishes health surveillance standards.

Failure to comply with the provisions of all the regulation above mentioned constitutes sanitary infraction, according to Federal Law No. 6.437/1977, which may lead to the imposition of (i) warning; (ii) fine, from R$2,000.00 to R$1,500,000.00; (iii) product seizure; (iv) destruction of the product; (v) product ban; (vi) suspension of sales and/or product manufacture; (vii) product registration cancellation; (viii) partial or total ban on the establishment; (ix) advertising ban; (x) cancellation of authorization for the company operation; (xi) cancellation of the establishment permit; (xii) intervention in the establishment receiving public resources from any federative sphere; (xiii) message imposition; and (xiv) suspension of advertising and publicity.

Brazilian Regulation of Physical Activities

In Brazil, the Federal Council of Physical Education ("***CONFEF***") and the Regional Councils of Physical Education ("***CREFs***"), according to Federal Law No. 9,696/1998, supervise the physical education profession. CONFEF and CREFs are normative, disciplinary, protection and inspection bodies for physical education professionals, acting as advisory bodies of the Government. CONFEF is the central institution and coordinator of the CONFEF/CREFs System, while the CREFs carry out the supervision and orientation of the professional exercise in their respective states.

A company which offers physical activities, sports and related activities must be registered at CREF, upon the issuance Certificate of Registration of Legal Entity ("**Certificate**"), which must be annually updated. The company must hire and appoint a physical education professional registered at CREF, as technical responsible for physical, sports and related activities. Regardless of the Certificate's validity, it must be renewed whenever there is a change of the professional responsible of the establishment.

Municipal Operating License

In order to operate in Brazil, each company is required to apply to the competent Municipality in order to obtain a Municipal Operating License. The Municipal Operating License issued by the local Municipality attest that the activities to be carried out by a company in a specific place are permitted by the local zoning regulations. The permit depends on the activities to be carried out and the zoning rules of the city. Regarding the Municipal Operating License, the applicable legislation is the municipal legislation of each of the company's sites. Examples of legislation include (i) decree No. 33/2018 (City of Vera Cruz), (ii) Municipal Law No. 925/2010 (City of Porto Seguro), (iii) Municipal Law No. 027/2013 (City of Mangaratiba) and (iv) Municipal Law No. 5.515/2003 (city of Mogi das Cruzes).

Certificate of Occupancy

In order to attest that the construction of a building has been carried out in accordance with the legislation and, therefore, that a building can be occupied, the Municipality inspects each building after the initial construction or structural refurbishment and issues a Certificate of Occupancy. Each Municipality has its own zoning and construction rules; therefore, the applicable legislation is the municipal legislation of each of the company's sites. Examples of legislations include (i) Municipal Law No. 201/1989 (City of Vera Cruz), (ii) Municipal Law No. 858/2009 (City of Porto Seguro), (ii) Municipal Law No. 027/2013 (City of Mangaratiba) and (iii) Municipal Law No. 7.200/2016 (city of Mogi das Cruzes).

Fire Brigade Inspection Certificate

In order to attest that the fire safety installation and equipment of a building are in accordance with the legislation and, therefore, that a building can be occupied, the Fire Brigade inspects each building and issues a Fire Brigade Inspection Certificate. The need of specific fire safety installation and equipment depends on the activities to be carried. Each State has its own fire safety rules and, thus, the applicable legislation is the state legislation of each of the company's sites. Examples of legislations include (i) State Decree No. 16.302/2015 (State of Bahia), (ii) State Decree No. 897/1976 (State of Rio de Janeiro) and (iii) Decree No. 56.819/2011 (State of São Paulo).

Customer Data Protection

Brazil does not have a specific data protection law currently in force. A General Data Protection Law (Law No. 13.709/18) was sanctioned in August 2018, however it will only come into force in February 2020. In the current scenario, the collection, retention and transmission of information related to identified or identifiable natural persons (personal data) is governed by sparse dispositions in Brazilian Law, mainly the Consumer Defense Code (Law No. 8.078/90) and the Internet Law and its Decree (Law No. 12.965/14 and Decree No. 8.771/16).

The Consumer Defense Code, applicable in relationships involving consumers and service providers, permits the creation of consumer databases, as long as the data is objective, clear and true, and the consumer is informed that the database was created. The consumer has the right to access their data and request correction of any erroneous information. In addition, consumers have the right to receive accurate and complete information on any product or service, including regarding its risks, and as such consumers should receive complete information on any data processing activities involving their data. The sanctions for violations of the provisions of the Consumer Defense Code are limited to civil liabilities and fines, applied by consumer protection entities (PROCONs, at the state level, and SENACON, at the federal level), or in context of a class action brought by the Public Prosecutor's Office. Consumers may also move lawsuits individually, and the Consumer Defense Code establishes the joint and several liability of all entities in the supply chain of a service.

Under the Internet Law, applicable in data processing activities through the internet in which at least one terminal is located in Brazil, the general rule for processing personal data is with the data subject's express and informed consent, in a manner separate from other contractual clauses. The information provided must be clear and complete. Data may only be used for the express purposes informed to the data subject, and entities may not collect data that exceeds the purpose of use. Excessively broad or vague consent for data treatment may be deemed invalid. The specific sanctions set forth for violation of the Internet Law include warnings, fines of up to 10% of the economic groups revenue in Brazil in the last fiscal year, and the temporary or permanent suspension of data processing activities. The sanctions set forth in the Internet Law and the Consumer Defense Code are not mutually exclusive, and may be applied in tandem in case of consumer relationships through the internet.

The General Data Protection Law, which will come into force in February 2020, is applicable for all types of data processing, regardless of context. Under its provisions, the processing of personal data is only permitted if made under a lawful basis as specified by Law (including, for example, with the data subject's consent, or for the execution of a contract with the data subject). Data controllers must implement technical, administrative and security measures to protect personal data, which will be taken into account in case of a violation and sanction. The Law also restricts the cases in which data may be transferred abroad (for example, to countries that provide an adequate level of protection, or with the use of standard contractual clauses). The penalties for violation of the Law range from a simple warning to fines of up to 2% of the economic group's revenue in Brazil in the last fiscal year, limited to 50 million Brazilian Reals per infraction.

Labor and Employment

The basic rules governing the legal relationships between employers and employees in Brazil are set forth in the Brazilian Federal Constitution and the Brazilian Labor Laws Act (*Consolidação das Leis do Trabalho*) or CLT. The CLT includes rules for the formation and termination of employment contracts, employer/employee relations, severance indemnity, compulsory rights and fringe benefits. The CLT is supplemented by labor and social security legislation, case law and collective bargaining agreements. All legal claims involving labor matters are decided in labor courts.

Most of the provisions contained in the CLT and in other Brazilian labor statutes concerning employee rights are deemed to be "public policy" rules, and shall therefore prevail in case of a conflict with provisions included in employment agreements that are less favorable to the employees.

The Brazilian Federal Constitution, the CLT, other Brazilian labor statutes and case law are all applicable to employees working in Brazil for Brazilian or foreign employers (individuals, companies, associations, sole proprietorships and other entities, organized or existing either under Brazilian or foreign laws).

Environmental Protection

The Brazilian Federal Constitution grants to the federal and state governments the power to enact environmental protection laws and issue regulations under such laws. While the federal government has the power to enact environmental regulations setting forth minimum standards of environmental protection, state governments have the power to enact more stringent environmental regulations. The municipalities may only issue regulations with respect to matters of local interest or to supplement federal or state laws. Complementary Law 140/2011 provides that, depending on the impact and location of each activity, federal, state and local authorities have the power to issue environmental permits that are periodically renewed.

Under state law, implementation or expansion of hotel complexes are subject to environmental permitting. Club Med's activities are subject to operating permit in the States of São Paulo and Rio de Janeiro, while in the State of Bahia the units are exempt from obtaining such permit.

Water grants are also mandatory for collecting water and disposing effluents. Club Med's activities in Brazil are subject to water grants before the competent state agencies.

If a company fails to obtain permits or if the environmental permits lapse or are not renewed, when applicable, the company may be subject to fines ranging from R$500 to R$10.0 million. The Brazilian government may also partially or totally suspend the activities and impose civil or criminal sanctions on the company.

Anti-corruption Laws

The Brazilian Clean Company Act provides that bribery is illegal, among other acts against the public and foreign administration, and stipulates severe penalties to companies involved in these wrongdoings. The Brazil Clean Company Act does not provide for corporate criminal liability, and, as a result, only individuals involved in acts of corruption can be held liable under the Brazil Clean Company Act provisions. Companies are subjected to strict liability, and therefore intent or negligence is irrelevant. In case a company is found to be in violation of the Brazil Clean Company Act's provisions, it may suffer the imposition of administrative sanctions in the form of a fine that can range from 0.1% to 20% of its gross revenue in the year before the initiation of the administrative proceeding leading to the imposition of sanctions. Companies will also be potentially subject to judicial sanctions, such as: loss of assets, rights or profits directly or indirectly obtained from the wrongdoing; partial suspension or interdiction of its activities; compulsory dissolution of the legal entity; and prohibition from receiving incentives, subsidies, grants, donations or loans from public financial institutions. Moreover, companies will be subject to reputational penalties, such as having its name included in the National Register of Punished Enterprises. According to the Brazil Clean Company Act, companies belonging to the same economic group, as well as companies that are part of a consortium or joint ventures partners, are jointly liable for the penalties, but limited to payment of fine and full redress of damage.

MALDIVES LAWS AND REGULATIONS

Maldives Tourism Act

Tourism in the Maldives is governed under the Maldives Tourism Act (Law No. 2/99). Several other regulations (subsidiary legislations) are also made under the Act, including the *Regulation of Grant of Rights in respect of tourist resorts,* the *Regulation on demarcation of Boundary of islands leased for tourism*, the *Regulations on the Protection and Conservation of Environment in the Tourism Industry*, and the *Regulations on Diving*.

The Lease Agreement

Under the Maldives Tourism Act, a tourist resort on an island or land leased under this Act shall be developed under a lease agreement to be entered into between the Government and the lessee of such island or land.

The lease agreement shall contain the following: (i) the name of the island or land being leased; (ii) the period of the lease; (iii) where a specific time period is granted for construction of the tourist resort during the term of the lease, such period and commencement date of the operation of the tourist resort; (iv) circumstances warranting premature termination of the agreement and the procedures to be followed upon such circumstances arising; (v) the amount of the lease rent, method of its assessment and the manner of its payment; (vi) the procedures to be followed in the event of a sublease of the tourist resort or the transfer of management of the resort to a third party; and (vii) the procedures to be followed in the event of a breach of the agreement by the lessee.

The Operating License

Under the Maldives Tourism Act, all tourist resorts shall be operated in the Maldives after registering the same at the Ministry of Tourism and after obtaining a license issued by the Ministry to operate such establishments. Licenses are issued for a period of five years. A license to operate a tourist resort will be issued in respect of establishments that satisfy the following conditions: (i) the construction of the tourist resort is completed in accordance with guidelines determined by the Ministry of Tourism; and (ii) the services determined by the Ministry of Tourism to be necessary at such establishments are made available at the tourist resort.

Fire Safety

Fire safety standards as per *Regulations on Fire Safety Standards to be maintained at tourist resorts* (Regulation No. 2015/R-43) apply to all resorts. The regulations specify, inter alia, the measures that need to be taken to prevent fires, and fire safety equipment that are to be kept in the resorts.

Water and Sanitation

Regulations on the Protection and Conservation of Environment in the Tourism Industry of Ministry of Tourism specify standards that are to be followed for waste water treatment, waste disposal, and sewerage management. Desalination plants (which exist on every resort island) have to be registered with the government.

Environmental Protection

Environmental Protection and Preservation Act of Maldives (Law No.4/93) in the Maldives is the main legislation on environment in the Maldives. The Act provides that, since the environment of the Maldives is a valuable heritage that has to be preserved for the coming generations, the Maldivian land, water, vegetation, beaches, lagoons, reefs and similar places apart from these, including seas, atmosphere, and in protecting and preserving the creatures living in these places, excluding those that are harmful to human being, the Maldivian government and citizens should give special attention for sustaining and extending the benefits thereof for it is crucial for the sustainable development of the Maldives.

The Ministry of Environment and Energy is responsible for formulating all policies for the environmental protection, preservation, making regulations and enforcement of these regulations, except those that have been delegated to another governmental authority by Law.

As regards environmental matters specific to tourist resorts, the *Regulation on the Protection and Conservation of Environment in the Tourism Industry* made pursuant to Maldives Tourism Act (Law No. 2/99) exists and stipulates the standards for the protection and conservation of environment in the tourism industry. The purpose of this regulation is to protect the environment in the tourism industry and to encourage and facilitate sustainable development of tourism.

The regulation focuses on number of activities including waste management and incudes requirements such as (i) bins to collect waste to be kept in various areas in an easily accessible manner in all resorts, picnic islands, marinas or such places leased for tourism purposes and such bins need to be in a clean and sanitary state, with the lid closed; (ii) food and beverages, putrefying items, plastics, paper, glass, iron and items such as cans and toxic or hazardous waste to be kept in separate bins for each type, and shall be labeled as such; and (iii) waste disposal in tourist resorts, picnic islands, and marinas operating in the Maldives shall be carried out in a manner that would have the least impact on the environment, and in accordance with the laws and regulations and in accordance with the following rules prescribed by the Ministry of Tourism.

Anti-corruption Prevention

Prevention of Corruption Act (Law No. 2/2000) covers matters relating to prevention of acts of corruption by public officials. The scope of the said law as stated in the Act "is to prevent the offer and acceptance of bribery, the prevention and prohibition of attainment of undue advantage or the facilitation of attainment of undue advantage through use of influence from position, and the prevention of such." The law imposes jail term up to seven years if convicted for bribery. Forfeiture of proceeds of crime is also prescribed in the law.

Business Laws

Business Registration Act

All businesses are required to be registered under the Business Registration Act (Law No. 18/2014). The Act provides for the registration of persons carrying on business in the Maldives, and to specify the form and manner of registrations of business and for matters incidental thereto.

Under Section 5 of the Business Registration Act, every foreign person shall, before carrying on business in the Maldives, register the business entity either as a company registered under the Companies Act (Law No. 10/96), or a partnership registered under the Partnerships Act (Law No. 13/2011).

Companies Act

Under Section 94 of the Companies Act (Law No.10/96), companies registered outside the Republic of Maldives shall before commencing any business in Maldives obtain the necessary permits under the laws and regulations of the Republic of Maldives, and are required to submit to the Registrar, certain documents to register the company in the Ministry of Trade and Industries (now renamed as Ministry of Economic Development) as a foreign company doing business in the Maldives. The documents that are required to be submitted include: (i) copy of the permit issued to the company to conduct business in the Republic of Maldives; (ii) copy of the memorandum and articles of association of the company, if the company is formed by a charter or a Law, a copy of the document; (iii) names and addresses of the Board of Directors; (iv) names and addresses of a person or person who is resident in Maldives, who shall represent the company in the event of any legal proceedings against the company; (v) registered address of the company; and (vi) address of the place of business in the Maldives. Under Section 100 of the Companies Act, companies existing at the time of coming into force are deemed registered under the Companies Act.

Labor and Employment

The Employment Act determines the fundamental principles relating to employment in the Maldives, and the rights and obligations of employers and employees. The Employment Act also establishes a Labour Relations Authority and an Employment Tribunal to protect such rights, and makes provisions for all other matters related to employment.

No specific law relating to employees in the tourism sectors exists. Contracts as per the Employment Act are to be made for each employee. The Employment Act guarantees certain rights for the employees. Under the Pensions Act, Pension rights are guaranteed for Maldivian nationals only. Under the Immigration Act, expatriate employment in the Maldives requires obtaining prior approval and work visa from Maldives Immigration.

Customer Data Protection

There is no specific rule on data protection. However, EU General Data Protection Regulations apply to resorts in respect of EU nationals booking and staying at resorts.

Taxation

Business Profit Tax

Business profit tax ("BPT") in the Maldives is levied under Business Profit Tax Act (Act No. 5/2011). Under the BPT Act, tax for any tax year shall be charged on the taxable profit of that year of a company. The taxable profit of a company is the full amount of its profits of that year wherever the profits arise and whether or not they are received in or transmitted to the Maldives. Any deductions from tax are limited to only those stated in the Act. BPT is levied at the rate of 15% on the portion of profits in excess of Maldivian Rufiyaa 500,000.

The legislation also introduced a withholding tax at the rate of 10% without deduction. This applies to payments made in the following circumstances: rent of properties; royalties; payments made for carrying out research and development, or for the use of computer software; management fees; fees for technical or personal services; payments for performances by public entertainers; rent and royalties paid to screen cinematographic films; and other commissions or fees that are not classified as employment income.

Good and Services Tax Act

Under the Goods and Services Act (Law No. 10/2011), Goods and services tax ("GST") is levied from the value of goods sold and services supplied in the Maldives. The rate for general GST is 6%, whereas the rate in the tourism sector is 12%.

Green Tax

In addition to GST and BPT, tourist resorts, tourist hotels and tourist vessels are required to collect green tax at the rate of US$ 6 per day per person from tourists staying at the establishment. Green tax is levied under the Sixth Amendment to Maldives Tourism Act. The operator of the establishment where the tourist stays shall be liable for collecting the tax from the tourist and paying it to the State.

US LAWS AND REGULATIONS

U.S. Department of Transportation - Ticket Agent Statutes and Regulations

49 U.S.C. §41712, Unfair and Deceptive Practice and Unfair Methods of Competition

The U.S. Department of Transportation (DOT) regulates the sale of air transportation and advertisements by both airlines and ticket agents who sell air transportation. Ticket agents include tour operators and travel agencies. This authority derives from DOT's legal authority to prohibit unfair and deceptive practices and unfair methods of competition in air transportation or the sale of air transportation, 49 U.S.C. §41712. Thus, the statute applies to any seller of scheduled air transportation, or of a tour or tour component that includes air transportation within, to or from the U.S.

The U.S. Supreme Court has held that DOT's power to regulate airfare advertising is exclusive. State consumer protection agencies may not regulate such advertisements. Moreover, the U.S. Federal Trade Commission's authority to prohibit unfair methods of competition and unfair or deceptive acts or practices does not extend to airfare advertising. U.S. federal courts have ruled that individuals cannot sue airlines for violating 49 U.S.C. §41712; therefore DOT's enforcement authority is exclusive.

This statute provides the underlying authority for many of DOT's consumer protection air transportation regulations that are applicable to ticket agents. The regulations applicable to ticket agents are summarized below and detailed more fully in the chart accompanying this memorandum.

DOT Ticket Agent Regulations

- 14 CFR §399.80: *Unfair and Deceptive Practices of Ticket Agents*. Sets forth practices that DOT regards as unfair or deceptive practices of ticket agents, including using the name of the ticket agent in advertisements in a manner that may confuse the traveling public with respect to the agency status of the ticket agent, and any misrepresentations regarding the type of air service, route, fares, charges, and special discounts.

- 14 CFR §399.83: *Unfair or Deceptive Practice of Air Carrier, Foreign Air Carrier, or Ticket Agent in Orally Confirming to Prospective Passenger Reserved Space on Scheduled Flights*. Prohibits a ticket agent from orally stating to a prospective passenger that a reservation of space on a scheduled flight in air transportation is confirmed before a passenger has received a ticket specifying the confirmation, unless the tariff of the particular air carrier or foreign air carrier provides for confirmation of reserved space by the means so used.

- 14 CFR §399.84: *Price Advertising & Opt Out Rule*. Requires any advertising or solicitation that includes a price to "state the entire price to be paid by the consumer" either in the exact amount or rounded up to the next whole dollar. This regulation is also referred to as the full-fare advertising regulation, and applies to advertisements for tours or tour components that include air transportation. Once a full price has been stated in an advertisement or solicitation, additional details may be provided, such as the government taxes and fees, so long as they are not displayed more prominently that the full price and described accurately. Any mandatory charge payable to a tour operator must be included in the advertised fare. Further, where a mandatory charge is payable to an entity other than the tour operator (e.g., convenience fees payable to a rental car company, a linen or energy charge payable to a hotel, etc.), the advertisement should alert consumers to the nature and extent of such charges; if applicable, such an alert can be included in the portion of the ad where a description of government imposed taxes and fees is provided.

This regulation also considers it to be an unfair and deceptive practice to advertise each-way fares contingent on a round-trip purchase, without a proper round-trip purchase disclosure. Further, a ticket agent may not offer additional optional services in connection with a tour or tour component whereby the optional service is automatically added to the consumer's purchase if the consumer takes no other action.

- 14 CFR Part 380, *Public Charter Operations (with air transportation)*. When advertising public charters, the advertisement must identify both the charter operator and the air carrier that will actually operate the flights. If the advertising includes a price, it must also refer consumers to or include a copy of the public charter's operator-participant contract. Additional requirements apply to the content of the operator participant contract, and flights may not be advertised until after the charter operator and direct air carrier have a DOT-approved charter prospectus.

  The DOT's public charter regulations requires all persons who wish to arrange public charter flights to first submit a charter prospectus to DOT with required information about the proposed charter program. The public charter operator, such as Club Med, must certify that all passenger funds in the charter program will be deposited in an escrow bank (less travel agent and credit card fees) or will enter into a surety trust agreement.

- 14 CFR §399.85, *Notice of Baggage Fees*. If a ticket agent has a website accessible for ticket purchases by the general public in the U.S., the agent must clearly and prominently disclose on the first screen in which the agent offers a fare quotation for a specific itinerary selected by a consumer that additional airline fees for baggage may apply and where consumers can see these baggage fees. An agent may refer consumers to the airline websites where specific baggage fee information may be obtained or to its own site if it displays airlines' baggage fees. In addition, baggage restrictions and fees may not be applied retroactively to consumers who already have purchased tickets.

  On all e-ticket confirmations for air transportation within, to or from the United States, including the summary page at the completion of an online purchase and a post-purchase email confirmation, a ticket agent must include information regarding the passenger's free baggage allowance and/or the applicable fee for a carry-on bag and the first and second checked bag.

- 14 CFR §399.88, *Prohibition on Post-Purchase Price Increase*. Prohibits a seller of air transportation from increasing the price of the air transportation, tour or tour component to a consumer after the air transportation has been purchased by the consumer, except in the case of an increase in a government-imposed tax or fee if the consumer agrees in writing in advance to pay such increased tax or fee, should it be imposed.

- 14 CFR §399.89, *Disclosure of Potential for Price Increase Before Payment*. Any seller of air transportation or of a tour or tour component, must notify to a consumer of the potential for a price increase that could take place prior to the time that the full amount agreed upon has been paid and must obtain the consumer's written consent in advance at the time of ticket purchase.

- 14 CFR Part 257; 49 U.S.C. §41712, *Disclosure of Code-Sharing Arrangements*. Ticket agents shall ensure that the first display of a website following a request for flight information shows the name of the carrier performing the flight in a way that is easily visible.

- 14 CFR 382.9, *Disability — Assurances from Contractors*. Airlines' contracts with contractors who provide services to passengers, including carriers' agreements of appointment with travel agents must include a clause assuring nondiscrimination on the basis of disability, by such contractors in activities performed on behalf of the carriers.

- *Terms and Conditions*. A ticket agent must ensure that all of its terms and conditions are consistent with DOT regulations and do not contain unfair or deceptive terms.

DOT Guidance

DOT has issued several guidance documents further setting policy with respect to the regulations described above.

- *Disclosure of Essential Terms and Significant Restrictions*. DOT requires that sellers of air transportation to prominently disclose essential terms and significant restrictions in connection with the purchase of air transportation. Examples and required disclosures include, but are not limited to, the following:

  - Highest prominence: fees for the first or second standard sized check bag; round-trip purchase requirements for each way fares.

  - High prominence: advance purchase requirement; travel-by dates; black-out dates and other restrictions on dates of travel (e.g., days of the week); capacity controls; minimum/maximum stay requirements; double occupancy requirements (for tour packages); "subject to availability"; nonrefundability; minimum participation requirements; change and cancellation fees; and departure city/market restrictions.

- *Availability of Fares.* Fares held out to the public must always be current and available for purchase. A seller of air transportation must have a reasonable number of seats available at the advertised price when a fare is advertised. This means that in addition to having a reasonable number of seats available each time an advertisement is run, the seller must also ensure that, during the overall period within which the fare is offered, there is no lengthy period of time when no seats are available. Once the seller of air transportation determines that a reasonable number of seats are no longer available, it must take prompt action to discontinue the advertisement or to modify the advertisement to make clear to which destinations or date ranges the advertisement applies. For newspaper, radio and television ads, sellers must ensure that each time such ads are run, they have made a reasonable number of seats available at the advertised price for a reasonable period of time after the ad runs (typically 72 hours unless a shorter time is specified in the ad).

- *Offers for "Free" Air Transportation and "Percentage Off" Promotions.* Offers for free air transportation must clearly disclose any significant conditions that must be met to obtain the ticket. DOT also prohibits the advertisement of fares as "free" when, in fact, the consumer must pay mandatory charges, fees, or taxes in order to take advantage of the offer. DOT's policy on "percentage off" promotions considers such sales to be deceptive unless the "benchmark" fare (i.e., the fare to which the discounted fare is compared) was available in reasonable quantities and for a reasonable period immediately prior to the ad and either the ad identifies and describes the benchmark fare or the benchmark fare is a discounted fare comparable to the promotional fare, with similar fare rules.

- *Display of Search Results on Ticket Agent Websites.* If an airline not marketed by a ticket agent offers a flight matching a consumer's search criteria, the Enforcement Office will consider to be unfair or deceptive any search-result message from the ticket agent stating or implying that no flight exists that matches such criteria.

- *Guidance Regarding Website Information on Consumer Complaints and Use of Insecticides in Aircraft Cabins.* To comply with the requirements of statute passed by Congress, related to informing passengers about the use of insecticides in a passenger aircraft, a covered U.S. or foreign air carrier or ticket agent must refer consumers to the following website: http://www.transportation.gov/office-policy/aviation-policy/aircraft-disinsection-requirements.

State Seller of Travel Laws

In the U.S., some states have specific statutes and laws that apply to companies that provide travel services—referred to as Seller of Travel laws. In general, a seller of travel is any resident or nonresident person, firm, corporation or business entity that offers for sale, directly or indirectly, at wholesale or retail, prearranged travel or tourist-related services for individuals or groups, through vacation or tour packages, or through vacation certificates in exchange for a fee, commission or other valuable consideration. Sellers of Travel laws are consumer protection laws intended to protect consumers who are residents of a state.

There are five states—California, Florida, Hawaii, Iowa and Washington—that require registration as a seller of travel and require financial security requirements. However, as described below, there are some exceptions to these registration and financial security requirements. Nevada used to have a similar registration law but the law has since been repealed. The California, Florida, Hawaii, Iowa and Washington laws apply to any travel company that does business with residents of those states. They are extraterritorial laws meaning that the law extends beyond the borders of the state and the business does not have to reside in the regulating state.

In addition, there are other states that do not require registration, but their laws may touch sellers of travel with respect to requiring disclosures or other consumer protections. The following is a summary of the state laws.

States Requiring Registration

- *California*. California has one of the strictest and extensive Seller of Travel laws in the U.S. A seller of travel must register annually in the California Attorney General Seller of Travel Program. Out-of-state and in-state sellers of travel are required to either place California consumer funds in a trust account; have a special seller of travel bond; participate in a $1,000,000 consumer protection program that meets the requirements of the law; or participate in an escrow program.

  To be exempt from the California's financial requirements, a seller of travel must:

  - Sell to customers who are located in California only from sales locations that are in California;
  - Send all of the customers' funds directly to the provider of travel services or the Airlines Reporting Corporation (ARC);
  - Be an officially appointed ARC agent in good standing;
  - Sell or provide air transportation only pursuant to an ARC appointment;
  - Have been in business under the same ownership for a period of three years, or acquired or formed by a registered seller of travel that has been in business under the same ownership for a period of three years. The following are not considered changes in ownership: (1) any structural change to the type of entity, such as from a corporation to a partnership, not involving the addition of any new ownership interest; (2) the deletion of any owner or ownership interest.

- *Florida*. Florida requires sellers of travel to register, with an annual renewal requirement. The state requires financial security in the form of a bond, letter of credit or certificate of deposit. Businesses who have contracted with the ARC for three years or more under the same ownership and control are not required to register and provide proof of financial security, but are required to have a statement of exemption issued by the Florida Department of Agriculture and Consumer Services.

- *Hawaii*. Hawaii requires sellers of travel to register, and requires the business to renew membership at the end of each odd-numbered year. The state requires the maintenance of a trust account in a federally insured institution located in Hawaii as a financial security requirement. Charter tour operators offering seven or more air charters per year must provide a bond or letter of credit of $300,000-$1,000,000.

- *Iowa*. Iowa requires sellers of travel to register, with an annual renewal requirement. The state requires furnishing a $10,000 surety or bond, evidence of having $1,000,000 professional liability and errors and omissions insurance, or proof of ARC membership.

- *Washington*. Washington requires sellers of travel to register, with an annual renewal. The state requires a trust account or other approved account in a federal insured financial institution located in Washington. A business is exempt from the financial requirements of the state when payments for the travel services are made through ARC.

States Not Requiring Registration

- *Illinois*. Illinois' Travel Promotion Consumer Protection Act is broad enough to include sellers of travel. An entity is required to establish and maintain a trust account to protect consumer funds, but does not apply to entities that have in force $1,000,000 or more of liability insurance coverage for professional errors and omissions.

- *Massachusetts*. Massachusetts has a broad unfair or deceptive act or practice that regulates business practices for consumer protection, including sellers of travel.

- *New York*. New York has a statute, New York State Truth in Travel Act, which protects consumers against fraud, false advertising, misrepresentation, and other abuses. Under the law, a travel agency or promoter must provide a consumer with written disclosures of all the terms of the travel service within five days of purchase or agreement.

- *Rhode Island*. Rhode Island has strict in-state seller of travel regulations, but also has specific disclosure requirements for out-of-state agencies that advertise within Rhode Island. However, the disclosure requirements do not apply to advertisements disseminated on a national level.

IMPACT OF INTERNATIONAL SANCTIONS LAWS

During the Track Record Period, we conducted certain business activities involving the Crimea region of Ukraine and Cuba, each of which is a country subject to International Sanctions. In light of these business activities, we have engaged our International Sanctions Legal Advisors to provide guidance as to whether such dealings during the Track Period violated any International Sanctions laws.

As advised by our International Sanctions Legal Advisors, our Group's historical business dealings involving Crimea and Cuba during the Track Record Period do not appear to implicate any applicable sanctions on our Group, or any person or entity, including our Group's investors, our Shareholders, the Stock Exchange, the HKSCC and the HKSCC Nominees. For details on such business, see the section headed "Business Involving Countries Subject to International Sanctions."

PRC LAWS AND REGULATIONS

Supervision and Control over Tourism Business

Establishment of travel agencies

According to Regulations on Travel Agencies (《旅行社條例》) as amended on 1 March 2017, for applying for domestic travel and inbound travel businesses, a travel agency shall acquire the status of a legal person and have a registered capital of not less than 300,000 yuan and shall file an application to the competent travel administration in the province, autonomous region or centrally-administered municipality where it is domiciled or the competent travel department in the city divided into districts which has been entrusted and submit eligible related supporting documents. Where an approval is given, the competent travel administration accepting the application shall grant the travel agency business license to the applicant. According to Regulations on Travel Agencies, in the event that a travel agency has been operating for two years after acquiring the license and has not been imposed a fine or more severe penalty by administrative organs for infringing on the legitimate rights and interests of tourists, it may apply for outbound travel business.

Foreign investment in travel agencies

According to Regulations on Travel Agencies, the foreign investment in travel agencies includes Chinese-foreign equity joint venture travel agencies, Chinese foreign cooperative travel agencies and wholly foreign-owned travel agencies. The establishment of foreign-invested travel agencies shall also be in compliance with the laws and regulations governing foreign investment. Foreign-invested travel agencies shall not engage in outbound travel business (including Hong Kong, Macau and Taiwan) for Chinese mainland residents except as otherwise provided in the decisions by the State Council, free trade agreements and the Mainland and Hong Kong and Macau Closer Economic Partnership Arrangements signed by China.

Hotel and Resort Operations

Security Control Regulations

According to the Measures for the Control of Security in the Hotel Industry (旅館業治安管理辦法) (the "**Hotel Security Control Measures**"), promulgated by the Ministry of Public Security on 10 November 1987 and amended on 8 January 2011, and the Decisions of the State Council to Implement Administrative Licenses on Items Necessarily to be Retained for Administrative Examination (國務院對確需保留的行政審批項目設定行政許可的決定), promulgated by the State Council on 29 June 2004 and amended on 29 January 2009 and on 25 August 2016 , an application to operate a hotel in the PRC must be examined and approved by a local public security authority and a Special Industry

License must be obtained from the local public security authority prior to the operations of the hotel. The Hotel Security Control Measures further imposes certain security control obligations on the hotel operators, such as the obligation to examine the identification cards of customers, the obligation to keep customers' deposited properties safe, and the obligation to report to the public security authorities of any criminal activities.

Fire Control Regulations

According to the Provisions on the Administration of Fire Safety of State Organs, Organizations, Enterprises and Institutions (機關、團體、企業、事業單位消防安全管理規定) (the "**Fire Safety Provisions**"), promulgated by the Ministry of Public Security on 14 November 2001, hotels are classified as one of the key administrative units for fire control purposes. On 1 May 2009, the Fire Prevention Law of the People's Republic of China (中華人民共和國消防法) (the "**Fire Prevention Law**"), which was promulgated by SCNPC on 28 October 2008, came into effect. The Fire Prevention Law, together with the Fire Safety Provisions, require public gathering places, such as hotels, to pass a fire prevention safety inspection conducted by the local public security fire-fighting department before the commencement of business operations.

According to the Notice of the General Office of the State Council on Promulgating the Measures for the Implementation of Fire Control Accountability System (關於印發《消防安全責任制實施辦法》的通知), promulgated by General Office of the State Council on 29 October 2017, a key fire control entity shall appoint a fire control manager to organize its fire safety management. Apart from the duties which shall be fulfilled by authorities, organizations, enterprises and public institutions for fire control, a key fire control entity shall also undertake more duties.

Administration of Sanitation in Public Places

Pursuant to Regulations on the Sanitary Administration of Public Places (公共場所衛生管理條例) (the "**Sanitary Administration Regulations**"), promulgated by the State Council on 1 April 1987 and amended per Decision of the State Council on Revising Certain Administrative Regulations promulgated on 6 February 2016, hotels are listed as one of the public places which are under special sanitary supervision and administration. The Sanitary Administration Regulations further requires that hotels must obtain a Public Place Sanitation Permit from the Ministry of Health or its local counterparts for operation and the Public Place Sanitation Permit must be reviewed every two years. According to the Implementing Rules of Regulations on the Sanitary Administration of the Public Places (公共場所衛生管理條例實施細則), which was promulgated by the Ministry of Health on 10 March 2011, the hotel staff must conduct a health check at least once a year and obtain a health certificate before their job assignments are given.

Administration of Food Sanitation

In accordance with the Food Safety Law of the People's Republic of China (中華人民共和國食品安全法), which was amended on 24 April 2015 and the Regulation on the Implementation of the Food Safety Law of the People's Republic of China (中華人民共和國食品安全法實施條例), which was amended on 6 February 2016, hotels engaged in food and beverage operations must obtain a Food Catering Service Permit.

In accordance with the Administrative Measures for Food Business Licensing (《食品經營許可管理辦法》), which was promulgated by the Decree of China Food and Drug Administration No. 17 on 31 August 2015, a food business license shall be lawfully obtained prior to engaging in activities of food sales and catering services within the territory of the People's Republic of China.

In accordance with the Administrative Measures for Food Business Licensing (《食品經營許可管理辦法》) and Announcement of State Food and Drug Administration on Launching the Use of Food Business License (《國家食品藥品監督管理總局關於啟用<食品經營許可證>的公告》) (Announcement of State Food and Drug Administration [2015] No.199), the State Food and Drug Administration has decided to launch the use of the Food Business License starting from 1 October 2015. An original food catering service license that does not expire will continue to be valid; if, during the validity period thereof, the food business operator applies for replacing it with Food Business License, the licensing authority shall make the replacement according to relevant provisions; and the original food catering service license will be de-registered by the authority that has issued the license upon its expiration.

Customer Protection

The Law of the People's Republic of China on the Protection of Customer Rights and Interests (中華人民共和國消費者權益保護法) (the "**Customer Protection Law**") was promulgated by SCNPC on 31 October 1993 and amended on 25 October 2013. According to the Customer Protection Law, a series of obligations are imposed on business operators, which mainly include: (a) to ensure that the goods and services provided meet certain requirements for personal or property safety; (b) to disclose any defects in the goods or services provided and take corresponding measures to prevent damage occurrence; (c) to provide customers with truthful and comprehensive information of their goods or services, and not to carry out false and misleading publicity; (d) to clearly mark the prices of the goods or services provided; (e) to return, replace or repair the goods or services if those provided fail to meet quality requirements; (f) not to impose unfair or unreasonable conditions on customers that exclude or restrict the rights of customers, reduce or waive the liabilities of business operators or aggravate the liabilities of customers, and not to compel customers into transactions by using standard-form terms and with the help of technological means; (g) not to insult or slander customers, or violate the personal freedom of customers; and (h) to strictly keep confidential the personal information of customers.

Development of Real Estate Projects

Commencement of real estate development projects

According to the Urban Real Estate Law which was promulgated by SCNPC on 5 July 1994 and amended on 27 August 2009, those who have obtained the right of land use by way of grant for real estate development must develop the land in accordance with the land use and the construction period as prescribed in the grant contract. When the development has not started one year later than the date for starting the development as prescribed by the grant contract, an idle land fee no more than 20%

of the land grant premium may be collected and when the development has not started two years later, the right to use the land may be confiscated without any compensation, except that the delays are caused by force majeure, the activities of government, or the necessary preparatory work for starting the development.

Under the Regulations on Planning Administration regarding Granting and Transfer of State-Owned Land Use Right in Urban Area (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction in December 1992 and amended in January 2011, a real estate developer shall apply for a construction land planning permit (《建設用地規劃許可證》) from the municipal planning authority. After obtaining the construction land planning permit, the real estate developer shall conduct all necessary planning and design works in accordance with relevant planning and design requirements. A planning and design proposal in respect of the real estate project shall be submitted to the municipal planning authority in compliance with the requirements and procedures under the Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》), which was issued on 28 October 2007 and amended on 24 April 2015, and a construction work planning permit (《建設工程規劃許可證》) from the municipal planning authority should be obtained.

The real estate developer shall apply for a construction work commencement permit (建築工程施工許可證) from the relevant construction authority in accordance with the Regulations on Administration Regarding Permission for Commencement of Construction Works (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on 15 October 1999 and amended on 4 July 2001 and further amended on 25 June 2014 by (Ministry of Housing and Urban-Rural Development ("**MOHURD**").

Pursuant to the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) promulgated by the State Council on 20 July 1998 and amended on 8 January 2011, the Administrative Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Construction on 4 April 2000 and amended on 19 October 2009 and the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated and implemented by the MOHURD on 2 December 2013, upon the completion of real estate development project, the real estate development enterprise shall submit an application to the competent department of real estate development of local people's government at or above county level, where the project is located, for examination upon completion of building and for filing purposes; and to obtain the Filing Form for Acceptance and Examination upon Completion of Construction Project. A real estate project shall not be delivered before passing the acceptance examination.

Environmental Protection

The laws and regulations governing the environmental requirements for real estate development in the PRC include the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Prevention and Control of Noise Pollution Law of the People's Republic of China (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the

People's Republic of China (《中華人民共和國環境影響評價法》), the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》) and the Administrative Regulations on Environmental Protection for Acceptance Examination Upon Completion of Buildings (《建設項目竣工環境保護驗收管理辦法》). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form shall be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

Telecommunications Services

Foreign Investment in Value-Added Telecommunications Businesses

Pursuant to the Special Administrative Measures for Admission of Foreign Investments (Negative List) (《外商投資准入特別管理措施(負面清單)》) as amended in 2018, the provision of value-added telecommunication services (excluding e-commerce) is subject to foreign investment restrictions and a foreign investor may not hold more than 50% of the equity interest in a PRC value-added telecommunications services provider. According to the Administrative Rules for Foreign Investment in Telecommunications Enterprises (《外商投資電信企業管理規定》), foreign investors may not contribute more than 50% of the registered capital of a value-added telecommunications services provider and foreign investors must maintain a good track record and possess relevant operational experience in the value-added telecommunication services

On 13 January 2015, the Ministry of Industry and Information Technology, or MIIT, issued the Circular on Loosening the Restrictions on Shareholding by Foreign Investors in Online Data Processing and Transaction Processing Business in Shanghai Pilot Free Trade Zone. According to the Circular, a foreign investor may hold up to 100% of the equity interest in a PRC entity that provides online data processing and transaction processing services.

On 19 June 2015, the MIIT issued the Circular on Loosening the Restrictions on Shareholding by Foreign Investors in Online Data Processing and Transaction Processing Business (Operating E-commerce) (《關於放開在線數據處理與事務處理業務(經營類電子商務)外資股比限制的通告》) (the "**Circular No. 196**"), which allows a foreign investor to hold 100% of the equity interest in a PRC entity that provides online data processing and transaction processing services.

Regulations relating to information security and censorship

On 7 November 2016, the SCNPC promulgated the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》), which became effective on 1 June 2017, pursuant to which, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties, and network operators of key information infrastructure shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of the PRC. Their purchase of network products and services that may affect national security shall be subject to national cybersecurity review. On 2 May 2017, the office of the Cyberspace Administration of China ("**CAC**") issued a trial version of the Measures for the Security Review of Network Products and Services (Trial) (《網絡產品和服務安全審查辦法(試行)》), which took effect on 1 June 2017, to provide for more detailed rules regarding cybersecurity review requirements.

Regulations relating to privacy protection

On 29 December 2011, the MIIT promulgated the Several Provisions on Regulation of the Order of Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》), which became effective on 15 March 2012. The Provisions stipulate that without the consent of users, internet information service providers shall not collect information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information (hereinafter referred to as "personal information of users"), nor shall they provide personal information of users to others, unless otherwise provided by laws and administrative regulations. The Provisions also requires that internet information service providers shall properly maintain the personal information of users; if the preserved personal information of users is divulged or may possibly be divulged, internet information service providers shall immediately take remedial measures; where such incident causes or may cause serious consequences, they shall immediately report the same to the telecommunications administration authorities that grant them with the internet information service license or filing and cooperate in the investigation and disposal carried out by relevant departments. Failure to comply with such requirements may result in a fine between RMB10,000 and RMB30,000 and an announcement to the public.

In 28 December 2012, the SCNPC promulgated the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》) to enhance the legal protection of information security and privacy on the internet. In 16 July 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) to regulate the collection and use of users' personal information in the provision of telecommunication services and internet information services in China and the personal information includes a user's name, birth date, identification card number, address, phone number, account name, password and other information that can be used for identifying a user. Telecommunication business operators and internet service providers are required to constitute their own rules for the collection and use of users' information and they cannot collect or use user's information without users' consent. Telecommunication business operators and internet service providers must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. Telecommunication business operators and internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. Telecommunication business operators and internet service providers are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss.

Performance Brokerage and Large-scale Mass Activities

Pursuant to the Administrative Regulations on Commercial Performances (《營業性演出管理條例》) promulgated by the State Council on 7 July 2005 and last amended on 18 July 2013, foreign investors are allowed to set up Sino-foreign equity or cooperative joint performance brokerage institutions and business entities of performance places with Chinese investors by law, but shall not establish any Sino-foreign equity or cooperative joint or solely foreign-funded artistic performance organizations, or any wholly foreign-funded performance brokerage institution or business entity of performance places. For establishing a Sino-foreign equity joint performance brokerage institution or business entity of performance places, the investment proportion of Chinese party shall not be less than 51%. Meanwhile, for establishing a performance brokerage institution, the applicant shall apply to the competent department of culture under the people's governments of provinces, autonomous regions or municipalities directly under the Central Government. The competent departments of culture shall make a decision within 20 days upon its acceptance of the application. They shall issue the Commercial Performance License (營業性演出許可證) for those approved, and notify the applicants in written form and make an explanation for those disapproved.

On 6 June 2013, the Ministry of Culture promulgated the Notice on Cancelling and Delegation of the Approval level regarding Commercial Performances (《關於做好取消和下放營業性演出審批項目工作的通知》), which stated that approval of the Commercial Performances of foreign culture and arts performing groups or individuals were delegated to the competent authorities of culture at the provincial level.

Foreign Exchange

Under the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》), promulgated on 29 January 1996 and last amended on 5 August 2008, and various regulations issued by SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments, payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from the SAFE or its local office. Payments for transactions that take place within the PRC must be made in Renminbi. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from the SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the relevant rules and regulations of the PRC.

On 4 July 2014, SAFE promulgated the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Offshore Investing and Financing and Round-Trip Investing by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投

資外匯管理有關問題的通知》) (the "**Circular No. 37**"). Under the Circular No. 37, domestic residents shall apply to SAFE for registration of foreign exchange for offshore investment before making contributions to overseas companies, which was for the purpose of investment and financing and directly incorporated or indirectly controlled by domestic residents with domestic and overseas legal assets or equities. In the event the change of basic information of the registered offshore special purpose vehicle such as the individual shareholder, name, operation term, etc., or if there is a capital increase, decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the domestic resident shall complete the change of foreign exchange registration formality for offshore investment. Pursuant to the Notice of the State Administration of Taxation on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), the qualified banks will review and carry out the aforesaid registration directly, and the SAFE and its branches shall implement indirect supervision over foreign exchange registration via the banks.

PRC Merger & Acquisition

The Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) which was promulgated by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation, the State Administration for Industry and Commerce, China Securities Regulatory Commission (the "**CSRC**") and the SAFE on 8 August 2006, and subsequently amended by the MOFCOM on 22 June 2009, provided the scenarios qualify as an acquisition of a domestic enterprise by a foreign investor.

On 8 October 2016, the MOFCOM issued the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (the "**Circular 3**") (《外商投資企業設立及變更備案管理暫行辦法》) which took effect on the same day and was amended on 30 July 2017. According to the Circular 3, where a non-foreign-invested enterprise changes into a foreign-invested enterprise due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the Measures, it shall complete the record-filing formalities for incorporation and submit the Incorporation Application in accordance with the Measures.

Laws and Regulations Relating to Foreign Investment

The incorporation, operation and management of corporate entities in the PRC shall be subject to the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013 respectively. The Company law shall also apply to foreign-invested limited liability companies and companies limited by shares, unless it is otherwise provided by the foreign investment laws.

The National Development and Reform Commission and the Ministry of Commerce promulgated the Catalog of Industries for Guiding Foreign Investment (2017 version) (《外商投資產業指導目錄》) on 28 June 2017 and came into effect on 28 July 2017, which was comprised of the following two parts: (i) catalog of industries in which foreign investment is encouraged; and (ii) special administrative measures for admission of foreign investments (negative list for admission of foreign investments). The NDRC and the MOFCOM promulgated the Special Administrative Measures for Admission of Foreign Investments (Negative List) (2018 version) (《外商投資准入特別管理措施（負面清單）（2018 version）》) on 28 June 2018 and came into effect on 28 July 2018. Pursuant to the 2018 version, the special administrative measures for foreign investment access (negative list for admission of foreign investments) specified in the Catalog of Industries for Guiding Foreign Investment (2017 version) are repealed simultaneously, while the catalog of encouraged industries for foreign investment is still valid.

Overseas Investment

The Measures for Overseas Investment Management (《境外投資管理辦法》) was released by MOFCOM on 6 September 2014 and came into force on 6 October 2014. As defined by the Measures, overseas investment means that the enterprises legally incorporated in the PRC own the non-financial enterprises or obtain the ownership, control and operation management rights of the existing non-financial enterprises in foreign countries through incorporation, merger and acquisition and other means. If the overseas investments involve sensitive countries and regions, they shall be subject to the approval of the competent authorities. For other overseas investments, they shall be subject to filing administration. Local enterprises shall be filed with the provincial commercial administration authorities where they are located. The qualified enterprises will be put into record and granted with Overseas Investment Certificate for Enterprise by the relevant provincial commercial administration authorities.

The Circular on Issuing Provisions on Foreign Exchange Administration for Overseas Direct Investment of Domestic Institutions (《關於發布境內機構境外直接投資外匯管理規定的通知》) was released by SAFE on 13 July 2009 and came into force on 1 August 2009. The Circular of State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policy for Overseas Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) was released by State Administration of Foreign Exchange on 13 February 2015 and came into force on 1 July 2015. According to these circulars, the requirement on foreign exchange registration and approval for overseas direct investment was lifted, and it was changed to the mechanism that the banks directly review and complete the foreign exchange registration for overseas direct investment, and SAFE and its branches will implement indirect regulation over the foreign exchange registration for overseas direct investment through the banks. Only when the foreign exchange registration for overseas direct investment is completed can subsequent investment-related businesses be conducted, such as account opening and fund transfer (including remittance and repatriation of profit and dividend).

The Administrative Measures for Overseas Investment by Enterprises《企業境外投資管理辦法》 was released by the NDRC on 26 December 2017 which came into effect beginning 1 March 2018. To conduct overseas investment, certain procedures shall be complied with, which include: approval and record-filing of an overseas investment project, reporting relevant information and cooperating with the supervision and inspection. The aforementioned approval procedure shall apply to any sensitive overseas investment projects carried out by the investor directly or through its controlled overseas enterprise(s) which include (1) projects involving sensitive countries and regions; (2) projects involving sensitive industries. Whereas, the aforementioned record-filing procedure shall apply to any non-sensitive projects carried out by the investor directly which represent projects not involving sensitive countries and regions and not involving sensitive industries, or in other words non-sensitive projects involving direct contribution of an asset and/or interest or direct provision of financing and/or guarantee by the investor.

Wild Animals Protection

Import of wild animals

Pursuant to the Regulation for the Implementation of the People's Republic of China on the Protection of Aquatic Wild Animals (《水生野生動物保護實施條例》) promulgated by the Ministry of Agriculture and taking effect in October 1993, as amended in January 2011, for the export of aquatic wild animals under special protection of the State or the products thereof, and the import or export of aquatic wild animals or the relevant animal products which are restricted by international conventions to which China is a party, (i) an application shall be submitted to the administration in charge of fisheries at the provincial level; (ii) such application shall be approved by the competent department under the State Council in charge of fisheries; and (iii) an import or export permit shall be obtained from the State administrative authority in charge of the import and export of endangered species. The import or export of the wild animals described in this paragraph by any zoo for the purpose of exchange of animals shall be examined and approved by the competent department under the State Council in charge of construction before the application thereof is submitted for approval by the competent department under the State Council in charge of fisheries.

Domestication and breeding of wild animals

Pursuant to the Regulation for the Implementation of the People's Republic of China on the Protection of Aquatic Wild Animals promulgated by the Ministry of Agriculture and taking effect in October 1993, as amended in January 2011 and in December 2013, for the domestication and breeding of aquatic wild animals under the first degree special protection of the State, a domestication and breeding license issued by the competent department under the State Council in charge of fisheries is required. For the domestication and breeding of aquatic wild animals under the second degree special protection of the State, a domestication and breeding license issued by the administration in charge of fisheries at the provincial level is required.

Commercial operation and utilization of wild animals

Pursuant to the Regulation for the Implementation of the People's Republic of China on the Protection of Aquatic Wild Animals promulgated by the Ministry of Agriculture and taking effect in October 1993, as amended in January 2011 and in December 2013, for the sale, purchase and use of aquatic wild animals under first degree special protection of the State, a commercial operation and utilization license issued by the department under the State Council in charge of fisheries is required. For the sale, purchase and use of aquatic wild animals under second degree special protection of the State, a commercial operation and utilization license issued by the administration in charge of fisheries at the provincial level is required.

Management of aquariums

Pursuant to the Notification on Strengthening Management of Domestication and Performance of Aquatic Wild Animals in Sea-aquariums and Aquariums (《關於加強海洋館和水族館等場館水生野生動物馴養展演活動管理的通知》) promulgated by the Ministry of Agriculture and taking effect in September 2010, for the newly constructed aquariums which mainly serve the objectives of domestication, exhibition and performance, construction plans and relevant feasibility study reports shall be submitted to the department in charge of fisheries at the national or provincial level. Such aquariums shall not be allowed to engage in domestication, exhibition and performance of aquatic wild animals or other activities requiring special permission without passing the expert evaluation of endangered animals and plants science committee ofthe Ministry of Agriculture.

OVERVIEW

The history of our Company can be traced back to October 2009 when the Fosun International Group established its commercial business department, which was subsequently renamed as the tourism and commerce group in November 2012. In 2010, we started our business cooperation with, and made a minority investment in Club Med. In May 2013, Hainan Atlantis was established and commenced the construction of Atlantis Sanya in December 2014. In February 2015, the Fosun International Group acquired a controlling interest in Club Med, which was subsequently transferred to our Group during the Reorganization.

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 30 September 2016, following which we implemented a series of corporate restructurings to hold our current businesses under our Company. Since then we have become one of the world's leading leisure-focused integrated tourism groups and a leader in providing pioneering and family-focused tourism and leisure solutions to meet the evolving needs of our customers and respond to industry trends.

BUSINESS MILESTONES

The following table sets forth the key business milestones of our Group:

Year	Milestone Event
1950	Club Med was created as a non-profit association and opened its first resort.
1957	Club Med was transformed into a French limited corporation.
1966	The shares of Club Med were listed on the primary market of Euronext Paris.
1969	Club Med opened its first resort in the Americas.
1985	Club Med opened its first resort in Asia Pacific.
2009	The Fosun International Group established the commercial business department, the predecessor of our Company, with a focus on the tourism and commerce sectors.
2010	The Fosun International Group made a minority investment in Club Med.
	Club Med opened Yabuli, the first Club Med resort in China.
2014	Hainan Atlantis commenced construction of Atlantis Sanya.

Year	Milestone Event
2015	Fosun International Group acquired control of Club Med by leading a consortium to take Club Med private, following which Club Med was delisted from Euronext Paris.
	Fosun International Group made a minority investment in Thomas Cook, one of the world's oldest and leading travel groups, and announced their strategic partnership. Kuyi, a joint venture by our Group and Thomas Cook, was established to serve as our travel product distribution and service provider.
2016	Our Company was incorporated as an exempted company with limited liability in the Cayman Islands.
	Albion was launched to provide design, technical, operational and management services to other tourism destination owners or concession rights holders in China under our Albion brand.
2017	Fanxiu was launched to develop and promote cultural and entertainment events under the Fanxiu brand.
2018	Atlantis Sanya had its soft opening in February 2018 and officially opened in April 2018.
	Club Med Joyview was launched to specifically target the fast-growing Chinese market.
	The FOLIDAY platform was established with a focus on families for tourism and leisure solutions and distribution.
	The FOLIDAY mobile application was launched.
	Shanghai Miniversity, a company jointly owned by our Group and Mattel, was established to focus on the provision of learning and playing club for children under the Miniversity brand, and our first Miniversity club was opened in February 2018 within Atlantis Sanya.

OUR PRINCIPAL OPERATING SUBSIDIARIES

The principal business activities and date of establishment and commencement of business of each member of our Group that made a material contribution to our results of operation during the Track Record Period are shown below:

Name of company	Principal business activities	Date of establishment and commencement of business
Club Med	Offering all-inclusive vacation resort services	12 November 1957
Club Med Sales	Wholesale and retail of Club Med products in the U.S.	15 October 1971
Hainan Atlantis	Development and operation of Atlantis Sanya	15 May 2013
Club Med Brasil SA	Hotel activity, importation of products, travel agency and tourism	11 February 1999
Club Med Sales Canada Inc	Exclusive wholesaler and non-exclusive retailer of Club Med land accommodations and packages in Canada	12 June 1996
Club Méditerranée (Club Med) Hong Kong Ltd	Travel agency and tourism business	16 April 1982
Club Med K.K.	Travel agency and tourism business	1 June 1979
Club Méditerranée (Bureau Suisse) SA	Organization of holidays, group or individual holidays, the creation and operation of holiday	22 November 1982
Club Med Ferias	Purchase and sale of all tourist services, travel, circuits, resorts, sea, river and air cruises, chartering of all means of transport; sale of all transport and goods	25 October 2007
Club Méditerranée Australia Pty Ltd	Travel agency and tourism business	15 July 1975
Club Méditerranée South Africa (Proprietary) Ltd	Property management	5 September 2007
Shanghai Club Med	Travel agency and tourism business, resort manager and operator and marketer	28 October 2010
Club Med Services Singapore Pte Ltd	Travel agency and tourism business	5 September 1986

ACQUISITION OF CLUB MED BY TENDER OFFER

Early Business Cooperation with and Investment in Club Med

On 12 June 2010, Fosun High Tech, a wholly-owned subsidiary of Fosun International, and Club Med, then listed on the Euronext Paris, entered into a memorandum of understanding regarding business cooperation and investment, pursuant to which Fosun High Tech and Club Med would conduct a wide range of cooperation to support Club Med's development strategy, including but not limited to speeding up the opening of new resorts in China and to develop business synergies for both parties. As part of this cooperation, on 10 June 2010, the Fosun International Group acquired 628,295 shares and 1,616,551 ORANE redeemable bonds of Club Med from independent third parties, representing approximately 7.1% of the share capital of Club Med assuming the redemption of all ORANE mandatorily redeemable bonds into the shares of Club Med. All of the ORANEs were redeemed in June 2012.

Privatization of Club Med and Delisting from Euronext Paris

Initial Tender Offer

On 29 May 2013, Fosun International, Fosun Property, Fosun Industrial, Fosun Luxembourg, ACF II and its affiliates, and the Top Managers (together, the "**First Offering Group**") entered into an investment agreement, pursuant to which the First Offering Group agreed to acquire Club Med through a voluntary public tender offer of all Club Med's shares and bonds which were convertible and/or exchangeable into new or existing shares of Club Med (the "**OCEANEs**," together with the shares, the "**Target Securities**") at a price of EUR17.00 per share and EUR19.23 per OCEANE (the "**Initial Tender Offer**"), which was subsequently raised to EUR17.50 per share of Club Med and EUR19.79 per OCEANE on 24 June 2013. The documentation of the Initial Tender Offer was filed with the AMF on 30 May 2013. ACF II and its affiliates are independent third parties.

On 30 June 2014, a competing tender offer on the Target Securities was filed, and the parties to the Initial Tender Offer informed the AMF on 14 August 2014 that they withdrew the Initial Tender Offer.

New Tender Offer

On 12 September 2014, the First Offering Group, Fidelidade, and JD Investors, among others (together, the "**Second Offering Group**") entered into an investment agreement (the "**Investment Agreement**") pursuant to which the Second Offering Group agreed to acquire Club Med through a voluntary public tender offer for the Target Securities. To compete with the offer from an independent third party in November and December 2014, the Second Offering Group raised its offer twice, which was set at a price of EUR22.00 per share of Club Med and EUR23.23 per OCEANE (the "**New Tender Offer**"). On 2 January 2015, the independent third party competing offer was withdrawn.

On 6 February 2015, Silverfern joined the Second Offering Group (collectively, the "**Third Offering Group**") by amending and restating the Investment Agreement (the "**Amended and Restated Investment Agreement**"), pursuant to which Silverfern's co-investment was included to acquire Club Med and the parties approved the offer set at EUR24.60 per share of Club Med and EUR25.98 per OCEANE. The consideration was determined through a bidding process and was offered based on the latest price of the competing offer plus an increment of 2.5% with reference to the applicable laws and regulations. Under the Amended and Restated Investment Agreement, the Third Offering Group incorporated Club Med Holding, which in turn wholly owned Club Med Invest to serve as the sole offeror under the tender offer.

Completion of the New Tender Offer

Following the successful tender offer launched by Club Med Invest, on 12 February 2015, AMF declared that Club Med Invest was in a position to hold in concert (i) 33,400,691 shares, representing 92.81% of the total share capital of Club Med; and (ii) 1,384,601 OCEANEs, representing 98.64% of the outstanding OCEANEs issued by Club Med.

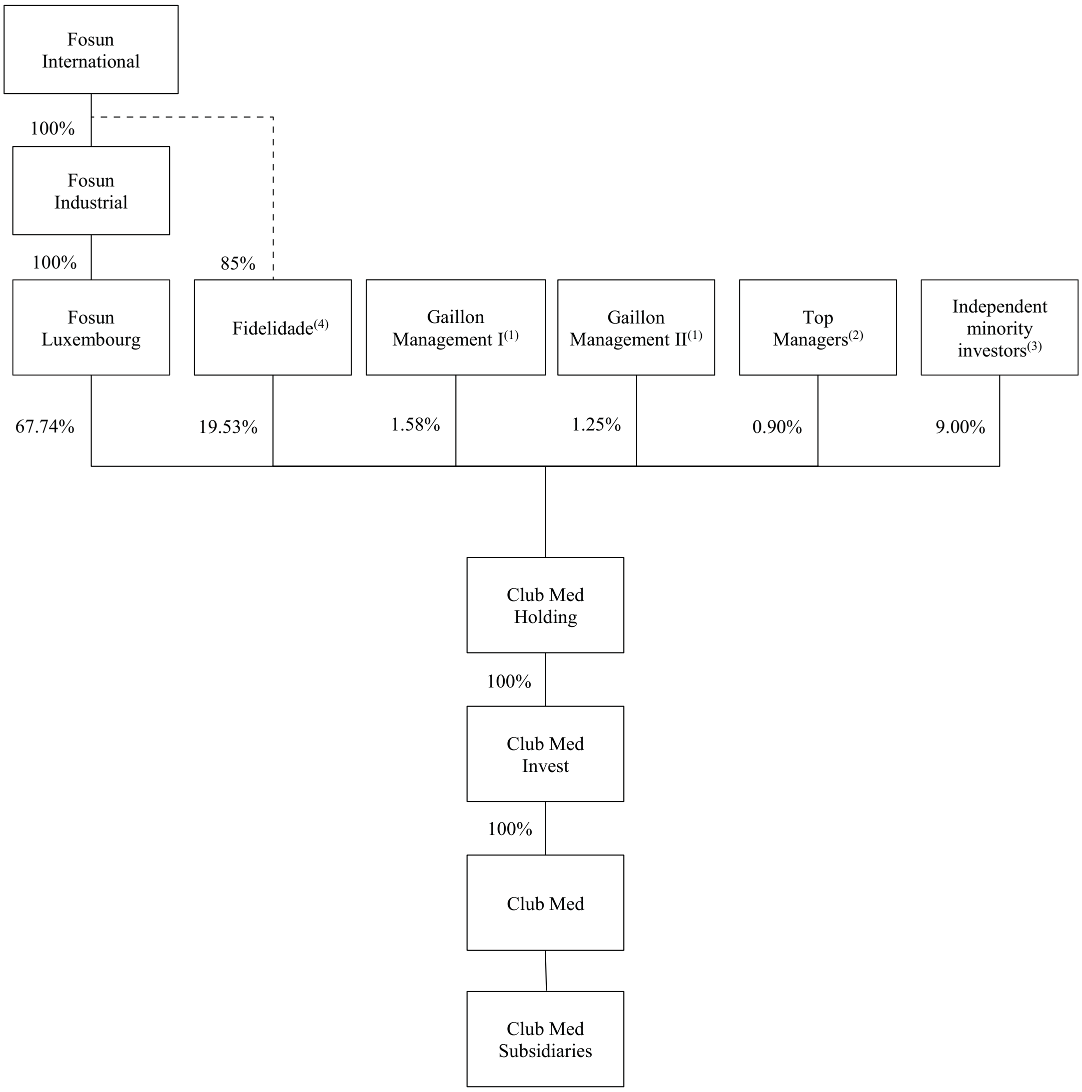
On 10 March 2015, AMF declared that 1,054,155 shares and 4,782 OCEANEs of Club Med had been tendered by the Third Offering Group. Following the successful tender offer, Club Med Invest was in a position to hold in concert (i) 36,478,795 shares, representing 98.29% of the share capital, and (ii) 4,782 OCEANEs, representing 25% of the outstanding OCEANEs issued by Club Med. As a consequence, Club Med Invest held more than 95% of the share capital and voting rights of Club Med and implemented a squeeze-out procedure pursuant to the AMF general regulations. Following the squeeze-out procedure, Club Med Invest acquired 100% of the equity interest in Club Med. Club Med became an indirectly-owned subsidiary of Fosun International on 12 February 2015 and was delisted from Euronext Paris in March 2015.

Upon completion of the privatization, Club Med Holding had four types of securities in issue, namely CM Ordinary Shares, CM Class B Shares, CM Class C Shares and CM Convertible Bonds. Each of the CM Ordinary Shares, the CM Class B Shares and the CM Class C Shares has one voting right. For details of the terms of such shares and the CM Convertible Bonds, please refer to "Appendix VI—Statutory and General Information—A. Further Information about our Group—D. Shareholders' Agreement of Club Med Holding—9. Terms of the Securities of Club Med Holding" in this prospectus. Immediately after the privatization of Club Med, Fosun International, through its subsidiaries, controlled approximately 90.10% of the voting rights of Club Med Holding.

The table below sets forth the allocation of shares (including CM Ordinary Shares, CM Class B Shares and CM Class C Shares) and CM Convertible Bonds among the shareholders of Club Med Holding immediately after the completion of the privatization of Club Med:

Shareholders of Club Med Holding	CM Ordinary Shares	CM Class B Shares	CM Class C Shares	Total Shares	Percentage to total shares	CM Convertible Bonds	Percentage to total CM Convertible Bonds
Fosun Luxembourg	9,869,393	35,607,093	—	45,476,486	67.74%	72,056,820	70.3%
Fidelidade	2,846,063	10,268,108	—	13,114,171	19.53%	20,779,210	20.3%
Gaillon Management I......	684,250	200,000	175,000	1,059,250	1.58%	—	—
Gaillon Management II	70,598	770,151	—	840,749	1.25%	—	—
JD Capital........................	629,782	2,272,149	—	2,901,931	4.32%	4,598,068	4.5%
ACF II	419,855	1,514,766	—	1,934,621	2.88%	3,065,378	3.0%
Silverfern.........................	262,409	946,728	—	1,209,137	1.80%	1,915,861	1.9%
Mr. Giscard d'Estaing	257,813	—	117,187	375,000	0.56%	—	—
Mr. Wolfovski	154,688	—	70,312	225,000	0.34%	—	—
Total................................	**15,194,851**	**51,578,995**	**362,499**	**67,136,345**	**100%**	**102,415,337**	**100%**

The following chart sets forth the simplified shareholding structure of Club Med upon completion of the privatization by the Third Offering Group:



Notes:

(1) Gaillon Management I and Gaillon Management II were established for the purpose of implementing the Management Equity Plan. For details of the Management Equity Plan, please refer to "—Shareholders' Agreement of Club Med Holding" in this section and the section headed "Appendix VI—Statutory and General Information—E.Various Plans of Our Company and Club Med Holding—4. Management Equity Plan of Club Med Holding" in this prospectus. Upon completion of the privatization of Club Med, Fosun Luxembourg was the sole shareholder of Gaillon Management I and Gaillon Management II.

(2) The Top Managers, namely Mr. Giscard d'Estaing and Mr. Wolfovski, were entitled to exercise approximately 0.56% and 0.34% of the voting right of Club Med Holding, respectively.

(3) The minority investors, namely JD Capital, ACF II and Silverfern, are all independent third parties, and were entitled to exercise approximately 4.32%, 2.88% and 1.80% of the total voting rights of Club Med Holding, respectively.

(4) Fidelidade was indirectly held by Fosun International.

Reasons for the Privatization and Delisting of Club Med

Club Med, based in France, was founded in 1950 and is a world-renowned provider of family-focused all-inclusive holiday experience. To integrate China momentum with global resources and expand the global presence on evolving tourism and leisure market, the tender offer was initiated to acquire the controlling interest in Club Med and to further develop the tourism sector.

Funding of the Tender Offer

The total consideration for the privatization of Club Med was approximately EUR916 million which was fully paid on 23 March 2015. The consideration was funded by a combination of debt financing in the amount of EUR280 million (the "**Debt Financing**") and equity financing in the amount of approximately EUR641 million (the "**Equity Financing**").

The Debt Financing is in the amount of EUR280 million, and provided by loans with interests at Euro Interbank Offered Rate (EURIBOR) (or Euro OverNight Index Average (EONIA) for any interested period of less than seven days) plus a margin of 2.75% to 5.5% per annum (the "**Margin**"), and were secured by, among others, (i) pledges of certain shares and (ii) pledges over certain receivables and bank accounts of certain subsidiaries of Club Med Holding. As of 30 September 2018, the outstanding amount of loans for Club Med Invest under the Debt Financing was EUR167 million.

The Equity Financing comprises of:

(i) the contribution in-kind at a total value of approximately EUR203 million for a total of 8,267,380 shares of Club Med at a value equal to the closing offer price of EUR24.60 per share and EUR25.98 per OCEANE, including (a) 1,351 shares held by Mr. Guo Guangchang, (b) 3,582,677 shares held by Fosun Property, (c) 4,682,352 shares held by Fosun Luxembourg, and (d) 983 shares and 237 OCEANEs owned by Mr. Giscard d'Estaing; and

(ii) the cash contribution of approximately EUR433 million from the readily available cash of the Third Offering Group.

Shareholders' Agreement of Club Med Holding and Certain Shareholders' Rights

In view of the privatization of Club Med and the transition to shareholding interests at the level of Club Med Holding, Fosun International, Fosun Luxembourg, Fidelidade, the JD Investors, ACF II, Silverfern, the Top Managers, Gaillon Management I, Gaillon Management II, Club Med Holding, Club Med Invest, among others, entered into the Shareholders' Agreement on 18 February 2015, in the specific context of the privatization of Club Med and delisting from Euronext Paris without contemplation of the current proposed listing, relating to Club Med Holding to provide for shareholders' rights and obligations and the corporate governance of Club Med Holding, which was further amended on 29 December 2015 and 24 August 2018.

Pursuant to the Shareholders' Agreement, the shareholders agreed to, among other things, implement the Management Equity Plan by issuing new shares of Club Med Holding to Gaillon

Management I through which certain directors or managers of Club Med Holding and its subsidiaries could subscribe for shares of Club Med, and agreed that Fosun Luxembourg may elect to merge Gaillon Management II by way of absorption, or otherwise dissolve Gaillon Management II by way of transfer of all the assets and liabilities to Fosun Luxembourg. For details of the Management Equity Plan, please refer to "Statutory and General Information—E. Various Plans of Our Company and Club Med Holding—4. Management Equity Plan of Club Med Holding" in Appendix VI to this prospectus.

As of the Latest Practicable Date, there are a number of specific shareholders' rights under the Shareholders' Agreement, including the following (among other things):

- ACF II has a veto right over (i) implementing any transaction or other arrangement between Club Med Holding or Club Med Invest (on the one hand), and Fosun International and Fosun Luxembourg or any of its Affiliated Entities (as defined therein) or Connected Party (as defined therein) (with the exception of Club Med) (on the other hand); (ii) any change to the articles of association of Club Med Holding (to the extent such transactions or arrangements in (i) or (ii) adversely affect the rights of ACF II under the Shareholders' Agreement and/or the validity, enforceability or the rights under its put option (including the price upon the exercise of such option)); and (iii) any substantial change to the nature of the business carried on by Club Med and its subsidiaries[(1)]

- ACF II and JD Capital have certain liquidity rights, for which Fosun Luxembourg, Club Med Holding and Club Med Invest shall provide reasonable assistance to seek liquidity of its securities of Club Med Holding by a transfer of the securities of Club Med Holding held by ACF II or JD Capital, at the price and on the terms and conditions which ACF II or JD Capital deems appropriate

- Each of ACF II, JD Capital, Silverfern, the Top Managers and the shareholders of Gaillon Management I who are directors or managers of Club Med Group has a put option against Fosun Luxembourg to purchase all or part of its securities in Club Med Holding or Gaillon Management I

- Pre-emption right by Club Med Managers and Fosun Luxembourg, which does not apply: (i) in the event of the initial public offering of Club Med Holding; or (ii) the launching of a sale process for the sale of 100% the securities of Club Med Holding requested by Fosun Luxembourg

- Tag-along right by ACF II, JD Capital and Silverfern

- Drag-along right by Fosun Luxembourg

- Right of Gaillon Management I, under certain circumstances, to request the implementation of a direct divestment of: (i) the relevant securities of Club Med Holding by their

Note:

(1) There was no transaction or arrangement subject to the veto right during the Track Record Period up to the Latest Practicable Date, nor presently contemplated by the Company to occur after the Listing.

shareholders in lieu of a transfer by Gaillon Management I of their securities of Club Med Holding; or (ii) the securities of Club Med Holding to be received by their shareholders following a merger of Gaillon Management I into Club Med Holding or the contribution of the relevant securities of Gaillon Management I to Club Med Holding

- Anti-dilution right by Fosun Luxembourg, ACF II, JD Capital, Silverfern, the Top Managers, Gaillon Management I and director or managers holding securities of Club Med Holding

- Right of observer seat by ACF II and Silverfern and related information right

For details of relevant terms of the Shareholders' Agreement please refer to "Statutory and General Information—D. Shareholders' Agreement of Club Med Holding" in Appendix VI to this prospectus.

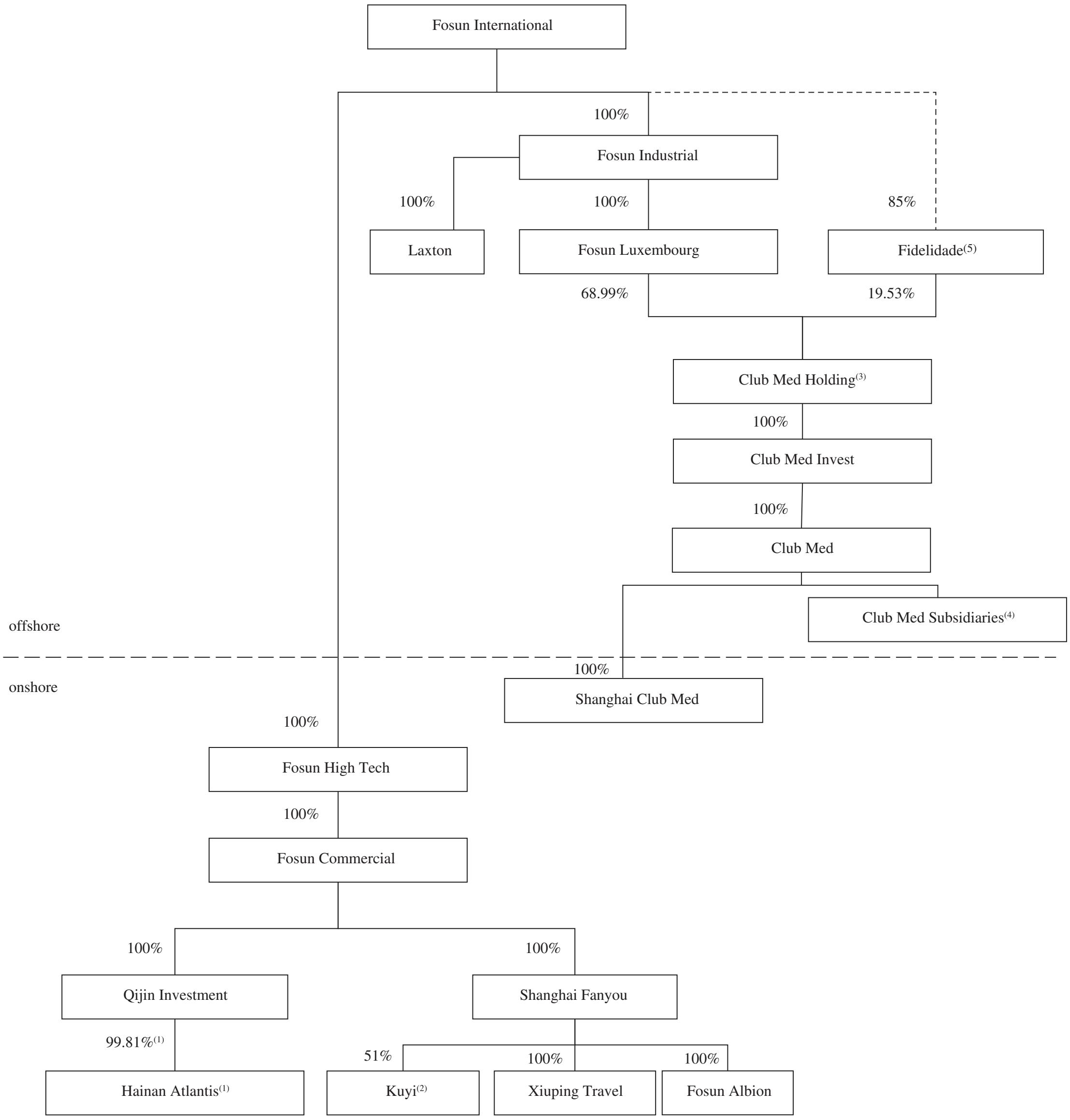
Compliance during the Listing of Club Med on the Euronext Paris

Our Directors have confirmed that, to the best of their knowledge and belief, during the period that Club Med was listed on the Euronext Paris, (a) Club Med had complied with all applicable French securities laws and regulations, and the listing rules of the Euronext Paris in all material respects; and (b) there is no issue in relation to the prior listing of Club Med that needs to be brought to the attention of the Stock Exchange or the Shareholders.

REORGANIZATION

In preparation for the Listing and for the purpose of streamlining our corporate structure, we underwent the Reorganization during 2016 to 2018, which integrated our businesses and operating entities. The Reorganization can be broadly categorized into two parts: (i) the offshore reorganization, which comprised steps undertaken in respect of our Company and our subsidiaries outside the PRC, and (ii) the onshore reorganization, which comprised steps undertaken in respect of our subsidiaries in the PRC.

The following chart sets forth the simplified shareholding structure of the businesses and/or entities comprising our Group immediately before the Reorganization.



Notes:

(1) Qijin Investment held 99.81% of the total issued shares of Hainan Atlantis, while the remaining 0.19% of the total issued shares of Hainan Atlantis was held by CDB Development Fund Co., Ltd. (國開發展基金有限公司), an independent third party.

(2) Kuyi is a jointly controlled entity with its remaining 49% equity interest indirectly held by Thomas Cook. Thomas Cook is a company owned by our Group and the Remaining Fosun International Group as to approximately 6.04% and 7.23%, respectively, as of the Latest Practicable Date.

(3) The remaining shares (including CM Class B Shares, CM Class C Shares and CM Ordinary Shares) of Club Med Holding was owned by JD Capital, ACF II, Silverfern, Gaillon Management I and the Top managers. For further details of their shareholding, please see "— Acquisition of Club Med by Tender Offer—Privatization of Club Med and Delisting from Euronext Paris" in this section.

(4) Excluding Shanghai Club Med.

(5) Fidelidade is indirectly held by Fosun International.

Offshore Reorganization

(i) ***Incorporation of Our Company***

On 30 September 2016, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. The initial authorized share capital of our Company was US$1,000,000 divided into 1,000,000,000 Shares of US$0.001 par value each.

Upon incorporation, one Share was allotted and issued to an independent initial subscriber at par value of US$0.001. On the same date, the independent initial subscriber transferred its one Share to Fosun International at par value, and our Company allotted and issued an additional 999 Shares at par value to Fosun International. Upon completion of such share transfer and allotment, Fosun International held 1,000 Shares, being the sole Shareholder of our Company.

On 3 May 2017, the authorized share capital of the Company was changed from US$1,000,000 to EUR1,000,000 by way of (i) repurchasing and cancelling the 1,000 ordinary Shares with a par value of US$0.001 each; and (ii) allotting and issuing 1,000 Shares with a par value of EUR0.001 each to Fosun International at a total consideration of EUR540,191,026.31, which was with reference to the amount payable by our Group for acquiring the interests in Club Med Holding.

On 29 December 2017, (i) 1,000 Shares of EUR0.001 each were allotted and issued to Fosun International at a consideration of RMB2.67 billion which is payable on demand; (ii) the authorized share capital of our Company was subdivided from EUR1,000,000 divided into 1,000,000,000 Shares of EUR0.001 par value each to EUR1,000,000 divided into 10,000,000,000 Shares of EUR0.0001 par value each, resulting in the total issued 2,000 Shares being subdivided into 20,000 Shares; and (iii) 999,980,000 Shares were allotted and issued to Fosun International at nil cash consideration. Upon completion, Fosun International held 1,000,000,000 Shares, being the sole Shareholder of our Company.

On 25 April 2018, our Company allotted and issued one Share to Fosun International at a total consideration of EUR173,499,641.80 for the settlement of the payables due to Fosun International in connection with the acquisition of approximately 19.53% and 1.73% of the total issued shares of Club Med Holding, respectively. For details, please see "—(iii) Acquisition of the Equity Interest in Club Med Holding by Our Group" in this section.

On the even date, our Company allotted and issued one Share to Fosun International at a total consideration of HK$19,319,788.31 for the settlement of the payables due to Fosun International in connection with the acquisition of approximately 18.68% of the equity interest in Vigor from Fosun Industrial. For details, please see "—(iv) Acquisitions of Minority Interests in Vigor and Thomas Cook by Our Group" in this section.

On 18 June 2018, 9,038,501 Shares were allotted and issued to Pacific Jovial on trust and credited as fully paid for the purpose of the Pre-IPO Share Ownership Plan at a consideration of HK$72,759,933.05. On 4 July 2018, 645,000 Shares were allotted and issued to 14 plan participants under the Pre-IPO Share Ownership Plan at the subscription price of EUR2.00 per Share. For details of the Pre-IPO Share Ownership Plan, please refer to "Statutory and General Information—E. Various Plans of Our Company and Club Med Holding—2. Pre-IPO Share Ownership Plan" in Appendix VI to this prospectus.

(ii) ***Incorporation of FTG HK***

On 3 October 2016, FTG HK was incorporated in Hong Kong with a total amount of issued share capital of HK$1. One share was issued to an independent third party which was subsequently transferred to our Company on 19 October 2016. Since then, FTG HK has been a wholly-owned subsidiary of our Company.

(iii) ***Acquisition of the Interests in Club Med Holding by Our Group***

Acquisition of approximately 68.99% of the total issued shares of Club Med Holding from Fosun Industrial

On 1 March 2017, Fosun Industrial, the then sole shareholder of Fosun Luxembourg which held approximately 68.99% of equity interest in Club Med Holding, transferred its entire equity interest in Fosun Luxembourg, including 9,939,991 CM Ordinary Shares, 36,377,244 CM Class B Shares and 72,056,820 CM Convertible Bonds, to Fosun International at an aggregate consideration of EUR161,517,224.61, comprising EUR3 million issued share capital of Fosun Luxembourg and the share premium in the amount of EUR158,517,224.61, and was settled on the same date.

On the same date, (i) Fosun International, as the sole shareholder of Fosun Luxembourg, contributed EUR3 million issued share capital of Fosun Luxembourg and the share premium linked to these shares in the amount of EUR158,517,224.61 and a receivable it held towards Fosun Luxembourg in the total amount of EUR378,673,801.70 (collectively, the "**Contribution**") into our Company; and then (ii) our Company, as the sole shareholder of Fosun Luxembourg, made the Contribution to FTG HK. The Contributions were completed on 7 June 2017. Upon completion, Fosun Luxembourg became our wholly-owned subsidiary, through which our Company was entitled to exercise approximately 68.99% of the voting power in Club Med Holding.

Acquisition of approximately 1.73% of the total issued shares of in Club Med Holding from JD Capital

On 5 February 2018, Fosun Luxembourg and JD Capital entered into a share purchase agreement pursuant to which Fosun Luxembourg acquired from JD Capital 251,913 CM Ordinary Shares, 908,860 CM Class B Shares and 1,839,227 CM Convertible Bonds, representing approximately 1.73% of the total issued shares of Club Med Holding, at a total consideration of EUR14,093,144.80. This consideration was determined based on the fair market value as agreed by the parties with reference to various factors such as level of earnings and debt and valuation multiple and was paid by Fosun International on behalf of Fosun Luxembourg on 9 February 2018. The payable accrued to Fosun International was settled by the allotment of one Share to Fosun International on 25 April 2018.

Upon completion of the above mentioned share transfer, JD Capital held approximately 2.59% of the total issued shares of Club Med Holding, while our Company, through Fosun Luxembourg, held approximately 70.70% of the total issued shares of Club Med Holding.

Acquisition of approximately 19.53% of the total issued shares of Club Med Holding from Fidelidade

On 24 April 2018, Fosun Industrial and Fidelidade entered into a sale and purchase agreement, pursuant to which Fosun Industrial acquired from Fidelidade 2,846,063 CM Ordinary Shares, 10,268,108 CM Class B Shares, and 20,779,210 CM Convertible Bonds, representing approximately 19.53% of the total issued shares of Club Med Holding, at a total consideration of EUR159,406,497. This consideration was determined based on the fair market value as agreed upon by both parties with reference to various factors such as level of earnings and debt and valuation multiple. To settle the consideration, Fosun Industrial (i) transferred its entire equity interest in an investment holding company whose monetary value amounted to EUR113,822,820 calculated based on the valuation of its 10% equity interest in Folli Follie (being its only substantive asset), using the closing price per share on 23 April 2018, and (ii) the paid EUR45,583,677 in cash to Fidelidade. These considerations were fully settled on 24 April 2018.

On 11 May 2018, Fosun Industrial sold and transferred the same securities of Club Med Holding representing approximately 19.53% of the total issued shares in Club Med Holding to Fosun Luxembourg pursuant to a sale and purchase agreement entered into between the parties at a consideration of EUR159,406,497 which was paid by Fosun International on behalf of Fosun Luxembourg. The payable amount accrued to Fosun International was subsequently settled by allotment of one Share to Fosun International on 25 April 2018.

Upon completion, our Company, through Fosun Luxembourg, held 13,037,967 CM Ordinary Shares, 47,554,212 CM Class B Shares, and 94,675,257 CM Convertible Bonds, representing approximately 90.25% of the total equity interest in Club Med Holding.

(iv) ***Acquisitions of Minority Interests in Vigor and Thomas Cook by Our Group***

Acquisition of 100% of equity interest in Laxton from Fosun Industrial

Laxton, as an investment vehicle of Fosun International, holds 18.68% equity interest in Vigor, a company that manufactures and sells travel souvenirs such as pastries, pineapple cakes, and candies.

On 24 April 2018, Fosun Industrial, as the sole shareholder of Laxton, and FTG HK entered into a sale and purchase agreement, pursuant to which Fosun Industrial agreed to sell, and FTG HK agreed to purchase, the one share of Laxton, representing 100% of equity interest in Laxton, at a consideration of HK$1 which was settled on the same date, with a balance of current liabilities due to an immediate holding company on Laxton's account totaling HK$19,319,787.31 which was subsequently settled by allotment of one Share to Fosun International on 25 April 2018. Upon completion, Laxton became our wholly-owned subsidiary which in turn holds 18.68% equity interest in Vigor.

Acquisition of approximately 5.37% of equity interest in Thomas Cook from Fosun International

On 29 June 2018, FTG HK acquired 82,546,172 ordinary shares of Thomas Cook, representing approximately 5.37% equity interest in Thomas Cook, from Fosun International for a consideration of GBP89,562,597, which was determined based on the closing price of 25 June 2018 and settled by the inter-company balance between our Company and Fosun International. For details of the acquisition of the interest in Thomas Cook, please refer to the section headed "Relationship with Our Controlling Shareholders—Delineation of Business—Existing Interests in Tourism Related Businesses" in this prospectus.

Onshore Reorganization

(v) ***Acquisition of the Entire Equity Interest in Shanghai Fanyou from Fosun Commercial***

On 28 February 2017, Fosun Commercial and Shanghai FTD entered into a share transfer agreement pursuant to which Fosun Commercial agreed to transfer its entire equity interest in Shanghai Fanyou to Shanghai FTD at a consideration of RMB31,017,100, which was determined based on an independent valuation report of Shanghai Fanyou as of 31 July 2016 and fully settled on 11 May 2018. Upon completion, Shanghai Fanyou became our wholly-owned subsidiary.

(vi) ***Acquisition of the Entire Equity Interest in Qijin Investment from Fosun Commercial***

On 28 February 2017, Shanghai FTD and Fosun Commercial entered into a equity transfer agreement, pursuant to which Fosun Commercial agreed to transfer its entire equity interest in Qijin Investment to Shanghai FTD at the consideration of RMB2,636,787,400 which was determined after arm's length negotiation between the parties with reference to an independent valuation report of Qijin Investment as of 31 July 2016. On 1 April 2017, the change of industrial and commercial registration procedure for Qijin Investment was completed. On 4 May 2018, Shanghai FTD and Fosun Commercial entered into a supplemental agreement, pursuant to which the parties thereto confirmed the transaction has been completed on the date of the agreement notwithstanding that the consideration had not been fully settled. Taking into account that (i) the supplemental agreement entered into between the parties confirms that the conditions for completion of the equity transfer in respect of 100% equity interest in Qijin Investment under the equity transfer agreement had been fulfilled or had been waived with consent from both parties, the above-mentioned equity transfer transaction had completed; (ii) Shanghai FTD is now holding 100% equity interest in Qijin Investment, and is entitled to enjoy shareholder's rights and undertake shareholder's obligations according to the applicable laws and the articles of association; and (iii) Fosun Commercial shall not make any claim on the 100% equity interest in Qijin Investment, our PRC Legal Advisor is of the view that (i) the conditions for completion of the equity transfer transaction of 100% equity interest in Qijin Investment have been fulfilled or waived, and the equity transfer in respect of 100% equity interest in Qijin Investment has legally completed; and (ii) all relevant and necessary regulatory approvals, consents and licenses in respect of the equity transfer have been obtained. As of the Latest Practicable Date, the outstanding amount of the consideration was approximately RMB303 million, which constitutes a part of the Onshore Payable. Please refer to "Relationship with Our Controlling Shareholders—Financial Independence—Onshore Payables and Offshore Receivable" in this prospectus for details.

Upon completion, our Company indirectly owned all the equity interests in Qijin Investment through which the Company owned 99.81% of the total issued shares of Hainan Atlantis as well.

(vii) ***Acquisition of the Entire Equity Interest in Lijiang Derun from an Independent Third Party***

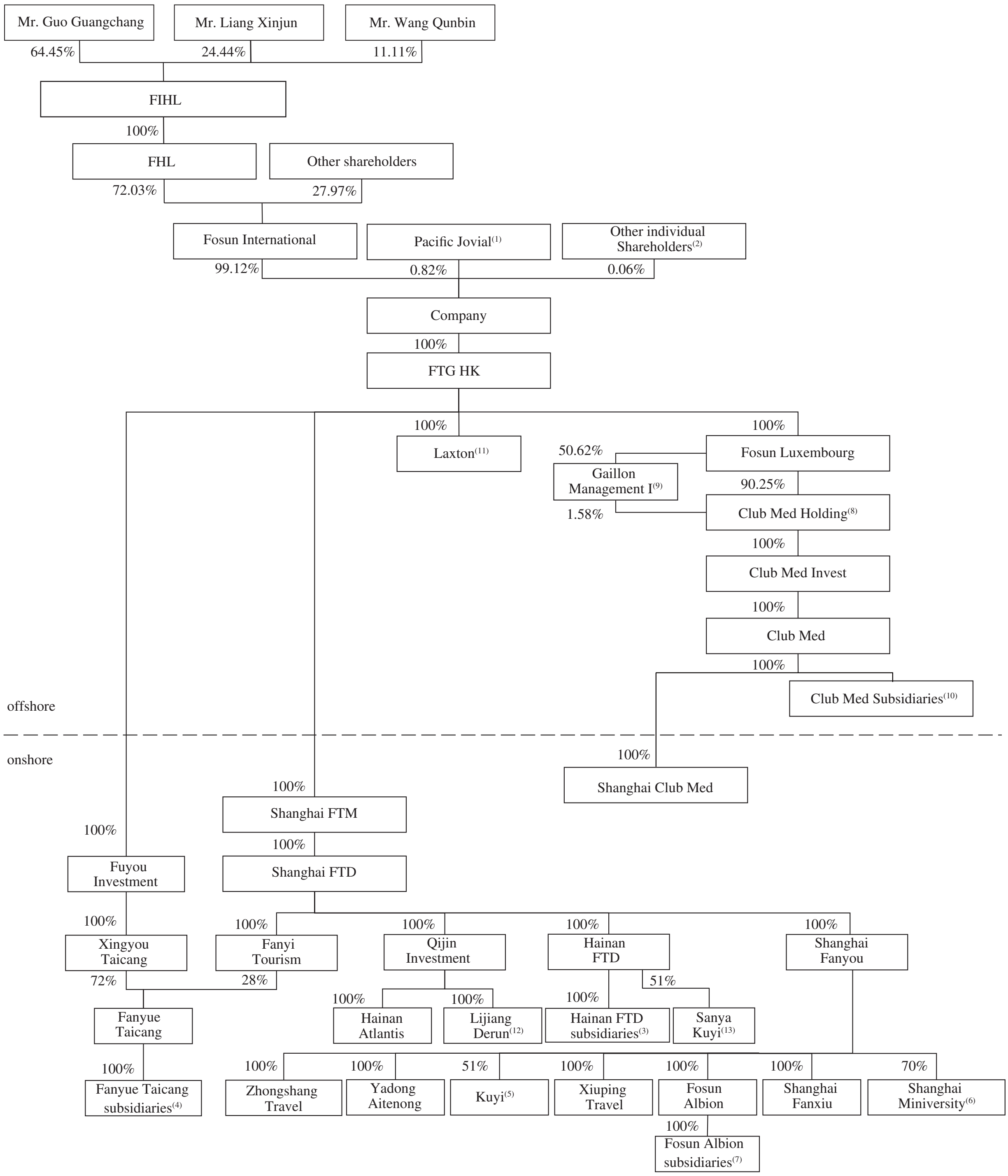
On 3 July 2017 and 29 November 2017, Qijin Investment acquired from Haina Hongyuan Investment Co., Ltd. (海納宏源投資有限公司), an independent third party, 67% and 33% equity interest in Lijiang Derun, respectively, at a respective consideration of RMB321.6 million and RMB158.4 million. These considerations were determined after arm's length negotiations with reference to the net asset value of Lijiang Derun as of 31 December 2015 and the fair market value of its major assets, and were fully settled on 10 August 2017 and 20 December 2017, respectively. Upon completion, Lijiang Derun became our wholly-owned subsidiary.

(viii) ***Acquisition of approximately 0.19% of the Total Issued Shares of Hainan Atlantis from an Independent Third Party***

On 1 August 2018, Qijin Investment acquired approximately 0.19% of the total issued shares of Hainan Atlantis from CDB Development Fund Co., Ltd. (國開發展基金有限公司), an independent third party, at a consideration of RMB15,156,500. This consideration was determined with reference to the amount of initial investment of CDB Development Fund Co., Ltd. (國開發展基金有限公司), and was fully paid on 30 July 2018. Upon completion, Hainan Atlantis became our indirect wholly-owned subsidiary.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE REORGANIZATION AND BEFORE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth the shareholding structure of our Group immediately after the Reorganization and before completion of the Global Offering.



Notes:

(1) Pacific Jovial was held by 67 individuals who are the participants of the Pre-IPO Share Ownership Plan. One participant left the Group before registration and thus his entitlement was forfeited and not registered. Six of the 67 individuals left the Group before the Global Offering, and the Shares held by Pacific Jovial attributable to them were cancelled.

(2) Such equity interest of our Company was held by (1) Mr. Giscard d'Estaing (our executive Director, deputy chief executive officer, and president of Club Med) and Mr. Xavier Mufraggi (the chairman of Club Med Sales), as to 0.01% in total, each a connected person of our Company; (2) Mr. Wolfovski, Sylvie Brisson, Sylvain Rabuel, Grégory Lanter, Emmanuelle Leiger ép Vaudoyer, Anne Browaeys, Gino Andreetta, Xavier Desaulles, Janyck Daudet, Patrick Calvet, Dai Xiaolan and Alain Kok, being employees or consultant of our subsidiaries (as the case maybe), as to 0.05% in total, each an independent third party, pursuant to the Pre-IPO Share Ownership Plan. For details, please see "Statutory and General Information—E. Various Plans of Our Company and Club Med Holding—2. Pre-IPO Share Ownership Plan" of Appendix VI to this prospectus.

(3) As of the Latest Practicable Date, the subsidiaries of Hainan FTD include the following wholly-owned subsidiaries:

(a) Hainan Albion Property Management Co., Ltd. (海南愛必儂物業管理有限公司)

(b) Hainan Albion Vacation Rentals Management Co., Ltd. (海南愛必儂度假公寓管理有限公司)

(c) Sanya Fanxiu Performance and Art Co., Ltd. (三亞泛秀演藝有限公司)

(4) As of the Latest Practicable Date, the subsidiaries of Fanyue Taicang include the following wholly-owned subsidiaries:

(a) Fanxue (Taicang) Tourism Co., Ltd. (泛雪(太倉)旅遊有限公司)

(b) Fanzhou (Taicang) Hotel Co., Ltd. (泛洲(太倉)酒店有限公司)

(c) Fanhao (Taicang) Tourism and Culture Co., Ltd. (泛浩(太倉)旅遊文化有限公司)

(d) Fanou (Taicang) Tourism Co., Ltd. (泛歐(太倉)旅遊有限公司)

(e) Yuexue (Taicang) Tourism and Culture Development Co., Ltd. (悦雪(太倉)旅遊文化開發有限公司)

(f) Yuezhou (Taicang) Tourism and Culture Development Co., Ltd. (悦洲(太倉)旅遊文化開發有限公司)

(g) Yuehao (Taicang) Tourism and Culture Development Co., Ltd. (悦浩(太倉)旅遊文化開發有限公司)

(h) Yueou (Taicang) Tourism and Culture Development Co., Ltd. (悦歐(太倉)旅遊文化開發有限公司)

(5) Kuyi is a jointly controlled entity with the remaining 49% equity interest of Kuyi indirectly held by Thomas Cook which is an independent third party. As of the Latest Practicable Date, our Group and the Remaining Fosun International Group held approximately 6.04% and 7.23% equity interests in Thomas Cook.

(6) The remaining 30% equity interest of Shanghai Miniversity is held by Mattel, an independent third party.

(7) As of the Latest Practicable Date, the subsidiaries of Fosun Albion include the following wholly-owned subsidiaries:

(a) Shanghai Fosun Architecture and Planning Co., Ltd. (上海復星建築規劃設計有限公司)

(b) Shanghai Fosun Albion Property Management Co., Ltd. (上海復星愛必儂物業管理有限公司)

(c) Shanghai Fosun Albion Travel Agency Co.,Ltd. (上海復星愛必儂旅行社有限公司)

(d) Shanghai Fosun Albion Tourism Management Co., Ltd. (上海復星愛必儂旅遊管理有限公司)

(e) Shanghai Fosun Albion Hotel and Resort Management Co., Ltd. (上海復星愛必儂酒店和度假村管理有限公司)

(8) The remaining equity interest of Club Med Holding was owned by (i) JD Capital as to 2.59%, ACF II as to 2.88%, and Silverfern as to 1.80%, each of which is an independent third party; and (ii) Mr. Giscard d'Estaing as to 0.56%, our executive Director, vice chairman of the Board, deputy chief executive officer, president of Club Med and director of Club Med Holding and thus a connected person of the Company, and Mr. Wolfovski as to 0.34%, who is the deputy chief executive officer and chief financial officer of Club Med.

(9) The remaining equity interest of Gaillon Management I was owned by (i) Mr. Xavier Mufraggi as to approximately 1.65%, who is the chairman of Club Med Sales, and Mr. Blandine Roussel as to 0.23%, who is the vice chairman of Club Med Sales, both of whom are connected persons of our Company; and (ii) 85 employees and directors of our subsidiaries as to 47.50%, each of whom is an independent third party.

(10) As of the Latest Practicable Date, Club Med had 80 subsidiaries, including 72 wholly-owned subsidiaries and eight non-wholly owned subsidiaries. Details of the other third parties' shareholding interests in the non-wholly owned subsidiaries of Club Med are set out below:

No.	Name of Non-wholly Owned Club Med Subsidiaries	Interest Held by our Group	Identities and % of Shareholding of Other Shareholders		
1.	Société Villages Hôtels des Caraïbes — SVHC	53.91%	Caisse des Dépôts et Consignations	10,717 shares (45.98%)	Independent third party
			Maisons Ambaud & Frères	8 shares (0%)	Independent third party
			Avril Juste	7 shares (0%)	Independent third party
2.	Société Polynésienne des Villages de Vacances	99.998%	Jean Combard	2 shares (0.002%)	Independent third party
3.	Itaparica SA Empreendimentos Turisticos	51.6%	Brasil Warrant Admnistração de Bens e Empresas Ltda.	45.75%	Independent third party
			Instituto Unibanco	1.86%	Independent third party
			Itaú Seguros SA	0.12%	Independent third party
			Banco Itaú SA	0.33%	Independent third party
			UBB Prev	0.34%	Independent third party
4.	Société Martiniquaise des Villages de Vacances	10%	Ingrid	90%	Independent third party
5	Holiday Villages Thailand Ltd	49%	GMR Company Ltd	51%	Independent third party
6	Recreational Villages sdn bhd	21%	Azizah Binti Kassim	79%	Independent third party
7	Club Med Bazic Tunisie SARL	99%	Dark El Nour NOUIRA	1%	Independent third party
8	Club Méditerranée Voyage SARL	49%	Dark El Nour NOUIRA	51%	Independent third party

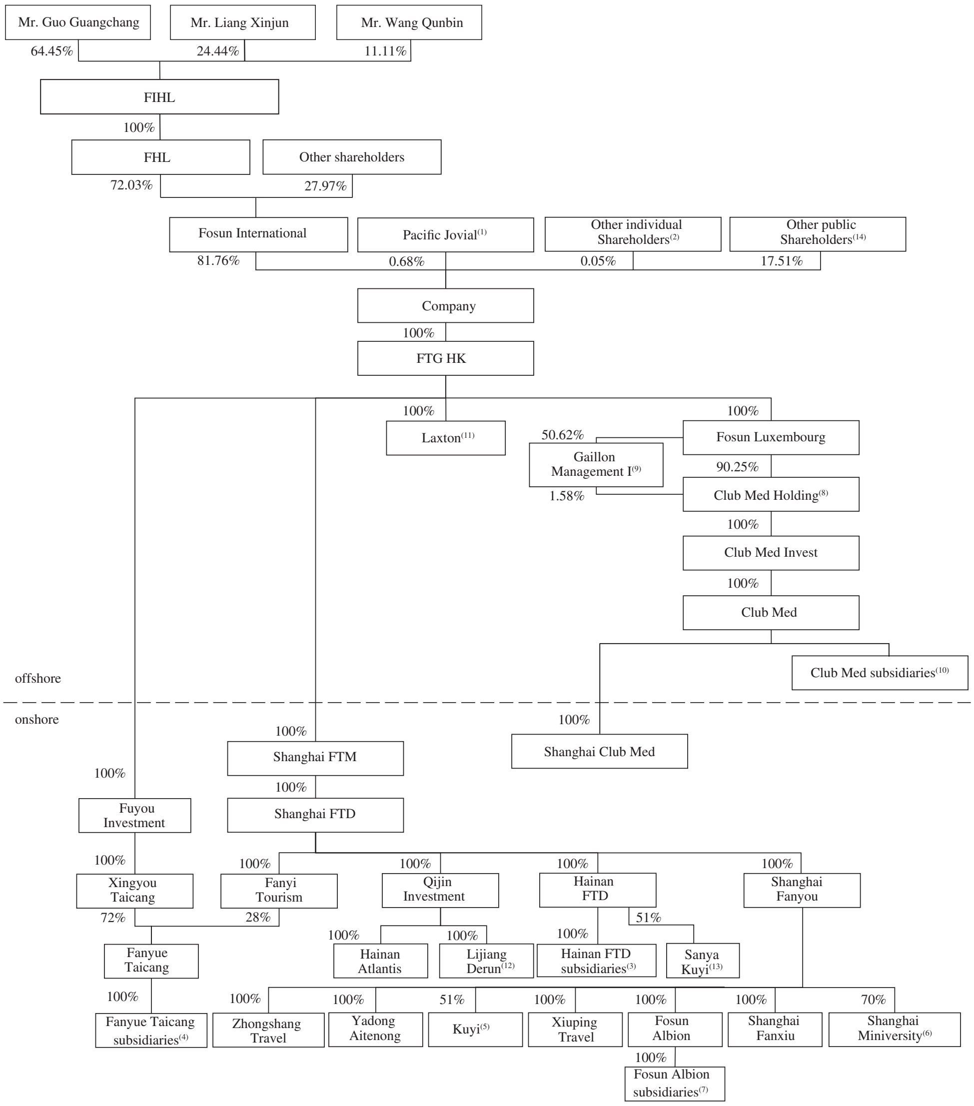
(11) Laxton is an entity through which our Company invested in Vigor.

(12) Yuyuan is granted with the shareholders' rights of Lijiang Derun pursuant to an equity entrustment agreement entered into between Qijin Investment and Yuyuan on 20 November 2017. For details of the equity entrustment agreement, please see "Relationship with Our Controlling Shareholders — Delineation of Business — Existing Interests in Tourism related Businesses" and "Connected Transactions — Fully-exempt Continuing Connected Transaction — 5. Equity Entrustment Agreement."

(13) Kuyi International Travel Agency (Sanya) Co., Ltd. ("**Sanya Kuyi**", 酷怡國際旅行社(三亞)有限公司) is a jointly controlled entity with the remaining 49% equity interest of Sanya Kuyi indirectly held by Thomas Cook which is an independent third party.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE GLOBAL OFFERING

The following chart sets forth the shareholding structure of our Group immediately after the Global Offering (assuming the Over-allotment Option is not exercised and no Shares will be issued under the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan).



Note: Please refer to the notes on the preceding pages except for:

(2) Such equity interest of our Company was held by (1) Mr. Giscard d'Estaing (our executive Director, deputy chief executive officer, and president of Club Med) and Mr. Xavier Mufraggi (the chairman of Club Med Sales), as to 0.01% in total, each a connected person of our Company; (2) Mr. Wolfovski, Sylvie Brisson, Sylvain Rabuel, Grégory Lanter, Emmanuelle Leiger ép Vaudoyer, Anne Browaeys, Gino Andreetta, Xavier Desaulles, Janyck Daudet, Patrick Calvet, Dai Xiaolan and Alain Kok, being employees or consultant of our subsidiaries (as the case maybe), as to 0.04% in total, each an independent third party, pursuant to the Pre-IPO Share Ownership Plan. For details, please see "Statutory and General Information—E. Various Plans of Our Company and Club Med Holding—2. Pre-IPO Share Ownership Plan" of Appendix VI to this prospectus.

(14) This percentage of 17.51% is based on the assumption that no core connected person will subscribe for the Reserved Shares under the Preferential Offering. For details, please refer to "Waiver From Strict Compliance with the Listing Rules— Waiver in Respect of Public Float Requirements" in this prospectus.

POST-TRACK RECORD PERIOD ACQUISITIONS

Acquisition of minority interest in Thomas Cook

Considering the growth potential and strategic value of Thomas Cook to our business, our Company further acquired in aggregate 10,230,611 ordinary shares of Thomas Cook, representing approximately 0.67% of the issued ordinary shares of Thomas Cook, on the open market at a total consideration of approximately GBP8,860,548 (equivalent to approximately HK$89,365,083) on 12 July, 7, 8 , 9, 10, 13, 14 and 15 August 2018, which was determined based on the prices per share at the time of purchase as quoted in the secondary market of the London Stock Exchange and has been fully paid in cash on the same date. To the best of the Directors' knowledge, information and belief, the counterparties are independent third parties.

Thomas Cook, one of the world's leading travel groups, is one of our strategic partners. According to the 2017 annual report of Thomas Cook, its total assets amounted to approximately GBP6,615 million as of 30 September 2017, its revenue amounted to approximately GBP9,007 million for the financial year ended 30 September 2017, and its underlying profit attributable to equity holders of the parent amounted to approximately GBP143 million for the financial year ended 30 September 2017. For details, please see "Extracts of Certain Financial Statements of Thomas Cook" in Appendix III of this prospectus. The net profits before and after taxation and extraordinary item attributable to the 0.67% interest in Thomas Cook for the year ended 30 September 2017 were approximately GBP308,200 and GBP80,400 respectively. The net profits before and after taxation and extraordinary item attributable to the 0.67% interest in Thomas Cook for the year ended 30 September 2016 were approximately GBP227,800 and GBP6,700, respectively.

Acquisition of minority interest in Vigor

On 3 July 2018, Mr. Sun Guohua and Ms. Xiao Shijin, both being the controlling shareholders of Vigor and independent third parties, and Laxton entered into a share transfer agreement, pursuant to which Mr. Sun Guohua and Ms. Xiao Shijin agreed to transfer the entire interest in Hezhongli Joint Stock Co., Ltd. (合眾力股份有限公司) ("**Hezhongli**") to Laxton. Hezhongli is a company established in Taiwan whose only substantive assets are 1,303,628 shares of Vigor, representing approximately 7.73% of the issued shares of Vigor, the shares of which are registered as emerging stock on the Taipei Exchange (formerly known as the GreTai Securities Market) (stock code: 2733). The total consideration payable in cash is TWD27,610,841 (equivalent to approximately HK$7,066,114), which will be from the Company's internal resources and was determined based on the closing price of Vigor's shares as quoted in the secondary market. As of the Latest Practicable Date, this transaction is under review by the Ministry of Economic Affairs of Taiwan. The total consideration will be settled in cash upon the above regulatory approval.

Vigor is a leading pastry company in Taiwan, which manufactures and sells travel souvenirs such as pastries, pineapple cakes, and candies. Given the nature and leading position of Vigor's business, our Company considers there to be growth potential and strategic value of Vigor to our business. According to the annual report of Vigor, its total assets amounted to approximately TWD980 million as of 31 December 2017, its total revenue amounted to approximately TWD700 million for the financial year ended 31 December 2017, and its total net profit amounted to approximately TWD4.5

million for the financial year ended 31 December 2017. The net profits before and after taxation and extraordinary item attributable to the 7.73% interest in Vigor for the year ended 31 December 2017 were approximately TWD463,955 and TWD351,870 respectively. The net profits before and after taxation and extraordinary item attributable to the 7.73% interest in Vigor for the year ended 31 December 2016 were approximately TWD7,629,278 and TWD6,317,497 respectively.

Our Directors believe that the terms of the Post-Track Record Period Acquisitions are fair and reasonable and in the interests of our Shareholders as a whole.

We have applied to the Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in relation to the Post-Track Record Period Acquisitions, and Rule 4.28 in relation to our acquisitions of the issued ordinary shares of Thomas Cook. For details, see "Waivers from Strict Compliance with the Listing Rules—Business Acquired/To Be Acquired after the Track Record Period" in this prospectus.

SPIN-OFF OF OUR GROUP FROM FOSUN INTERNATIONAL

Fosun International believes that the spin-off and separate listing of our Group from Fosun International will better position the Remaining Fosun International Group and our Group for growth in their respective businesses and deliver benefits to each of their respective groups.

The Spin-off will provide investors with a clear indicator of the standalone market valuation of our Company, which may enhance the overall value of Fosun International. Through the Spin-off, our Group is expected to enhance the brand and business development globally, to improve its operational and financial transparency and resource allocation efficiency, and to further accelerate its development leveraging its enlarged capital base and its ability to raise additional funds through Hong Kong equity capital markets. The revenues and profits of our Group will continue to be consolidated in the financial statements of Fosun International following the Spin-off, which will benefit the overall financial performance of Fosun International. In addition, the Spin-off will further consolidate the core competitiveness of Fosun International. Finally, the Spin-off will create a new investor base for the Company as it will be able to attract new investors who are seeking investments specifically in the tourism sector.

As we are a subsidiary of Fosun International, the requirements relating to spin-off under Practice Note 15 of the Listing Rules apply to the Spin-off. Fosun International submitted the Spin-off proposal to the Stock Exchange and the Stock Exchange has confirmed that Fosun International may proceed with the Spin-off as proposed.

In accordance with the requirements of Practice Note 15 of the Listing Rules, Fosun International will give due regard to the interests of the Fosun International Shareholders by providing Qualifying Fosun International Shareholders with an assured entitlement to the Shares by way of the Preferential Offering. Details of the Preferential Offering are described in the section headed "Structure of the Global Offering—The Preferential Offering" in this prospectus.

PRC REGULATORY REQUIREMENTS

Our PRC legal advisors have confirmed that, all the equity transfers in respect of our PRC subsidiaries as described above and the onshore reorganization have been conducted in compliance with applicable PRC laws and regulations and have been legally completed and settled and all relevant and necessary regulatory approvals, consents and permits have been obtained in material aspects, if any.

M&A Rules

According to the M&A Rules jointly issued by the MOFCOM, the SASAC, the SAT, the CSRC, the SAIC and the SAFE on 8 August 2006 and effective as of 8 September 2008 and amended on 22 June 2009, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls such that it becomes a foreign invested enterprise, the acquisition shall be subject to the examination and approval of the MOFCOM; and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company, any overseas listing of that special purpose company shall be subject to approval by the CSRC.

As advised by our PRC Legal Advisors, prior CSRC or MOFCOM approval for the Global Offering is not required because: (1) the CSRC currently has not issued any definitive rules or interpretations concerning whether offering similar to this Global Offering is subject to the approval of CSRC; and (2) none of our PRC subsidiaries were acquired through acquisition of domestic enterprise by a foreign investor as stipulated in the M&A rules.

SAFE Registration

Pursuant to the SAFE Circular No. 37 issued by SAFE on 4 July 2014, where the PRC individual residents conduct investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments. SAFE Circular No. 37 also requires the PRC residents to file changes to their registration where their offshore special purpose vehicles undergo material events such as the change of basic information including PRC residence, name and operation period, as well as capital increase or decrease, share transfer or exchange, merger or division.

Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular No. 13**"), promulgated by the SAFE, which became effective on 1 June 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Advisors, the foreign exchange registration matters of all the 57 PRC citizens who participated in our Pre-IPO Share Ownership Plan are in conformity with the SAFE Circular No. 37 and other applicable PRC laws. Moreover, the four PRC founders of Fosun International have completed their respective registration under the SAFE Circular No. 75 (the then applicable SAFE regulation) when Fosun International was listed on the Main Board in 2007.

OUR MISSION

Our vision is to bring greater happiness to global families (讓全球家庭更快樂). Our mission is to establish "FOLIDAY" as a universally recognized ideal synonymous with a superior, tailor-made, family-focused leisure tourism experience. Our lifestyle proposition, "Everyday is Foliday," seeks to infuse continually evolving concepts of tourism and leisure into everyday living.

OVERVIEW

We are one of the world's leading leisure-focused integrated tourism groups, and the largest leisure tourism resorts group worldwide, in terms of revenue in 2017 according to Frost & Sullivan. We are a leader in providing pioneering and family-focused tourism and leisure solutions to meet the evolving needs of our customers and respond to industry trends. 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, which covers a wide spectrum of tourism- and leisure-related services. We either own or have strategic partnerships with a portfolio of world-renowned brands, including Club Med, Atlantis and Thomas Cook, and pride ourselves on our abundant tourism resources and our diverse selection of destinations that we believe have scarcity value. Our principal business activities are:

- Resorts, which we operate through Club Med and Club Med Joyview;

- Tourism destinations that we develop, operate and manage, including our Atlantis Sanya, which officially opened in April 2018; other tourism destinations that have started design; and destinations we manage for other parties; and

- Services and solutions in various tourism and leisure settings such as (i) entertainment, other tourism- and culture-related services; and (ii) a platform for family-focused tourism- and leisure-related offerings.

Club Med, headquartered in France, was founded in 1950 and is a world-renowned provider of family-focused all-inclusive holiday experiences. The Company acquired Club Med in February 2015, and it has since become an integral part of our FOLIDAY ecosystem. Club Med is a pioneer in providing premium all-inclusive holiday experiences for families and was also the largest ski resorts provider in Europe in terms of number of resorts in 2017, according to Frost & Sullivan. Over the years, Club Med has built a diverse portfolio of resorts in popular locations worldwide, such as the French Alps, Cancun in Mexico, Bali in Indonesia, and Guilin in China. As of 30 June 2018, Club Med had operations in over 40 countries and regions and had resorts in more than 26 countries and regions. Over the course of nearly 70 years, we believe Club Med has become an iconic symbol in the tourism industry and a household name in France as well as much of the world. Distinctive features of Club Med's culture, such as the friendly and well-trained hosts known as *gentils organisateurs,* or G.Os; its focus on families, particularly children and extensive sports, leisure and entertainment activities, have underpinned its popularity. Many of Club Med's resorts also offer MICE facilities.

In light of evolving trends in the industry, Club Med has focused on three primary initiatives: (i) enhancing its upscale and premium offerings; (ii) deepening its global expansion while retaining its French roots; and (iii) through its "Happy Digital" concept, further implementing its digitalization initiatives throughout its operations, with a view to improving our guests' experience while making technology user-friendly and seamless. More recently, Club Med Joyview was launched in 2018 to specifically target the fast-growing Chinese market by providing Chinese customers an opportunity to experience resorts located within two to three hours' driving distance from urban areas.

We owned one tourism destination, Atlantis Sanya, and had started design of tourism destination projects in Lijiang and Taicang as of the Latest Practicable Date. Our tourism destinations are located in popular natural or cultural settings, such as (i) Sanya, Hainan province, a popular tropical island where Atlantis Sanya is located; (ii) Lijiang, a city in Yunnan province featuring a historic town and the Yulong Snow Mountain, where the Lijiang Project is located; and (iii) Taicang, a city on the Yangtze River Delta, known for its rich cultural heritage and fine cuisine, and in close proximity to Shanghai and other cities of eastern China with high per capita GDP, where the Taicang Project is located. Atlantis Sanya includes not only premium accommodations, but also the natural seawater Aquarium, the Waterpark, high-quality food and beverage offerings, and 5,000 square meters of MICE facilities, which are also open to customers not utilizing our accommodation services. We believe Atlantis Sanya is poised to benefit from central government policies promoting Hainan province, which, among other expected regulatory changes, has been designated as a pilot free trade zone. According to Frost & Sullivan, our operation of Club Med Sanya Resort and Atlantis Sanya together make us the largest high-end resort provider in Sanya, based on number of guest rooms that have an average daily rate per room of above RMB1,000 as of 30 June 2018. We also provide design, technical, operational and management services to other tourism destination owners or concession right holders in China under our Albion brand.

Our services and solutions in various tourism and leisure settings complement our resort and tourism destination businesses:

- We offer entertainment, tourism- and culture-related services in tourism and leisure locations. Recent examples of our offerings include the promotion of a Cirque du Soleil performance in Sanya from 1 February to 1 May 2018; and the launch of Miniversity, a learning and playing club for children, in February 2018, within Atlantis Sanya. We anticipate introducing more entertainment and culture-related services and solutions in the resorts and tourism destinations over time, as we adapt to new trends in our markets.

- We have established the FOLIDAY platform (FOLIDAY 生活平台) with a focus on families for tourism and leisure solutions. In addition to Club Med's direct sales channel that has operations in more than 40 countries and regions, we also provide family-focused tourism-and leisure-related offerings, including the provision of inbound and outbound tours, personalized holiday packages, hotel and resort packages, show tickets and arranging transportation primarily through our proprietary travel service company, Foryou Travel, as well as Kuyi, our joint venture with Thomas Cook in China.

By integrating different offerings of tourism and leisure solutions into one platform, we have established, and are dedicated to continuously replenishing our customer-to-maker ("**C2M**") global ecosystem, which enables the various participants in our ecosystem to actively interact with each other and share resources, explore cross-selling opportunities and enhance synergies under a unified Foryou Club membership program, thereby empowering the ecosystem to attract more participants, providing better customer experiences and capturing greater market share. For example, to enrich our customers' experience, based on our understanding and analysis of our customers' needs and tastes, we offer customized Sanya vacation packages combining accommodations at Atlantis Sanya and Club Med Sanya resort; our Miniversity club at Atlantis Sanya provides various tailor-made activities to family customers of Atlantis Sanya; our Fanxiu operations are planning a show to be performed at the Dolphin Cay theater of Atlantis Sanya; and our Lijiang Project is expected to combine comprehensive tourism and leisure features, including a new Club Med resort. In addition, the Foryou Club membership is integrated with Fosun International's Youle Customer Loyalty Program ("**youlè**"), and thereby provides opportunities to cross-sales of products and offerings within an integrated customer base. We also partner with other companies to access leading global brands, which we believe further enhances our reputation, enables us to tap into a wider customer base, and expands our portfolio of products and services.

Our senior management has extensive experience in the tourism and leisure sectors. Under their leadership, we have become one of the world's leading leisure tourism services providers and, we believe, are poised to benefit from our expanding global resources and capabilities.

We are a subsidiary of Fosun International. Fosun International operates three core ecosystems: health, happiness and wealth. Our Group constitutes the tourism and leisure arm of the happiness ecosystem. Through the Listing, we will be spun off from Fosun International. See "History, Reorganization and Corporate Structure" and "Relationship with Our Controlling Shareholders."

The following table sets forth our revenue by business segment during the Track Record Period.

	For the year ended 31 December						For the six months ended 30 June			
	2015[(1)]		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Revenue										
Resorts	8,902,569	100.0%	10,779,686	100.0%	11,758,411	99.7%	6,174,491	99.8%	6,368,570	95.5%
Tourism Destinations	—	—	393	0.0%	13,939	0.1%	3,530	0.1%	216,557	3.3%
Services and solutions in various tourism and leisure settings	—	—	2,896	0.0%	27,044	0.2%	6,628	0.1%	82,289	1.2%
Total	8,902,569	100.0%	10,782,975	100.0%	11,799,394	100.0%	6,184,649	100.0%	6,667,416	100.0%

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the results of Club Med for the 11 months ended 31 December 2015.

For the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2017 and 2018, our gross profit was RMB2,067.9 million, RMB2,540.8 million, RMB2,830.3 million, RMB1,601.5 million and RMB1,798.5 million, respectively. Our Adjusted EBITDA for the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2017 and 2018 was RMB182.1 million, RMB630.3 million, RMB746.3 million, RMB490.0 million and RMB425.0 million, respectively.

OUR STRENGTHS

We believe that our success and our ability to capitalize on future growth opportunities are attributable to our following competitive strengths:

We are the largest leisure tourism resorts group in the world in terms of revenue and have a long history of providing high-quality tourism and leisure solutions

We are the largest leisure tourism resorts group worldwide, according to Frost & Sullivan, in terms of revenue in 2017. Club Med is a global leader in providing upscale, friendly and multicultural all-inclusive holiday experiences. Over several decades, Club Med has been a pioneer in new concepts in our industry in response to the changing demographics and preferences of customers. Distinctive features of Club Med's culture, such as its friendly and well-trained hosts known as *gentils organisateurs,* or G.Os; its focus on families, particularly children and extensive sports, leisure and entertainment activities, has underpinned its popularity and distinguishes us from our peers. We operated 69 leisure resorts covering 26 countries and regions, including 42 resorts in EMEA, 12 resorts in the Americas and 15 resorts in Asia Pacific, and had operations in over 40 countries and regions worldwide as of 30 June 2018, with a wide spectrum of popular tourism destinations and locations offering unique and idyllic landscapes. For the year ended 31 December 2017, Club Med recorded 49.3% customers from EMEA, 22.3% customers from Americas and 28.4% from Asia Pacific in terms of revenue. We enjoy a global presence with an extensive network of resorts worldwide that are not easily replicable and create high barriers to entry for other competitors. Accordingly, we believe we stand to benefit from the diversity of our customers and variety of attractive offerings, which also enables us to mitigate some of the impact from seasonality.

Our tourism destination, Atlantis Sanya, is one of only two Atlantis projects in the world. It commenced soft operations in February 2018 and officially opened in April 2018. Atlantis Sanya includes not only premium accommodations, but also the natural seawater Aquarium, the Waterpark, high-quality food and beverage offerings, and 5,000 square meters of MICE facilities, which are also open to customers not utilizing our accommodation services. We believe Atlantis Sanya is poised to benefit from central government policies promoting Hainan province, which, among other expected regulatory changes, has been designated as a pilot free-trade zone. According to Frost & Sullivan, our operation of Club Med Sanya Resort and Atlantis Sanya together make us the largest high-end resort provider in Sanya, based on number of guest rooms that have an average daily rate per room of above RMB1,000 as of 30 June 2018. In 2018, for the months ended 31 May, 30 June and 31 July, the occupancy rate of Atlantis Sanya accommodation facilities was 41.5%, 66.4% and 79.3%, respectively.

We are dedicated to establishing an ecosystem with extensive proprietary products and solutions, and access to a portfolio of world renowned brands

Families have become the largest and fastest-growing customer group in the leisure tourism industry, according to Frost & Sullivan. As a pioneer in providing family-focused tourism and leisure concepts and services, we believe we are well positioned to capture the anticipated growth in demand for convenient and family-oriented tourism and leisure activities, with a flexible combination of our diverse array of offerings. We distinguish ourselves from other players in the global tourism and leisure industry through our FOLIDAY ecosystem, which integrates an array of different brands, offerings and solutions, including:

- our Club Med brand;
- our access to a wide collection of other world-renowned brands through partnerships and strategic alliances; and
- our tailor-made platforms and solutions, which offer multiple "touch points" at which we interact with our customers along the entire lifecycle of the customers' holiday experience.

We partner with other leading global brands that complement our portfolio of self-owned brands. Our strategic partnership with Thomas Cook, one of the world's leading travel groups, has yielded significant benefits, especially for our operations in Europe as well as in China where, through the establishment of Kuyi, a joint venture with Thomas Cook, we offer premium tourism products in China. We partner with Kerzner, a world-renowned manager of premium properties and manager of our Atlantis Sanya. Through our cooperation with Mattel, a global leader in childhood learning and development, we operate Miniversity, a learning and play club for children. Cirque du Soleil, one of the largest theatrical producers in the world, has performed in Sanya and certain Club Med resorts. We believe the combination of our self-owned brands and our access to these partnership brands enhance the value of our solution offerings, and strengthen our FOLIDAY ecosystem.

Resorts and tourism destinations, and our differentiated services and solutions in various tourism and leisure settings generate further synergies by interacting with each other in the FOLIDAY ecosystem through sharing of resources and cross-selling. Such interaction, we believe, increases monetization opportunities for the participants in our ecosystem and reinforces our ability to provide a wide range of tailor-made offerings. Therefore, we believe a virtuous cycle can be created for long-term development by attracting more participants into the ecosystem, expanding our service offerings and providing better customer experiences. Such experiences are likely to lead to a high degree of customer stickiness that will in turn allow us to capture and maintain more customers in the system, attract more participants and reinforce a robust ecosystem.

We are a pioneer in providing innovative tourism and leisure products and services to meet customers' evolving needs and have developed our business in markets with significant growth potential

We operate in a global environment with Europe and China as our most significant markets. The global leisure tourism market is expected to grow by a CAGR of 8.8% in terms of revenue between 2017 and 2022, according to Frost & Sullivan. Moreover, China has become one of the world's largest tourism markets as well as one of the world's largest destinations for tourists in recent years, with both inbound and outbound tourists rising significantly. The revenue of the leisure tourism market in China reached RMB2,485.9 billion in 2017, and is expected to grow at a CAGR of 12.8% and reach RMB4,549.0 billion by 2022. Hence, we operate in a market with significant growth potential.

As a global provider of tourism and leisure products and services, we have been a pioneer in designing new solutions or adapting solutions to new markets, as demonstrated by our development of Atlantis Sanya and launch of Club Med Joyview, which are tailor-made resorts for China. We constantly conduct research and monitor industry trends in order to anticipate changes in our industry or create new demand for innovative products and services that we design. For example, we recognized an upcoming trend when our customers (particularly customers from China), with rising discretionary income, became more willing to spend on tourism and leisure activities and demand more personalized holiday experiences. We believe we were one of the few players in the industry to respond to these trends, gaining an early-mover advantage in providing tailored, one-stop destination lifestyle experiences, with families as our core customer base. Due in part to our efforts, based on number of customer visits, China has become the second largest customer-contributing market after France, for Club Med resorts for the year ended 31 December 2017.

We have continued to monitor, anticipate and respond to evolving industry trends and changes in customer behavior.

- We started construction of Atlantis Sanya in 2014, based on our insight into increasing consumer demand and preferences for premium offerings in the PRC market. We believe Atlantis Sanya is the first of its kind in Sanya to offer one-stop premium tourism and leisure vacation solutions. It not only features beaches and provides accommodation services, but also brings in popular elements such as the Aquarium and Waterpark, which we believe distinguishes us from our competitors in Sanya and provides a unique experience for our customers;

- We acquired Club Med in 2015 to cater to consumer preferences for upscale and personalized holiday experiences globally;

    - With more than 5,000 G.Os from various nationalities as of 30 June 2018, Club Med offers its customers what we believe is an unrivalled option, combining premium comfort with the friendly G.Os, all in a multicultural setting.

    - We launched the Club Med Joyview resorts in 2018 for the Chinese market, in response to the increasing leisure and holiday needs of Chinese tourists. We believe Club Med Joyview is a model for the successful adoption of a top international brand in a tailor-made, localized setting.

    - We continued to implement our upscale initiatives. As a result, the number of customers staying in our Four and Five Trident Resorts accounted for 76.3%, 78.3%, 79.9% and 82.4% of the total number of our resort customers for the 11 months ended 31 December 2015, the year ended 31 December 2016 and 2017 and the six months ended 30 June 2018, respectively.

    - Through our digitalization initiatives, called “Happy Digital,” we use digital solutions to improve our customers’ experience while making the technology—in spite of its internal complexity—user-friendly and seamless.

- In response to evolving industry trends, we established services and solutions in various tourism and leisure settings within the ecosystem, including: (i) entertainment, other tourism- and culture-related services; and (ii) a platform for family-focused tourism- and leisure-related offerings, where we believe different products or services can be seamlessly combined to create greater value and enhance customer experience.

We have accumulated a portfolio of attractive resorts and destinations with, we believe, scarcity value

According to Frost & Sullivan, Club Med is the largest operator of all-inclusive resorts worldwide based on 2017 revenue and had resorts in 26 countries and regions as of 30 June 2018, with presence in destinations that we believe have scarcity value. Club Med has been at the forefront of selecting locations for which there are few or no competing alternatives. For example, (i) we are the largest ski resorts provider in Europe, with numerous mountain resorts in the Alps; (ii) we have four mountain resorts in Asia that are close to the fast-growing China market; and (iii) we have numerous sun resorts in desirable locations such as Cancun Yucatan, located on Mexico's Yucatan peninsula between the Caribbean and the world's second largest coral reef; or Club Med Bali, on Bali's Nusa Dua beach, one of the most famous vacation spots in Indonesia. Many resorts are located in regions where available land is limited and therefore difficult for potential competitors to purchase and build competing resorts. We believe the diversity of our destinations mitigates the risks arising from seasonality or over-concentration in a particular geographical area.

As with Club Med, our existing and planned tourism destination projects are located in popular tourist attractions in China—such as Sanya, Lijiang and Taicang:

- Atlantis Sanya is located in Sanya, Hainan province. Unlike most parts of China, Hainan enjoys generally warm weather throughout the year, and is, therefore, a popular tourist destination, particularly Sanya on its southeastern coast. We believe Sanya is poised to benefit from regulatory developments that are expected to transform Hainan into China's largest free-trade zone. Sanya has three tourist attractions that meet the AAAAA classification, the highest official ranking in China's tourism industry;

- the Lijiang Project is located in close proximity to the picturesque Yulong Snow Mountain, and the ancient Baisha town. The Taicang Project is located in a historic city on the Yangtze River Delta region known for its rich cultural heritage and fine cuisine.

In addition to our access to unique natural and cultural resources, we are also able to utilize our global resources to provide customized development plans and solutions for the tourism destination projects by taking into account the specific location characteristics and changing consumer trends.

We have a visionary and highly experienced global management team with proven execution and innovation capabilities, supported by a highly proficient workforce

Our senior management comprises a global team with an average of over ten years of management experience in the tourism and leisure industry and has a deep understanding of the development and transformation of the industry.

Our management has a proven record of improving business performance. After we acquired Club Med in February 2015, Club Med's revenue increased from RMB8.9 billion in 2015, to RMB10.8 billion in 2016, and to RMB11.8 billion in 2017, while Club Med's operating profit improved from negative RMB94.9 million in 2015, to RMB209.2 million in 2016, and to RMB464.4 million in 2017. Based on number of customer visits, China has become the second largest customer-contributing market after France, for Club Med resorts for the year ended 31 December 2017. Our management has also transformed us into a leading integrated tourism and leisure lifestyle experiences provider with strong experience and capability in operational management, investment integration and effecting upgrade initiatives. We have a global operation committee with senior management from all the business lines to regularly discuss business opportunities and synergy creation within our ecosystem. With diverse cultural backgrounds and experiences, members of our management team complement one another and together have developed and refined our corporate strategy to adapt to ever-changing customer preferences and industry trends. We believe we have a team of highly proficient professionals and we attribute our success to our ability to attract, incentivize and retain experienced personnel.

Synergistic relationship with our Controlling Shareholder and strategic partner, Fosun International

Our Controlling Shareholder, Fosun International, is a multinational conglomerate listed on the Stock Exchange with roots in China, focusing on providing high-quality products and services for families around the world through its health, happiness and wealth ecosystems.

Immediately following the completion of the Global Offering, Fosun International will have an interest in 81.76% of the shares in issue (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options granted under the Pre-IPO Share Option Scheme and upon the vesting of the share units granted under the Pre-IPO Free Share Award Plan) and will continue to maintain a significant interest in our Company to benefit the Company's reach and relationship as strategic partner.

We are able to enjoy a synergistic relationship with Fosun International where both parties are able to leverage our respective strengths in order to achieve mutual support and growth:

- *Customers and membership:* With its engagement in other ecosystems, Fosun International can potentially cross-sell to its customers in these ecosystems the products and services that we provide.

- *Products and Solutions:* Fosun International has established its One Fosun ecosystem with extensive products and offerings which we could access or co-market with other businesses.

All of our arrangements with Fosun International were and will be negotiated on an arms-length basis.

OUR STRATEGIES

To achieve our objectives and solidify our leading position, we intend to pursue the following strategies:

Continue to strengthen the attractiveness and distinctiveness of our resorts and tourism destinations with innovative and user-friendly solutions

We will continue to enhance our core strengths in resorts and tourism destinations to innovate and calibrate our offerings to replicate our success and satisfy the evolving needs and expectations of our customers. We will continue to:

- Expand our global presence and network of resorts in selected tourism landscapes not only for mountain resorts, but also for sun resorts and Joyview resorts. We intend to further increase our advantage in mountain resorts with ski services and open more resorts in destinations preferred by Chinese customers. In addition, we will further upgrade and extend certain existing resorts to higher Tridents, to provide an upscale, joyful experience for customers;

- Continue to introduce innovative business models and co-operation with other brands for differentiated market needs and customer preferences. We will further promote Club Med Joyview resorts, where we seek to provide a Club Med-quality standard resort within two to three hours' driving distance from urban areas. We may also consider providing other solutions and resorts with different positioning for our customers;

- Deliver a distinctive offering of services and experience with our evolving Happy Digital initiatives, where we use digital technology to address customers' needs when they are discovering, planning and booking, preparing the trip, enjoying their stay and sharing their experiences;

- Further extend the leisure lifestyle and various entertainment, cultural activities and digital solutions in Atlantis Sanya to provide one-stop and distinctive holiday experiences, including a show to be launched in the Dolphin Cay in 2019, and entertainment activities and programs to be performed. With those activities and solutions, we expect more customers will visit and enjoy Atlantis Sanya.

Enhance our ecosystem by offering one-stop products and solutions to meet the evolving preference of family customers and further develop synergies within our FOLIDAY ecosystem

We seek to enhance our ecosystem by expanding our portfolio of increasingly popular and innovative tourism and leisure resources, solutions, activities and services, and are dedicated to serving our customers' tourism and leisure needs within our FOLIDAY ecosystem. We intend to provide tailor-made products, solutions and services throughout the entire life cycle of tourism and leisure activities, from discovering, planning and booking, preparing the trip, transportation services, staying at the resort or tourism destination, and sharing the experience, via social media websites and mobile applications.

We intend to increase the attractiveness of our ecosystem through introducing a greater variety of experience-enriching offerings, which allow our customers to interact more frequently with our platform. Through Fanxiu, we plan on introducing other entertainment performances and events into our resorts, tourism destinations or other tourism settings. In addition, we believe kids' activities are core offerings for our family customers. Our Miniversity is designed to provide attractive learning and playing activities in tourism destinations, which can also be replicated in the urban areas where kids and family can frequently enjoy the products and lifestyle experience. Our Miniversity will also attract more customers for resorts and tourism destinations with well-designed kids programs and camps. We believe such products and services not only generate revenue but also enhance the attractiveness of our resorts and tourism destinations, drawing more visitors.

We also plan to invest in, acquire or enter into strategic alliance with companies that could expand our ecosystem. We may consider to acquire owners and operators of qualifying intellectual properties, sports and cultural activities. We may also invest in or acquire resorts operators or tourism destinations operators that can supplement our resort and tourism destination portfolio, in particular, in respect of geographical coverage. Moreover, we look at emerging businesses that can enrich our product offerings, such as companies with advanced technologies that relating to or can be utilized in our tourism and leisure business. With more abundant offerings, we aspire to provide customers with more user-friendly and tailor-made packages as a one-stop leisure solution, which will also enable our different businesses to become more synergistic. Our selection criteria for investment and acquisition targets include but are not limited to the targets' synergies with our Group, global presence, mature business model, geographical advantages, and abundance of tourism resources.When evaluating a target's financial performance, we consider factors such as the target's revenue, profit and EBITDA. We are interested in targets which are leading players in the relevant industry with a high market share and good financial performance as well as newly developed ones with high growth potential, and therefore we select targets on a case-by-case basis, evaluate various aspects and metrics of targets, and evaluate the above criteria holistically. We had not identified a specific targeted company for potential investments or acquisitions as of the Latest Practicable Date.

Strategically expand our network and presence in China and globally to secure valuable tourism destination resources, particularly those favored by Chinese customers

We plan to further implement our strategy to secure valuable tourism destination resources, particularly those favored by Chinese customers. A fundamental component of our strategy is the expansion into global destinations with high tourism potential, which enables us to: (i) serve customers worldwide by providing access to differentiated locations and holiday experiences; (ii) capture growth potential in fast-growing markets, such as China; (iii) further expand our FOLIDAY and various brands globally to enhance our reputation in the global tourism community; and (iv) diversify operational risks inherent in the tourism business, including geopolitical risks, natural disasters, and seasonality, among others.

China has become one of the world's largest tourism markets as well as one of the world's largest destinations for tourists in recent years, with both inbound and outbound tourism rising significantly. Atlantis Sanya began development in 2014 and officially opened in April 2018. We have also started to design the Lijiang Project and Taicang Project. As of 30 June 2018, Albion managed the operations of nine projects under management agreements, and provided services on 17 projects under technical consultation and services agreements. We will continue to search and identify tourism destinations with a large customer base, scarce natural resources, sizable capacity, unique cultural heritage, and accessible transportation infrastructure for our future development and operation. We have clear and established criteria to strategically select destinations with growth potential and have adopted an "asset right" model for each of our destinations. We may develop a destination on our own, through outsourcing to strategic partners or other third parties, or through lease and management models on projects of third parties.

Continue to enlarge our customer base and promote our "FOLIDAY" concept via our platform and sales channels

We have a strong direct network of sales operations both online and offline throughout the world, from which we generated over 60% of the sales of all-inclusive packages and transportation services. Other than direct and indirect sales channels owned or utilized by Club Med, we intend to promote FOLIDAY as a one-stop platform for all of our customers with the provision of family-focused tourism and leisure products and services and solutions. Such services include transportation, tailor-made tourism planning, solutions, personalized holiday packages, hotel and resort packages, show tickets, entertainment activities, kids program and activities, related retail products and other services. In addition to our own products and services, our platform can also offer third parties' products and solutions as a package.

Our FOLIDAY platform has begun operating through our FOLIDAY mobile app, WeChat account and our travel agencies and network, thereby forming a fully integrated, online and offline platform. We also provide membership services through our membership royalty programs through this platform. We are developing our travel agencies and solution providers, Foryou Travel, focusing on the tourism destinations and landscapes preferred by Chinese customers and are establishing the sales network with online and offline resources. We established a joint venture with Thomas Cook in China, Kuyi, as our travel agent and sales network. Kuyi, in which we hold 51% equity interest, offers and sells a wide range of tourism products, including Thomas Cook's products, as well as a number of travel packages, such as sports-related travel packages and other travel products and solutions.

Our FOLIDAY platform can also serve as a forum for customers to share their travel experiences and enjoy membership benefits from Foryou Club. Foryou Club has integrated members from various of our brands, including but not limited to Atlantis Sanya, Albion, Fanxiu and Miniversity, and Foryou Club may integrate Club Med's Great Members from China. We will increase integration with membership systems within our ecosystem and establish or deepen partnerships with membership systems of third parties, such as airline loyalty programs and high-end member clubs, to effectively increase member sales and enrich member privileges and services, subject to compliance with the rules and regulations relating to data privacy, including General Data Protection Regulation or GDPR. Moreover, we believe the development of our business and the partnership with world-renowned brands will further broaden our customer base.

Through online and offline sales platforms, we will be able to obtain first-hand data and information of evolving customer tastes and preferences and the latest trends in our industry, so that we can develop more differentiated product offerings.

Continue to invest in our digital solutions to accelerate the rollout of our integrated mobile strategy, digitalize our operation and strengthen big data capability

We will accelerate the rollout of our business digitalization in order to further enhance user experience, through the following measures:

- Focus on developing the mobile apps and online terminals to a transaction-focused interface with more customized services such as spa and excursion bookings, sports activity and specialty restaurant reservations, pre-stay services such as room selection, digitalized photography and image recognition technologies;

- Use digital technologies to address our customers' growing needs when they are discovering, planning and booking, preparing the trip, enjoying their stay and sharing their experience;

- Develop the FOLIDAY platform to optimize our customer relationship management system, resort booking management and operation system, ticket sale management system, data management and reporting system to further improve our work efficiency and management effectiveness.

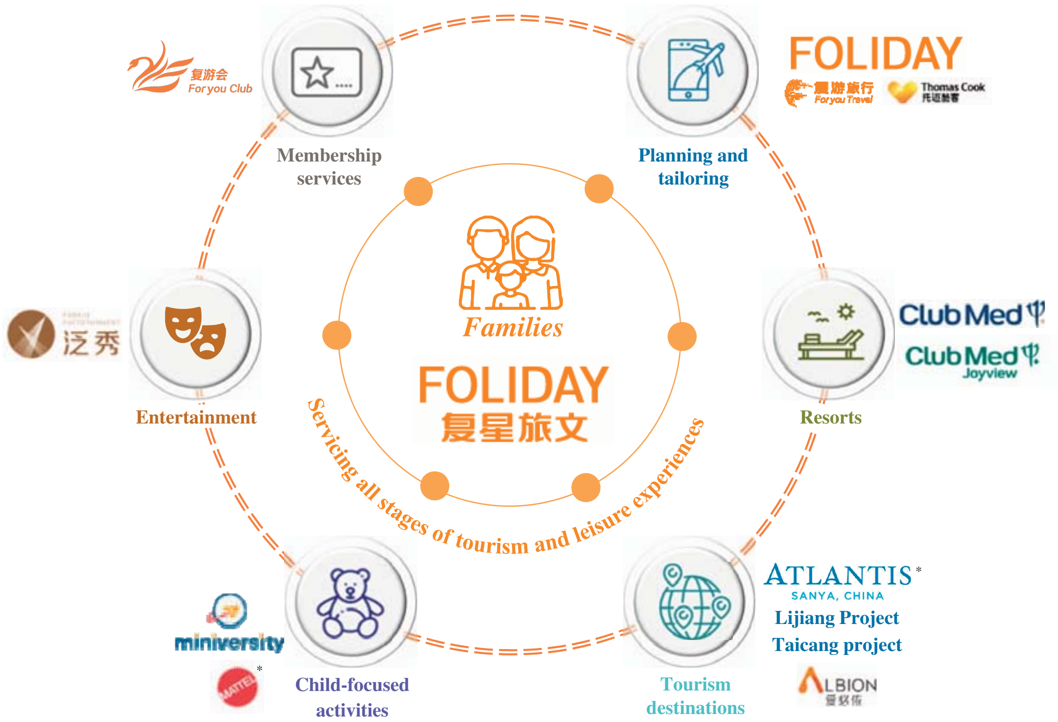
Actively attract and retain a team of top talent to ensure strong human capital

Our employees are the key to implementing our FOLIDAY strategy. We view our front-line employees as gatekeepers of service quality, customer satisfaction, competitiveness and brand image. We aim to maintain our competitive edge by strengthening the hiring of top talent with an innovative and global vision, including digital solution specialists, as well as management with extensive industry experience. We also plan to hire more G.Os, who are passionate about the Club Med culture and, being multilingual and well trained, can ably serve customers at our global resorts.

In addition, we also plan to enhance a performance-based remuneration system to improve our competitive edge in the marketplace and further incentivize and increase the loyalty of our employees through equity incentive programs, including employee stock ownership programs, subject to applicable regulations. To implement these measures, we have started deploying an advanced human-resources cloud platform with co-development of differentiating features for our management.

OUR FOLIDAY ECOSYSTEM

Our ecosystem can be illustrated in the chart below:



* Business partners or brands owned by business partners

Our ecosystem provides global families with a wide array of tourism- and leisure-related solutions, leveraging which we can further enhance our customer stickiness:

- We have a wide spectrum of products and services, from our global online and offline sales network for tailor-made tourism and leisure planning, transportation services, to our offering of various services and activities in resorts and tourism destinations, complemented by our entertainment and other leisure- and culture-related services and products, which provides our customers one-stop comprehensive tourism and leisure experiences;

- We have a customer base covering all ages. We seek to give each of our customers, regardless of age, a choice of accommodations, travel services, entertainment and activities that meets their demands and, in many cases, exceeds their expectations; and

- We have implemented a customer-to-maker, or C2M strategy, to further strengthen the attractiveness of our product line-up and increase the customized offerings based on our understanding of evolving customer preferences and feedbacks.

We have benefitted from the synergies we enjoy among different parts of the ecosystem. As our ecosystem grows, a virtuous cycle has been created for long-term development by attracting more participants into the ecosystem, expanding our service offerings, providing better customer services, and capturing and maintaining more customers, and, finally, attracting more participants to expand and reinforce a robust ecosystem. For example,

- Our FOLIDAY platform which aims to provide tailor-made tourism and leisure products, services and solutions, sold products of Club Med, Atlantis Sanya, offerings of tourism destinations managed by Albion, tickets for Fanxiu business and other tourism and leisure products and services; in addition, it establishes a united membership royalty program through Foryou Club to serve its customers;

- Our Fanxiu business brought the Cirque du Soleil entertainment show "Toruk-The First Flight" into Sanya, and is expected to bring more performances in the future to enrich the entertainment offerings at our resorts and tourism destinations; Miniversity has been successfully launched in Atlantis Sanya, and in the near future may be expanded into other resorts and tourism destinations, as well as urban areas;

- One of our tourism destinations, the Lijiang Project, has signed a technical and design services agreement to construct a Club Med resort; and

- Our acquisition of Club Med in 2015 allowed us to further collaborate with Thomas Cook, which has yielded significant results, particularly in Europe, where Thomas Cook became the largest travel agent to sell Club Med products in France; in addition, Kuyi, a joint venture with Thomas Cook in the PRC, was established in 2015 to engage in travel product offerings, including for Club Med. We also partner with Kerzner to manage our Atlantis Sanya, and we operate Miniversity through cooperation with Mattel. Our partnership with leading global brands complements our portfolio of self-owned brands.

OUR PRINCIPAL BUSINESS ACTIVITIES

During the Track Record Period, our business activities mainly included:

- Resorts—primarily offering premium resort services in a package that includes accommodations, sports and leisure activities, entertainment, childcare, meals and open bar in a wide range of resorts around the world under the Club Med brand, and offering in China a flexible choice of various packages at customers' option at our Club Med Joyview resorts. In addition, we also provide ancillary travel and transportation services at customer's request where applicable. We operate in more than 40 countries and regions spanning six continents, over 60% of our sales of all-inclusive packages and transportation services was generated from sales through our direct channels, including websites, mobile application, call centers and our sales offices, during the Track Record Period;

- Tourism destinations—developing, operating and managing tourism destinations, which comprises tourism resources and tourism vacation facilities (including, for example, sightseeing facilities, amusement facilities, leisure entertainment facilities, and leisure vacation facilities), facilities directly supporting tourism (including restaurants in tourism areas and ancillary areas, vacation apartments for letting, and sites for commercial and tourism service management) and facilities indirectly supporting tourism (include vacation residences for sale and neighborhoods relating to tourism areas). As of 30 June 2018, we owned one tourism destination, Atlantis Sanya, and we provided design, technical, operational and management services to owners and concession right holders of tourism destinations in China under the Albion brand.

- Services and solutions in various tourism and leisure settings such as (i) entertainment, other tourism- and culture-related services; and (ii) a platform for family-focused tourism- and leisure-related offerings.

The following table sets forth an overview of our business as of 30 June 2018 or for the year/period indicated:

Our Ecosystem	FOLIDAY	
Resorts	Brand	Club Med
	Capacity of Resort	Approximately 11.0 million beds available for sale for the year ended 31 December 2017, approximately 6.1 million beds available for sale for the six months ended 30 June 2018
	Geographic coverage	69 resorts operated in 26 countries and regions as of 30 June 2018
	Type of resorts	Mountain resorts, sun resorts and Club Med Joyview resorts
Tourism Destinations	Tourism destination in operation	Atlantis Sanya
	Capacity	1,314 guest rooms for accommodations, 20 food and beverage facilities, the Aquarium, the Waterpark that can accommodate a maximum number of 13,500 tourists at one time, and MICE facilities with a total area of around 5,000 square meters as of 30 June 2018
	Location	Sanya city of Hainan province, China
	Tourism destinations under design	Lijiang Project, Taicang Project
	Brand for providing management services to other tourism destination owners	Albion
	Geographic coverage of Albion	Albion operates in many regions of China, such as Zhejiang, Jiangsu, Jiangxi and Guangdong provinces
Services and solutions in various tourism and leisure settings	Provision of entertainment, other tourism- and culture-related services	Fanxiu: development and promotion of cultural and entertainment events
		Miniversity: operation of learning and playing clubs for children
	Platform for family-focused tourism- and leisure-related offerings	Website and applications under the brand FOLIDAY
		Foryou Travel
		托邁酷客 (Thomas Cook)

Substantially all of our revenue was contributed by our resorts business during the Track Record Period, as a majority of our tourism destination businesses and businesses of services and solutions in various tourism and leisure settings started to generate revenue in 2018. We expect that, in the near future, while our resorts business will continue to be the largest contributor to our revenues, our tourism destination business and businesses of services and solutions in various tourism and leisure settings will expand and contribute a larger percentage of revenues. For the first half of 2018, we generated revenue of more than RMB200.0 million from the tourism destination business, mainly from the operation of Atlantis Sanya. The following table sets forth a breakdown of revenue contribution from these three business segments both as an absolute amount and as a percentage of total revenue for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2015(1)		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Revenue										
Resorts	8,902,569	100.0%	10,779,686	100.0%	11,758,411	99.7%	6,174,491	99.8%	6,368,570	95.5%
Tourism Destinations	—	—	393	0.0%	13,939	0.1%	3,530	0.1%	216,557	3.3%
Services and solutions in various tourism and leisure settings	—	—	2,896	0.0%	27,044	0.2%	6,628	0.1%	82,289	1.2%
Total	8,902,569	100.0%	10,782,975	100.0%	11,799,394	100.0%	6,184,649	100.0%	6,667,416	100.0%

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the results of Club Med for the 11 months ended 31 December 2015.

We have shown our ability to manage new businesses during the Track Record Period. We believe our corporate culture encourages collaboration, innovation and adaptability. This culture has enabled us to cultivate home-grown talent and attract experienced personnel, explore innovative business initiatives, and adapt to market trends, as we expand into new businesses. We intend to continue with this methodical and deliberative approach that we have taken in the past. For example, our Atlantis Sanya, while only recently opened, has already shown our ability to manage new businesses, due primarily to the members of the Atlantis Sanya management, who have extensive experience in the industry. We believe that our ability to manage Atlantis Sanya can be replicated in our future tourism destination projects. We will also work together with industry consultants with respect to other services and solutions, so that we can continually calibrate our offerings to better meet the evolving demands of our customers.

Resorts

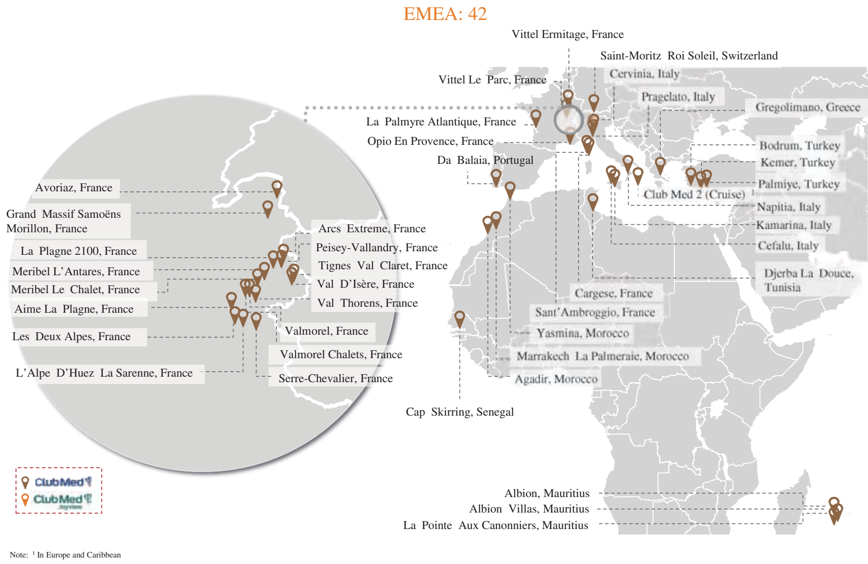
We offer global customers a friendly and multicultural all-inclusive holiday experience under the Club Med brand. Club Med, founded in 1950 and headquartered in France, pioneered the concept of the all-inclusive resort holiday experience around the world. Our guests enjoy various sun or ski activities at a packaged rate that includes accommodations, sports and leisure activities, entertainment, childcare, meals and open bar. Related travel and transportation services could also be provided at request where applicable. We continually expand our service portfolio to meet customers' expectations and personalize customers' vacations. From the Alps in Europe to the Yucatan in Mexico and Bali in Indonesia to Hokkaido in Japan, Club Med resorts are, we believe, renowned for their beautiful natural settings, stylish designs that integrate local culture, facilities for ski, water sports and other sports and, above all, the friendly and inclusive international atmosphere created by the G.Os, the exclusively trained Club Med staff who are dedicated to making the guest experience warm and special. We aim to deliver a social, festive, and rewarding experience, enabling guests to relax in an atmosphere where well-being and pleasure intertwine at our Club Med resorts.

In 2018, we further diversified our offerings and sought to appeal to a wider range of customers by opening Club Med Joyview resorts. Our Club Med Joyview resorts, designed to be hidden from the hustle and bustle of urban areas, yet easily accessible to the nearest city by car in two to three hours, target urban customers and provide them holiday solutions at a Club Med service standard. Our Club Med Joyview resorts also target MICE customers during weekdays. As of 30 June 2018, we opened two Club Med Joyview resorts: Club Med Joyview Golden Coast, located in a coastal area of Hebei province, and Club Med Joyview Anji, located in a mountainous area of Zhejiang province. Both of these Club Med Joyview resorts opened in the first half of 2018.

As of 30 June 2018, we operated in more than 40 countries and regions spanning six continents through our sales and marketing activities and operations of 69 resorts, of which 42 resorts were in EMEA (including a cruise ship), 12 resorts were in the Americas, and 15 resorts were in Asia Pacific (including six resorts in China). With 69 resorts globally and over 5,000 G.Os with various nationalities at our resorts, we offer a multicultural experience to guests and enable them to partake in local cultural enrichment.

The following map illustrates the location of our resorts as of 30 June 2018:

The following maps illustrate the location of our resorts by region as of 30 June 2018:



Resort Services

All-inclusive vacation resort services

We primarily provide our guests with all-inclusive vacation resort services at a package rate, and we might charge additional fees if our guests request certain extra services. Our all-inclusive vacation resort services mainly include the following:

Accommodations:

Our resorts typically offer club rooms, deluxe rooms and suites, generally decorated in the local style. Connecting rooms and suites are available for the convenience of family guests and can accommodate four to six people. Villas and chalets are available at some resorts.

Sports and leisure activities:

We offer more than 60 kinds of leisure and sports activities including:

- winter sports at mountain resorts such as downhill and cross country skiing, snowboarding, airboard, and snowshoe walks;

- water and beach sports at sun resorts such as sailing, surfing, snorkeling, wind surfing, wake boarding, water skiing, ocean kayaking, and beach volleyball;

- other sports and fitness activities such as tennis, water polo, swimming, golf, archery, hiking, mini football, table tennis, weights and cardio exercises, flying trapeze, and tree climbing; indoor games such as snooker and bocce ball; and

- wellness and relaxation activities such as yoga, meditation, indoor pool, sauna and hot bath, a majority of which are included in the all-inclusive package, along with free lessons and services such as ski lift passes and ski instruction.

We also offer special or local activities at some resorts, based on the local environment and culture called "Must Try Experiences," which we utilize to provide more customer experiences and attract returning customers. For example, our guests can attend Thai boxing lessons at Club Med Phuket.

Entertainment:

Each of our resorts features a variety of social activities for guests to mingle with each others, including parties, soirees and dances. At some of our resorts, our multitalented G.Os put on a live show production in the evening.

We also introduced Cirque du Soleil shows in some of our resorts, such as Punta Cana resort and Opio resort, so that our guests could enjoy circus performances in the evening and circus activities in the daytime.

Childcare:

We have been a pioneer in providing babysitting and childcare services at our resorts and pride ourselves at being baby- and child-friendly and parent-child friendly, a major attraction for families with children. Unlike resorts catering primarily to adults or primarily to children, our resorts cater to the entire family. Our resorts generally provide a combination of several or all of the services below:

- Baby Club Med, child care services to children from four to 23 months old
- Petit Club Med, child care services to children from two to three years old
- Mini Club Med, providing activities under professional guidance such as cooking class, flying trapeze and tennis to children from four to ten years old
- Junior Club Med and Club Med Passworld, providing activities under professional guidance for children from 11 to 17 years old, such as wakeboarding, volleyball, mixing at a DJ booth, film design and video games
- Other parent-child activities based on our analysis of guests preferences and trends

Meals:

Our resorts typically have several restaurants serving buffet-style and à la carte dining options for breakfast, lunch, dinner and snacks, which are included in the all-inclusive resort package. The cuisine served varies with each resort, but generally includes international and Western options. We want our guests to treat our resorts as their home, and therefore we aim to provide delicious meals prepared from fresh and local produce that are available at practically all hours. Our guests can choose to have snacks on the run or long meals with families and friends.

Open bar:

The all-inclusive package also includes an unlimited supply of various alcoholic and non-alcoholic beverages, including fruit juices, sodas, hot drinks, cocktails with and without alcohol, wines and local and international spirits.

Our all-inclusive vacation resort services generally include the above. We also provide some products and services at additional charge, such as horse-riding, spa, massage, golf and premium wines, at our resorts. Moreover, we also provide excursion services, tour services and MICE services as follows:

- *Excursions*: Some of our resorts have an excursion service center located in an area that is easily visible, which invites our guests to discover the culture of the host country through a wide range of outside tours and excursions.

- *Tours*: We also offer travel tour services, called Club Med Discovery, organizing and leading international tours that take our customers to visit many destinations worldwide. The itineraries and tour services are premium and highly personalized, with the option of staying at Club Med resorts. Currently, Club Med Discovery services are mainly marketed in France, Belgium and Switzerland.

- *MICE (Meetings, Incentives, Conferences and Exhibitions professionals)*: Some of our resorts provide MICE services primarily to help corporate customers host business conferences and company incentive travel, as well as student group travel, social and sports activities and weddings. Our customers can choose from a variety of meeting and conference rooms furnished with equipment that can be tailored to their preferences and a wide range of activities such as sports and leisure activities and customized team-building activities.

We have three categories of service employees:

- *Chef de village and assistant chef de village*

Chef de village and assistant chef de village are resort managers who direct and manage the staff and operations of resorts, and sometimes also participate in activities with customers. Chefs de village and assistant chefs de village are generally promoted from our G.O staff team.

- *G.O*

The G.O is unique to Club Med and, we believe, vital to creating the warm, friendly, inclusive and international atmosphere for which our resorts are known. The G.O concept was created by Club Med in the 1950s. The G.Os can be activities leaders or customer service receptionists, as well as managerial and administrative staff at the resort, who also bear responsibility to engage with guests and make the guests feel at home. G.Os will greet our guests, learn their names, dine and chat with them, help them plan their stay, play games and put on a big evening show. G.Os work at the direction of the chef de village or the head of the resort, and are typically rotated through resorts. With a team of over 5,000 G.Os with various nationalities as of 30 June 2018, we believe we offer our customers an unrivaled option, combining the high level of comfort with the friendly G.Os, all in a multicultural setting.

Moreover, we require our G.Os taking care of children to have extensive experience in childcare, hold certain professional certificates and first-aid qualification certificates, and take part in CPR (cardiopulmonary resuscitation) training.

- *G.E (gentils employé)*

G.Es are local staff employed from the country or region in which the resort is located. They typically perform functions of traditional hotel and back office staff and are mainly responsible for accommodations, food and beverage, as well as technical services.

Transportation

Where applicable, our customers may book air tickets through us for the trip between the customer's country of origin to the country where our resorts are located, and we will offer our customers transportation services between the airport to our resorts.

Construction and sale of vacation properties

We design and develop vacation properties near some of our resorts and our customers have the opportunity to buy these properties. During the Track Record Period, we have developed and sold vacation-oriented villas near the Albion resort in Mauritius and apartments-chalets next to the Valmorel resort in France. We may lease such villas and apartments-chalets back from the owners and provide such villas and apartments-chalets as accommodations to our customers.

Construction services for resort owners

During the Track Record Period, we also provided construction services for certain property owners for the resorts prior to our management of the respective resort.

Types of Resorts

We classify our resorts into mountain, sun and Joyview resorts. Our mountain resorts are located in or adjacent to popular ski domains; our sun resorts are situated within or adjacent to attractive and appealing landscapes around the world, such as national parks, rain forests, beautiful beaches, protected reefs and famous ruins; and our Club Med Joyview resorts are located in areas with beautiful sceneries, which are easily accessible to the nearest city by car in two to three hours. We opened new Club Med Joyview resorts in 2018.

As of 30 June 2018, we had 69 resorts in operation, including 23 mountain resorts, 44 sun resorts and two Club Med Joyview resorts.

Mountain resort

Our mountain resorts are located in some of the world's top-class ski domains, such as the French Alps and the soft powder slopes of Hokkaido in Japan. As of 30 June 2018, we had 19 mountain resorts in Europe and four mountain resorts in Asia, including two in Japan and two in China. All of our mountain resorts provide ski activities to our guests. We are the largest ski resorts provider in Europe in terms of number of resorts in 2017, according to Frost & Sullivan. Guests at our mountain resorts can enjoy all-inclusive vacation resort services at a package rate, including using ski facilities, such as ski pass and ski lifts, and participating in winter sports suitable for all experience levels. For example, our guests can participate in all-level group ski classes, downhill and cross country skiing, snowboarding, snowshoe walking, bobsledding, mountain biking on snow, sleigh rides, ice-driving, and snow scooting. We also provide fun-filled snow activities for children of different ages. In addition, the Winter Sports Administration Center of the General Administration of Sports of China (the "**Winter Sports Administration Center**") entered into a memorandum of understanding with us that came into effect on 25 June 2018. According to this memorandum of understanding, we will support the European training (supporting) base project of the Winter Sports Administration Center by integrating our resources of approximately 20 Club Med resorts in Europe and coordinating our local partners to facilitate the project with technological, educational and medical support in the Alps. Under the memorandum of understanding, both parties have agreed to further discuss detailed cooperation arrangements to enter into a final partnership agreement. As of the Latest Practicable Date, we were still in negotiations on the final partnership agreement with the Winter Sports Administration Center.

We deploy the ski equipment program, providing a set of services that save our resort guests' time and allow them to enjoy their holiday experience as soon as they arrive at our mountain resorts. The ski equipment program enables guests to schedule ski lessons for their children in advance, via an interactive website, mobile sites and mobile apps. Guests can also submit their height and weight, foot size, and preferences regarding rental gear, such as helmets, giving them the opportunity to find a locker containing their equipment, already prepared to their specifications, upon arrival.

Benefiting from the expected growth of the global ski market and the number of skier visits, which is likely to reach 377.5 million in 2022, according to Frost & Sullivan, we believe we will be able to offer our renowned ski facilities to more customers worldwide.

In the summer, some of our mountain resorts also open and offer summer activities, such as hiking and biking, to our guests and provide them with summer mountain experiences.

Set forth below is information on Grand Massif Samoëns Morillon resort, which is an example of our recently opened mountain resort.

Grand Massif Samoëns Morillon resort

Overview of Grand Massif Samoëns Morillon resort

Grand Massif Samoëns Morillon resort is located on the Plateau des Saix in France, which is close to Geneva and Annecy, and provides a ski-in/ski-out mountain experience in the heart of the Grand Massif ski area. It is the largest ski resort in the French Alps. Grand Massif Samoëns Morillon resort was opened in December 2017.

Rooms

Grand Massif Samoëns Morillon resort has 420 rooms in a range of sizes and configurations, each furnished with modern accommodations, facilities and amenities, ranging from approximately 24 square meters to 59 square meters. The following table sets out certain information related to our rooms as of 30 June 2018:

Type of Room	**Room size (square meters)**
Club	24 – 36
Deluxe	28
Suite	41 – 59

Food and Beverage Facilities

Grand Massif Samoëns Morillon resort also provides a wide selection of food and beverage options, including the following bar and restaurants:

- Cozy Mountain, a health-themed restaurant with a terrace view, providing healthy options at all meal times;

- Skyline Gourmet Lounge, a gourmet lounge providing options ranging from picnics at lunchtime to afternoon tea, as well as a menu created by French chef Edouard Loubet, who has won two Michelin Stars and five Gault & Millau Toques;

- Bread & Co., an innovative family restaurant which encourages children to invite their parents to dinner. The restaurant serves lunch exclusively for Petit Club Med and Mini Club Med participants; and

- The Carillon, a lounge bar which welcomes guests with a warm, festive ambience and a collection of wine and beverages.

Facilities and Ski Area

Facilities and ski areas at the Grand Massif Samoëns Morillon resort include the following:

- Grand Massif ski area with 256 kilometers of slopes;

- an indoor swimming pool, located in the center of the resort;

- an outdoor freshwater swimming pool with a view of the mountains in the summertime; and

- Club Med Spa by Carita, providing Turkish bath and sauna.

Sports and Leisure Activities

Grand Massif Samoëns Morillon resort offers land sports such as skiing, snowboarding, cardio-training, walking, fitness training, hiking, pilates, badminton, mountain biking, boules and climbing, water sports such as aqua fitness training, and other activities such as Turkish bath and sauna. Grand Massif Samoëns Morillon resort not only opens during the ski season but also opens in summer to offer our guests summer activities.

Children's Club

Grand Massif Samoëns Morillon resort offers age-specific children's clubs, including Baby Club Med, Petit Club Med, Mini Club Med and Club Med Passworld for children from four months to 17 years old; children's services such as baby-sitting, baby feeding and Baby Corner for children under the age of ten; and children's activities, such as baby gym and ski course for children from four months to three years old.

Sun resort

Our sun resorts are situated within or adjacent to attractive and appealing landscapes around the world, such as national parks, rain forests, beaches, protected reefs, and famous monuments or ruins. We have sun resorts in many famous vacation destinations across the world, such as the Maldive Islands, Mauritius, the Caribbean, Bali (Indonesia), Sicily (Italy), Phuket (Thailand) and Sanya (China). We offer our guests all-inclusive vacation resort services, including over 60 types of leisure and sports activities at our sun resorts. For example, we offer water and beach sports such as sailing, snorkeling, surfing, wind surfing, wake boarding, water skiing, ocean kayaking, beach volleyball, and electric surfing, and other sports and fitness activities such as tennis, water polo, swimming, horseback-riding, golf, archery, hiking, mini football, table tennis, weights and cardio exercises, flying trapeze, and tree climbing.

Set forth below is information on the Punta Cana resort, which is an example of our sun resort with a long operating history and top revenue generating capability.

Punta Cana resort

Overview of Punta Cana resort

Situated along a panoramic turquoise beach on the island of Hispaniola located in the Dominican Republic, Punta Cana resort is close to the Punta Cana Airport. The Punta Cana area has more than 30 kilometers of white sandy beaches and is surrounded by the Caribbean Sea and the Atlantic Ocean. Porthole Cruise Magazine honored Punta Cana resort as the best all-inclusive resort in 2017. Punta Cana resort was opened in 1981.

Rooms

Punta Cana resort has 631 rooms in a range of sizes and configurations, each furnished with modern accommodations facilities and amenities, ranging from approximately 29 square meters to 70 square meters. The following table sets out certain information related to our rooms as of 30 June 2018:

Type of Room	Room size (square meters)
Club	29 – 34
Deluxe	41 – 50
Suite	70

Food and Beverage Facilities

Punta Cana resort also provides a wide selection of food and beverage options, including the following bars and restaurants:

- Restaurants include The Samana, Hispaniola and Indigo Beach Lounge, providing guests with a choice of international or gourmet meals in different settings, such as being by a lagoon or outdoors.

- Punta Cana resort offers a wide selection of bars, including an à la carte premium bar offering from La Cave's wine cellar, allowing guests to enjoy both a relaxing afternoon and Punta Cana's lively night life over a drink at the bar. Our selection of bars includes a lounge bar, The Indigo Beach Lounge Bar, Hibiscus Bar & Lounge, Cielo, and La Cave.

Other Facilities

Other facilities at the Punta Cana resort include the following:

- An outdoor freshwater swimming pool in the heart of the resort, between the bar and the beach, and equipped with teak deckchairs, parasols, and showers;

- A children's outdoor freshwater swimming pool with water chutes and other games;

- Club Med Spa by L'OCCITANE, which is located near the beach;

- Zen Lagoon oversize pool with two Olympic-length lanes, two hot tubs, and a sundeck with cabanas and daybeds; and

- Freshwater overflow pool equipped with deckchairs.

Sports and Leisure Activities

Punta Cana resort offers water sports such as scuba diving, windsurfing, sailing, kayaking, waterskiing, paddleboarding and kitesurfing; land sports such as archery, dance lessons, fitness training, tennis, and other activities, such as excursions and spa.

Customers' all-inclusive vacation packages include full access to the CREATIVE playground at Punta Cana resort where customers can participate in up to 30 recreational acrobatic and artistic activities, such as aerial arts, flying trapeze, juggling, dancing, stilt-walking and mask painting, under the supervision of expert staff. The Creative playground and these activities were designed in partnership with the Cirque du Soleil shows and are suitable for both adults and children.

Children's Club

Punta Cana resort offers age-specific children's clubs, including Baby Club Med, Petit Club Med, Mini Club Med and Club Med Passworld for children from four months to 17 years old, children's services such as babysitting, baby feeding, Baby Corner, baby restaurant and Pyjamas Club for children under the age of seven, and children's activities such as Teen Spa, Little Circus, Little Hockey and Little Tennis for children from three years to 17 years old.

Set forth below is information of a sun resort, the Guilin resort, which is a representative example of our Club Med resort in China as it is a permanent resort opening all year round in China and had a relatively long operating history of more than five years.

Guilin resort

Overview of Guilin Resort

Guilin resort is a sun resort. Located alongside the Li River (灕江), Guilin resort is surrounded by the serene rural area of Guilin in Southern China, which is famous for its enchanting views recalling traditional Chinese landscape paintings that have attracted a large number of visitors from China and around the world. It is located within a 60-minute drive to Guilin Liangjiang Airport, Guilin North Railway Station, and Guilin South Railway Station. Guilin resort was opened in April 2013 and opens to guests all year round, and has a total aggregate site area of approximately 467,000 square meters.

Rooms

Guilin resort has 333 rooms in a range of sizes and configurations, each furnished with modern accommodations, facilities and amenities, ranging from approximately 26 square meters to 173 square meters. The following table sets out certain information related to our rooms as of 30 June 2018:

Type of Room	Room size (square meters)
Club	26 – 36
Deluxe	43 – 45
Suite	57 – 173

Food and Beverage Facilities

Guilin resort also provides a wide selection of food and beverage options, including the following bars and restaurants:

- Restaurants include The Lotus, Atelier, Noodle Bar, and Rooftop, offering a variety of Chinese and international cuisines; and

- Guilin resort offers a wide array of bars, allowing guests to enjoy a relaxing afternoon or a beautiful evening over a drink at the bar. Our selection of bars includes Moon Bar, the Main bar and the Poolside bar.

Other Facilities

Other facilities at the Guilin resort include the following:

- an outdoor swimming pool equipped with a natural filter and both a swimming area and a regeneration zone;

- an outdoor freshwater pool with a nice view of the lake and the calm, secluded atmosphere;

- an indoor swimming pool with a nice view of the grounds and the mountains; and

- Club Med Spa operated by COMFORT ZONE.

Sports and Leisure Activities

Guilin resort offers land sports such as badminton, basketball, table tennis, archery, snooker, dance lessons, flying trapeze, tennis, circus activities, cookery and oenology lessons, fitness training, tai-chi, cardio training, hiking, mountain biking, karaoke, mahjong, climbing and golf, and other activities, such as excursions.

Children's Club

Guilin resort offers age-specific children's clubs, such us Petit Club Med, Mini Club Med and Junior Club Med for children from two years to 17 years old; children's services such as Baby Corner and Pyjamas Club for children under the age of seven; and children's activities such as Little Circus and cookery lessons for children from the age of two years.

Club Med Joyview resort

Club Med has expanded significantly in China in recent years, and offers both Club Med and Club Med Joyview resorts. Located in mountainous and coastal areas in China with beautiful sceneries, our Club Med Joyview resorts are hidden from the hustle and bustle of urban areas, yet easily accessible to the nearest city by car in two to three hours. Catering to our Chinese customers' need for vacations during weekends and MICE services, these resorts can be booked on a nightly basis.

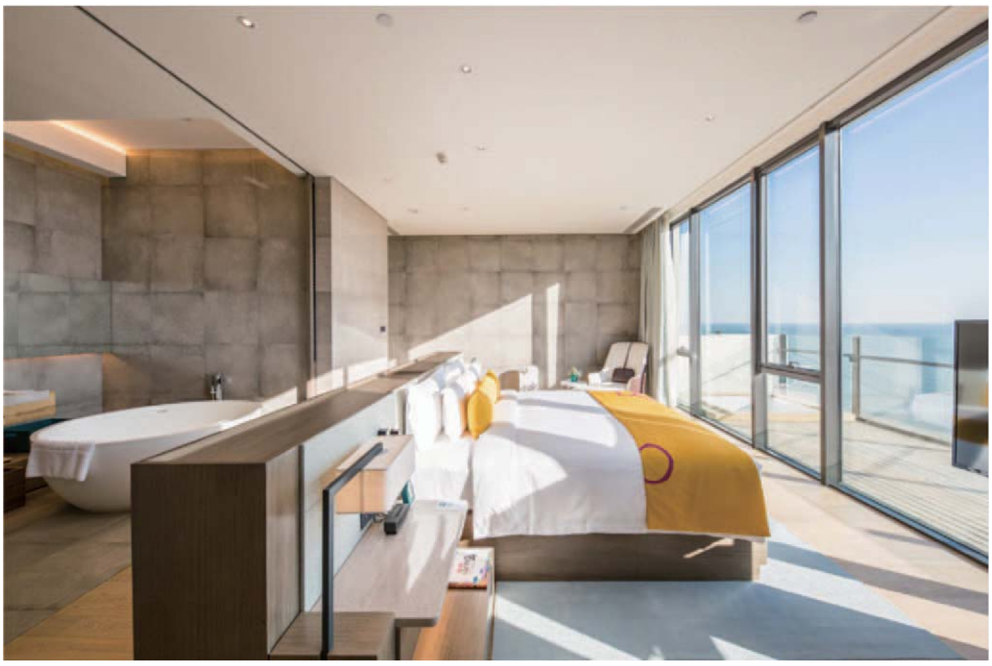
Set forth below is information on our Club Med Joyview resorts, the Club Med Joyview Golden Coast resort and the Club Med Joyview Anji resort.

Club Med Joyview Golden Coast resort

Overview of Club Med Joyview Golden Coast resort

Club Med Joyview Golden Coast resort is a Club Med Joyview resort. It is located on the eastern side of the coastal road in the Beidaihe New District of Qinhuangdao in northern China. The Beidaihe Golden Coast is one of the top eight beaches in China and is also one of the 19 national marine natural resource conservation areas. Club Med Joyview Golden Coast resort has 2.5 kilometers of golden sand beach and is rich in natural resources. Club Med Joyview Golden Coast resort was opened in May 2018.

Rooms



Club Med Joyview Golden Coast resort has 308 rooms in a range of sizes and configurations, each furnished with a private balcony with beautiful ocean view. All rooms ranging from 39 square meters to 320 square meters, are equipped with modern accommodations, facilities and amenities. The following table sets out certain information related to our rooms as of 30 June 2018:

Type of Room	Room size (square meters)
Club	39
Premium room	56 – 63
Suite	71 – 82
Presidential suite	320

Food and Beverage Facilities

Club Med Joyview Golden Coast resort also provides a wide selection of food and beverage options, including the following restaurants and bar:

- Restaurants include Asian Kitchen, which offers all-day dining services, and JView International Restaurant and La Riviera Specialty Restaurant, which provide guests with a choice of international or gourmet meals in different settings; and

- Main Bar that has an entertainment and game area.

Other Facilities

Other facilities at the Club Med Joyview Golden Coast resort include: an indoor swimming pool; an indoor badminton court; a cardio training room; an indoor basketball court; a volleyball court; and table tennis tables.

Sports and Leisure Activities

Club Med Joyview Golden Coast resort offers land sports such as badminton, basketball, yoga, fitness training, dancing, soccer, beach sports, biking, horse-riding and rock climbing, and water sports such as fishing, canoeing, windsurfing and sailing.

Children's Club

Club Med Joyview Golden Coast has a parent-child activity area providing entertainment facilities suitable for children from six months old, such as a game room and a mini kitchen. Club Med Joyview Golden Coast also offers Pyjamas Club for children from two years old to ten years old and Mini Club Med, which provides children from four years old to ten years old with a wide range of indoor and outdoor activities such as music lessons, rock climbing and games.

Club Med Joyview Anji resort

Overview of Club Med Joyview Anji resort

Club Med Joyview Anji resort is a Club Med Joyview resort in Zhejiang province of eastern China. Joyview Anji resort is located in a mountainous area with beautiful sceneries of bamboo forest and tea gardens, and it is within two to three hours' driving distance from Shanghai. Club Med Joyview Anji resort was opened in June 2018.

Rooms

Club Med Joyview Anji resort has 300 rooms in a range of sizes and configurations, each furnished with a private balcony with a beautiful view. All rooms, ranging from 32 square meters to 208 square meters, are equipped with modern accommodations, facilities and amenities. The following table sets out certain information related to our rooms as of 30 June 2018:

Type of Room	Room size (square meters)
Club	32-37
Premium room	54
Suite	72
Presidential suite	208

Food and Beverage Facilities

Club Med Joyview Anji resort also provides a wide selection of food and beverage options, including the following restaurants and bar:

- Restaurants include Spize Restaurant, which offers all-day dining services with a variety of Asian comfort food, and An Joy Restaurant and Bamboo Restaurant, which provide guests with a choice of international or gourmet meals;

- Joy Bar, which has an entertainment and game area; and Jade Tea House where guests can enjoy Anji white tea.

Other Facilities

Other facilities at the Club Med Joyview Anji resort include: an indoor swimming pool; a cardio training room; table tennis tables; and a sports center where guests can play volleyball, basketball and soccer.

Sports and Leisure Activities

Club Med Joyview Anji resort offers land sports such as badminton, basketball, yoga, fitness training, dancing, soccer, beach sports, biking and mini rock climbing, and beach sports such as beach volleyball and beach soccer.

Children's Club

Club Med Joyview Anji resort has a parent-child activity area providing entertainment facilities suitable for children from six months old, such as a game room and a mini kitchen. Club Med Joyview Anji also offers Mini Club Med which provides children from four years old to ten years old with a wide range of indoor and outdoor activities such as music lessons, rock climbing and games.

Upscale Initiatives

We have continued to implement our upscale strategy in our resort portfolio in recent years. Club Med implements its unique Trident classification system, which takes factors including room size, quality of infrastructure and facilities, level of comfort provided to guests and the location of the respective resort into consideration, to rate each Club Med resort. The number of customers staying in our Four and Five Trident Resorts accounted for 76.3%, 78.3%, 79.9% and 82.4% of the total number of our resort customers for the 11 months ended 31 December 2015, the year ended 31 December 2016 and 2017 and the six months ended 30 June 2018, respectively. Due to our upscale strategy, during the Track Record Period, we renovated or extended the capacities of more than ten resorts, including the upgrade of one Three Trident resort to Four Trident resort by renovating and upgrading the facilities; we did not renew the leases for a few resorts that did not fall into our upscale strategy and were hard to be renovated when relevant leases expired; we opened seven new resorts, all of which are Four Trident resorts or Five Trident resorts. We expect that nine of our existing resorts will be extended or renovated by the end of 2020.

Our Four Trident Resort and Five Trident Resort are described below:

Premium Four Trident Resorts—aim to provide a touch of elegance and sophistication: from gourmet meals to spas, these premium resorts aim to provide guests with premium services.

Five Trident Resorts, now called Exclusive Collection, comprise:

- Five Trident Resorts—provide spacious designer rooms, personalized services, and spas operated by well-known cosmetics companies and spa service providers, all of which we seek to provide in an idyllic setting.

- Five Trident Spaces in Four Trident Resorts—available in certain Four Trident resorts, these locations seek to provide custom-made elite service amid luxurious comfort, without sacrificing any of the friendly Club Med spirit.

- Villas and Chalets—provide seaside villas or unique chalet-apartments at the foot of the slopes. These villas and chalets aim to provide our guests with well-designed getaways to appeal to lovers of comfort, well-being, and sophistication.

- Club Med 2—our five-masted cruise ship. Club Med 2 cruise seeks to combine discovery, sports and relaxation in a setting that we believe to be both chic and relaxed.

We also have a few Three Trident Resorts, which include Club Med's all-inclusive services and provide a warm and friendly atmosphere.

Historically, we have adopted a comprehensive approach when determining the Trident classifications of our resorts, taking into consideration factors such as geographic location, the fame or popularity of nearby or adjacent attractions and infrastructure, the architecture of the resort, the facilities and amenities offered, the decor and size of the rooms, the quality of restaurants, the nature and variety of activities offered, and customer feedback throughout the years. We believe a strictly quantitative approach would not accurately reflect the value proposition in our different resorts. When making classifications, we benefited significantly from the observation and experience of our management and resort operators.

In light of our growing global footprint, however, we recently launched a study with a view to optimizing our criteria for assigning resort classifications. This study is not intended to entirely replace the approach we adopted historically, but to provide further guidelines on classification, complementing the know-how that we already have. By way of example, the higher the Trident ranking, the more exclusive the resort is, the more likely the resort will have (a) personalized welcome upon arrival; (b) 24 hour reception service; (c) lower density and more green space with beautiful natural scenery; (d) more luxurious decor and generally larger room size; (e) greater variety of amenities; (f) high quality of restaurants; (g) diverse array of activities; and (h) availability and quality of child-friendly activities, among other factors. Lower Trident-ranked resorts will, as a general rule, score lower on the selected criteria listed above.

Resorts Operating Model

We categorize our resorts into three operating models: ownership, lease and management contract. We implement an "asset right" strategy, in which we carefully evaluate resort assets on a case-by-case basis to determine whether to purchase, lease or manage the relevant resort, to establish a balanced portfolio of resorts of different operating models. The following table illustrates the number of resorts by operating models as of 30 June 2018:

	As of 30 June 2018
Operating model	**Number of resorts**
Ownership operating model	17
Lease operating model	43
Management contract operating model	9
Total	69

Ownership operating model of our resorts

Under the ownership operating model, we own, manage the resorts and exercise control of the property holding company which holds the ownership, land use right or concession right of each location and construct resorts. We own and manage such resorts and generate revenue from these resorts by charging our customers all-inclusive package fees and other fees for optional services or food and beverage consumption. As of 30 June 2018, we owned 17 resorts, and most of the owned resorts are located in the Americas. Our owned resorts are located in many famous vacation destinations across the world such as Cancun (Mexico), Punta Cana (Dominican Republic), Bali (Indonesia) and Phuket (Thailand).

Lease operating model of our resorts

Under the lease operating model, we are entitled to occupy and use premises as Club Med resorts and generate revenue from these operations, and the lessor is generally entitled to receive on a quarterly basis a fixed rent and, in some cases, a variable rent linked to the volume or revenue generated by us. In case of a payment delay, a late payment interest is due to the lessor. We may take a minority ownership in some of these leased resorts. We usually bear all expenses for resort operations, and are required to procure certain insurances, such as the property damage and business interruption insurance and liability insurance covering risks of customers, employees or third parties in connection with our operations. The initial lease term generally ranges from 12 years to 15 years, and is usually renewable. In general, neither the lessor nor we could terminate the lease agreement unilaterally unless the other party has a material breach, and we usually have the right of preemption or first offer in the event of a proposed change of ownership of the property. As of 30 June 2018, we operated 43 resorts under the lease operating model, and most of the leased resorts are located in EMEA. As of the Latest Practicable Date, two resort leases expiring in October 2018 were not renewed and an agreement has been reached for the early termination of one lease expiring in 2019. One other lease expiring in 2019 will not be renewed. The decisions not to renew these leases were made pursuant to Club Med's upscale strategy. In addition, two other leases in each of 2019 and 2020 are scheduled to expire. We make decisions on whether to renew a lease agreement in light of market conditions and conditions at the relevant resort.

Management contract operating model of our resorts

Under the management contract operating model, we do not own or lease the resorts, but are entrusted with the management of resorts, marketing and distribution of service packages by the relevant property owners. Under management agreements, the property owners engage us on an exclusive basis to operate and manage the resort, with discretion, as a Club Med or Club Med Joyview resort, on behalf and for the account of the property owner. The property owner is required to deliver to us the resort built, equipped and fitted-out as a Club Med or Club Med Joyview resort in accordance with the standards mutually agreed by us and the owner, and we select, hire, discharge, and otherwise deploy G.Os and other resort personnel for the managed resorts who will be on the owner's payroll.

Income and expenses resulting from the operation of a resort are recorded in the income statement of the owner-operator company. During the term of the management agreement, we are generally entitled to receive a monthly basic management fee equal to a percentage of the actual monthly gross revenue of the resort. In addition, we are generally entitled to receive an annual incentive management fee calculated as a percentage of gross operating profit, provided that the results of operation meet certain thresholds. The owner incurs capital expenditure as well as operating and maintenance costs for the relevant resorts, and our obligations under the management agreement are subject to the availability of sufficient funds provided by the property owner to enable us to fulfill our obligations. We grant the property owner until the termination of the management agreement a nonexclusive, non-assignable and non-transferable license to use Club Med's trademarks and brands for the resort's operation and promotion. As the exclusive marketer of the resorts through our own sales network, we also obtain fees, which is normally calculated based on a percentage of resort revenue for our sales, marketing and promotion services. The initial term of our management agreement generally ranges from five to 15 years and is usually renewable. In general, where actual resort gross operating profit achieved falls below the budgeted gross operating profit, the property owner usually has the right to terminate the management agreement, subject to certain specific conditions such as (i) the non-performance having lasted for two consecutive years, and (ii) no unsustainable hardship situations having occurred, and we may need to compensate the owner or may not be entitled to receive the management fee under limited cases. During the Track Record Period, such compensation we paid was not material to our results of operations. In most cases, we also provide technical assistance or advice, for an additional fixed fee, on the construction and renovation of the resorts managed or to be managed by us, so that Club Med standards could be met. As of 30 June 2018, we operated nine resorts under the management contract operating model, each with contract term or automatic renewal provision extending contract term beyond 2020.

The resorts that we operated as of 30 June 2018 were as follows:

No.	Name of Resort	Number of Beds	Duration[(1)]	Number of Rooms	Trident[(2)]	Location	Year of Opening[(3)]	Type	Operating Model[(4)]
	EMEA								
1.	Agadir	843	Permanent	374	3	Morocco	1967	Sun	Leased
2.	Aime La Plagne	519	Seasonal	240	3	France	1989	Mountain	Leased
3.	Albion	616	Permanent	260	5	Mauritius	2007	Sun	Leased
4.	Albion Villas	128	Permanent	29	5	Mauritius	2010	Sun	Leased
5.	Arcs Extreme	590	Seasonal	290	3	France	1980	Mountain	Leased
6.	Avoriaz	526	Seasonal	248	3	France	1978	Mountain	Leased
7.	Bodrum	479	Seasonal	242	4	Turkey	1995	Sun	Managed
8.	Cap Skirring	415	Seasonal	204	4	Senegal	1973	Sun	Owned
9.	Cargese	839	Seasonal	396	3	France	1971	Sun	Owned
10.	Cervinia	464	Seasonal	199	4	Italy	2001	Mountain	Leased
11.	Cefalu	610	Seasonal	308	5	Italy	2018	Sun	Leased
12.	Club Med 2	368	Permanent	184	5	Europe and Caribbean	1992	Sun	Owned
13.	Da Balaia	773	Seasonal	389	4	Portugal	1986	Sun	Leased
14.	Djerba La Douce[(5)]	643	Permanent	300	3	Tunisia	1975	Sun	Leased
15.	Grand Massif Samoëns Morillon	940	Bi-seasonal	420	4	France	2017	Mountain	Leased
16.	Gregolimano	962	Seasonal	462	4	Greece	1978	Sun	Owned
17.	Kamarina	1,473	Seasonal	612	3	Italy	1981	Sun	Leased
18.	Kemer	937	Seasonal	462	3	Turkey	1977	Sun	Owned
19.	L'Alpe D'Huez La Sarenne	781	Seasonal	364	3	France	1985	Mountain	Leased
20.	La Palmyre Atlantique	1,183	Seasonal	404	3	France	2003	Sun	Leased
21.	La Plagne 2100	590	Seasonal	340	4	France	1990	Mountain	Leased
22.	La Pointe Aux Canonniers	653	Permanent	286	4	Mauritius	1973	Sun	Leased
23.	Les Deux Alpes	575	Seasonal	249	3	France	1998	Mountain	Leased
24.	Marrakech La Palmeraie	791	Permanent	360	4+5	Morocco	2004	Sun	Leased
25.	Meribel L'Antares	151	Seasonal	70	4	France	1999	Mountain	Leased
26.	Meribel Le Chalet	73	Seasonal	34	4	France	1999	Mountain	Leased

No.	Name of Resort	Number of Beds	Duration(1)	Number of Rooms	Trident(2)	Location	Year of Opening(3)	Type	Operating Model(4)
27.	Napitia	1,359	Seasonal	585	3	Italy	2002	Sun	Leased
28.	Opio En Provence	909	Permanent	429	4	France	1989	Sun	Leased
29.	Palmiye	1,732	Seasonal	476	4	Turkey	1988	Sun	Managed
30.	Peisey-Vallandry	708	Bi-seasonal	284	4	France	2005	Mountain	Leased
31.	Pragelato	720	Bi-seasonal	273	4	Italy	2012	Mountain	Leased
32.	Saint-Moritz Roi Soleil(6)	599	Seasonal	310	4	Switzerland	1963	Mountain	Leased
33.	Sant'Ambroggio	733	Seasonal	290	3	France	1971	Sun	Leased
34.	Serre-Chevalier	991	Bi-seasonal	349	3	France	2001	Mountain	Leased
35.	Tignes Val Claret	498	Seasonal	228	4	France	1975	Mountain	Leased
36.	Val D'Isère	557	Seasonal	275	4+5	France	1978	Mountain	Leased
37.	Val Thorens(7)	773	Seasonal	384	4	France	2014	Mountain	Leased
38.	Valmorel	905	Bi-seasonal	416	4+5	France	2011	Mountain	Leased
39.	Valmorel Chalets	261	Bi-seasonal	49	5	France	2011	Mountain	Leased
40.	Vittel Ermitage	200	Seasonal	104	4	France	1973	Sun	Leased
41.	Vittel Le Parc	832	Seasonal	363	3	France	1973	Sun	Leased
42.	Yasmina	800	Seasonal	338	4	Morocco	1969	Sun	Leased
	subtotal	29,499		12,879					
	Americas								
1.	Cancun Yucatan	1,121	Permanent	442	4+5	Mexico	1976	Sun	Owned
2.	Columbus Isle	536	Permanent	236	4	Bahamas	1992	Sun	Owned
3.	Itaparica(8)	510	Permanent	248	3	Brazil	1979	Sun	Owned
4.	Ixtapa Pacific	793	Permanent	296	4	Mexico	1981	Sun	Owned
5.	La Caravelle	617	Permanent	299	4	France (Guadeloupe)	1974	Sun	Leased
6.	Lake Paradise	948	Permanent	369	4	Brazil	2016	Sun	Leased
7.	Les Boucaniers(9)	646	Permanent	291	4	France (Martinique)	1969	Sun	Owned
8.	Punta Cana	1,739	Permanent	631	4+5	Dominican Republic	1981	Sun	Owned
9.	Rio Das Pedras(10)	823	Permanent	379	4+5	Brazil	1988	Sun	Owned
10.	Sandpiper	1,001	Permanent	307	4	United States of America	1987	Sun	Owned
11.	Trancoso	647	Permanent	276	4	Brazil	2002	Sun	Owned
12.	Turquoise, Turks & Caicos	580	Permanent	291	4	Turks and Caicos	1985	Sun	Leased
	subtotal	9,961		4,065					
	Asia Pacific								
1.	Bali	902	Permanent	393	4	Indonesia	1986	Sun	Owned
2.	Bintan Island(11)	656	Permanent	308	4	Indonesia	1996	Sun	Leased
3.	Cherating Beach	679	Permanent	297	4	Malaysia	1979	Sun	Owned
4.	Kabira	585	Permanent	181	4	Japan	1999	Sun	Leased
5.	Kani	584	Permanent	272	4+5	Maldive Islands	2000	Sun	Leased
6.	Kani Finholu Villas	104	Permanent	52	5	Maldive Islands	2015	Sun	Leased
7.	Phuket(12)	799	Permanent	340	4	Thailand	1985	Sun	Owned

No.	Name of Resort	Number of Beds	Duration(1)	Number of Rooms	Trident(2)	Location	Year of Opening(3)	Type	Operating Model(4)
8.	Sahoro Hokkaido	623	Seasonal	196	4	Japan	1988	Mountain	Leased
9.	Tomamu Hokkaido	964	Bi-seasonal	341	4	Japan	2018	Mountain	Managed
10.	Beidahu	458	Seasonal	176	4	China	2016	Mountain	Managed
11.	Club Med Joyview Anji	810	Permanent	300	4	China	2018	Club Med Joyview	Managed
12.	Club Med Joyview Golden Coast	806	Permanent	308	4	China	2018	Club Med Joyview	Managed
13.	Guilin	805	Permanent	333	4	China	2013	Sun	Managed
14.	Sanya	957	Permanent	384	4	China	2016	Sun	Managed
15.	Yabuli	697	Bi-seasonal	279	4	China	2010	Mountain	Managed
	subtotal	10,429		4,160					
	total	49,889		21,104					

Notes:

(1) Permanent resorts open all year long. Seasonal resorts open in either the summer season or the winter season of each year. Bi-seasonal resorts open in the summer season and the winter season of each year.

(2) "3": Three Trident Resort

"4": Premium Four Trident Resort

"4+5": Four Trident Resort with Five Trident Space

"5": Five Trident Resort, Villas and Chalets, and Club Med 2 cruise ship, now called Exclusive Collection collectively

(3) This includes year of re-opening.

(4) Unless otherwise stated, we wholly own the property holding companies of the resorts below under the ownership operating model.

(5) We hold approximately 30.5% of the equity interest in the lessor, Société de Promotion et de Financement Touristique.

(6) We hold approximately 50% of the equity interest in the lessor, Holiday Hotels SA.

(7) We hold approximately 22.2% of the equity interest in the lessor, SAS Val Thorens Le Cairn.

(8) We hold approximately 51.6% of the equity interest in the property holding company, Itaparica SA Empreendimentos Turisticos.

(9) We hold approximately 53.9% of the equity interest in the property holding company, Société Villages Hôtels des Caraïbes.

(10) We hold approximately 51.6% of the equity interest in the property holding company, Itaparica SA Empreendimentos Turisticos.

(11) We hold approximately 15% of the equity interest in the lessor, STRAITS CM Village Hotel Pte Ltd., which wholly owned the lessor of the premises.

(12) We hold approximately 49% of the equity interest in the property holding company, Holding Villages Thailand Ltd.

The following table sets out the numbers of resorts by Trident classification as of 30 June 2018:

Trident Classification[(1)]	As of 30 June 2018 Number of Resorts
3	16
4	40
4+5	7
5	6
Total	**69**

Note:

(1) "3": Three Trident Resort
"4": Premium Four Trident Resort
"4+5": Four Trident Resort with Five Trident Space
"5": Five Trident Resort, Villas and Chalets, and Club Med 2 cruise ship, now called Exclusive Collection collectively

The following table sets out the numbers of resorts by geographical region as of 30 June 2018:

Geographical Region	As of 30 June 2018 Number of Resorts
EMEA	42
Americas	12
Asia Pacific	15
Total	**69**

The table below sets out the movements in the number of resorts during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June
	2015[(1)]	2016	2017	2018
Number of resorts at the beginning of the year	66	65	67	67
Add: Number of resorts opened	nil	3	1	4
Less: Number of resorts closed	1	1	1	2
Number of resorts at the end of the year	65	67	67	69

Notes:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the figures of Club Med for the 11 months ended 31 December 2015.

The following table sets out certain key information with respect to our resort business:

	For the year ended 31 December			For the six months ended 30 June
	2015(1)	2016	2017	2018
Capacity of Resorts ('000)	9,942.0	11,057.0	11,046.1(2)	6,082.0
Occupancy Rate by Bed	67.5%	66.1%	68.7%	67.0%(3)
Average Daily Bed Rate (RMB)	1,042.9	1,160.2	1,218.9	1,317.4
Revenue per Bed (RMB)	725.2	781.6	845.5	883.6

Notes:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the figures of Club Med for the 11 months ended to 31 December 2015.

(2) The Capacity of Resorts decreased from 2016 to 2017 due to the decreased capacity of mountain resorts, which was because the opening date of mountain resorts in 2017 winter was several days later than the respective opening date in 2016 winter.

(3) The Occupancy Rate by Bed decreased because of the opening of four new resorts and the impact from the volcano eruption in Bali, Indonesia and the political turmoil in the Maldives.

The following table sets out the Capacities of Resorts, representing 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, by type of resorts for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June
Type of resort	2015(1)	2016	2017	2018
Mountain	1,604,020	1,982,877	1,986,845	1,565,456
Sun	8,337,945	9,074,170	9,059,274	4,301,457
Club Med Joyview	—	—	—	215,042
Total	9,941,965	11,057,047	11,046,119	6,081,955

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the figures of Club Med for the 11 months ended 31 December 2015.

The following table sets out the Occupancy Rates by Bed of our resorts, representing 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, by type of resorts for the periods indicated:

Type of resort	For the year ended 31 December 2015[(1)]	2016	2017	For the six months ended 30 June 2018
Mountain	76.8%	77.4%	78.4%	82.0%
Sun	65.8%	63.6%	66.6%	64.0%
Club Med Joyview	—	—	—	17.7%[(2)]

Notes:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the figures of Club Med for the 11 months ended 31 December 2015.

(2) Club Med Joyview Golden Coast resort had its grand opening on 18 May 2018, and Club Med Joyview Anji resort had its grand opening on 21 June 2018. Club Med Joyview Golden Coast resort's Occupancy Rate by Bed reached 43.6% for the month ended 30 June 2018.

The following table sets out the Average Daily Bed Rate of our resorts, representing the Business Volume divided by the total number of beds sold, by type of resorts for the periods indicated:

Type of resort	For the year ended 31 December 2015[(1)]	2016	2017	For the six months ended 30 June 2018
		(in RMB)		
Mountain	1,350.6	1,465.4	1,572.2	1,713.1
Sun	961.5	1,065.3	1,112.7	1,125.6
Club Med Joyview	—	—	—	779.6[(2)]

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the figures of Club Med for the 11 months ended 31 December 2015.

(2) Club Med Joyview Golden Coast resort had its grand opening on 18 May 2018, and Club Med Joyview Anji resort had its grand opening on 21 June 2018. Club Med Joyview Golden Coast resort's Average Daily Bed Rate was RMB754.3 for the month ended 30 June 2018.

The following table sets out the Revenue per Bed of our resorts, which equals to the Resort Revenue divided by the Capacity of Resorts, by type of resorts for the periods indicated:

Type of resort	For the year ended 31 December			For the six months ended 30 June
	2015(1)	2016	2017	2018
	(in RMB)			
Mountain	999.9	1,085.9	1,171.1	1,337.4
Sun	672.3	715.1	773.3	755.7
Club Med Joyview	—	—	—	138.1(2)

Notes:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the figures of Club Med for the 11 months ended 31 December 2015.

(2) Club Med Joyview Golden Coast resort had its grand opening on 18 May 2018, and Club Med Joyview Anji resort had its grand opening on 21 June 2018. Club Med Joyview Golden Coast resort's Revenue per Bed reached RMB329.1 for the month ended 30 June 2018.

The following table sets out the Capacities of Resorts, representing 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, by geographical regions for the periods indicated:

Geographical Region	For the year ended 31 December			For the six months ended 30 June
	2015(1)	2016	2017	2018
	(in thousands)			
EMEA	5,408.1	5,412.1	5,229.2	2,834.2
Americas	2,612.9	3,096.6	3,314.0	1,715.5
Asia Pacific	1,921.0	2,548.3	2,502.9(2)	1,532.2
Total	9,942.0	11,057.0	11,046.1	6,082.0

Notes:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the figures of Club Med for the 11 months ended to 31 December 2015.

(2) The Capacity of Resorts in Asia Pacific decreased from 2016 to 2017 due to the closure of Dong'ao resort in Asia Pacific in 2017.

The following table sets out the Occupancy Rates by Bed of our resorts by resort location, representing 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 by geographical regions for the periods indicated:

Geographical Region	For the year ended 31 December			For the six months ended 30 June
	2015[(1)]	2016	2017	2018
EMEA	67.9%	68.0%	71.1%	71.6%
Americas	69.8%	66.9%	66.8%	68.1%
Asia Pacific	63.6%	61.2%	66.0%	57.3%[(2)]

Notes:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the figures of Club Med for the 11 months ended 31 December 2015.

(2) The Occupancy Rate by Bed of Asia Pacific region decreased from 66.0% in 2017 to 57.3% in the first half of 2018, because of the opening of three new resorts and the impact from the volcano eruption in Bali, Indonesia and the political turmoil in the Maldives.

The following table sets out the Average Daily Bed Rate of our resorts by customer booking location, representing the Business Volume divided by the total number of beds sold, by geographical regions for the periods indicated:

Geographical Region	For the year ended 31 December			For the six months ended 30 June
	2015[(1)]	2016	2017	2018
		(in RMB)		
EMEA	1,069.5	1,213.4	1,272.3	1,420.4
Americas	879.4	1,005.2	1,094.4	1,130.2
Asia Pacific	1,122.5	1,147.1	1,182.0	1,220.4

Notes:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the figures of Club Med for the 11 months ended 31 December 2015.

The following table sets out the Revenue per Bed of our resorts by resort location, which equals to the Resort Revenue divided by the Capacity of Resorts, by geographical regions for the periods indicated:

Geographical Region	For the year ended 31 December			For the six months ended 30 June
	2015[1]	2016	2017	2018
	(in RMB)			
EMEA	740.6	832.4	917.0	1,020.0
Americas	662.4	715.9	750.9	788.7
Asia Pacific	769.0	751.7	820.8	736.7[2]

Notes:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the figures of Club Med for the 11 months ended 31 December 2015.

(2) The Revenue per Bed of Asia Pacific region decreased from RMB820.8 in 2017 to RMB736.7 in the first half of 2018, because of the opening of three new resorts and the impact from the volcano eruption in Bali, Indonesia and the political turmoil in the Maldives.

Resort renovation, upgrade and extension

On a regular basis, we review the conditions and attractiveness of resorts in our portfolio, and plan to renovate and upgrade resort facilities to fulfill our customers' evolving needs. We also plan and build extensions to satisfy greater customer demand or add more upscale facilities. Generally, renovation and upgrade projects are undertaken to improve resort accommodations and public area facilities. For accommodations, renovation can refresh guest rooms, renew furniture, fixtures and appliances and may include structural additions such as balconies. Renovation of public areas may include renewing or adding new restaurants, bars, swimming pools, as well as childcare, sports and leisure facilities. Upgrade projects are renovations designed to upscale the resort with higher quality facilities, decor, furnishings and amenities. Upgrade projects may lead to a higher Trident rating. Extension projects can add capacity to resorts and may create areas with higher Trident rating within existing resorts.

Before any renovation, upgrade or extension project is undertaken, a business case is prepared to assess the operational and financial impact of the project to ensure timely return on investment. Generally, an increase in pricing and improvement in resort occupancy may be expected after the completion of such projects. Generally, we use our own capital expenditure to fund such projects at resorts we own, and resort owners pay for such projects at resorts we manage. Project costs at leased resorts are subject to negotiations between us and the lessors. These costs can be financed by the resort lessor in exchange for higher rents or paid for by us in exchange for lower rents. For the years ended December 31, 2015, 2016 and 2017, and the six months ended 30 June 2018, we incurred resort renovation, upgrade and extension costs of RMB313.9 million, RMB286.7 million, RMB250.1 million and RMB92.3 million, respectively.

We stagger our planned renovation, upgrade or extensions of resorts in our portfolio across several years. For seasonal or bi-seasonal resorts, we plan such projects during closed periods. For permanent resorts, we generally schedule such projects during the low season when occupancy is low and the projects are undertaken in phases so resorts can remain open. Accordingly, the financial and operational impact of such projects on our resorts is limited. Of our plans to renovate or upgrade nine resorts from 2018 through 2020, two projects, Cancun Yucatan and Gregolimano resorts, have been completed as of the Latest Practicable Date. The total amount incurred for the renovation and upgrade of these two resorts from 2016 to 2018 was approximately RMB155.0 million. The remaining projects are mainly for leased, Four Trident resorts across EMEA, the Americas and Asia Pacific, with the majority in EMEA. Such projects are planned to be staggered with two to four projects per year, mainly in the off-season or low-season. As of the Latest Practicable Date, Club Med has planned approximately RMB150.0 million of capital expenditure for the renovation of these projects. Club Med's renovation expenditures is expected to be funded by cash from resort operations, bank borrowings and net IPO proceeds.

The plans and costs for renovation, upgrade and extension of resorts are subject to change or adjustment due to a variety of factors including further changes in planning, market demand, commercial relations and negotiations with resort owners, and broader economic and environmental conditions. We engage in unplanned resorts renovation when a resort is closed and damaged due to events such as hurricanes. In such cases, the financial impact of business interruption and renovation cost is limited by insurance.

We are generally responsible for the cost of maintenance and repairs at the resorts we own and lease. Resort owners bear such costs for managed resorts. Resort maintenance and repair generally do not affect resort operations.

Our Future Resorts

We pursue upscale strategies on our resorts by expanding and renovating existing resorts to higher trident and entering into lease agreements and management agreements to open new Four and Five Trident resorts. We review our portfolio of resorts regularly according to such strategies. The major criteria for upscaling are (i) accessibility via international airport or railway station, (ii) sufficient outdoor and indoor facilities such as swimming pools and fitness clubs and (iii) above all, large capacities. For the resorts which do not comply with these criteria, we from time to time make decisions on whether to close, renovate or expand specific resorts considering factors such as the profitability of each resort and evolving customer preferences. We expanded and renovated three resorts during the first half of 2018, and we plan to renovate and expand two resorts during the second half of 2018, which will increase our total capacity by about 300 rooms. We evaluate our assets from time to time and add value to our assets by renovation. For example, in June 2018, we reopened Cefalu resort, which is a historical and emblematic Club Med asset. After years of closure, Cefalu resort was upgraded to the only Exclusive Collection resort in the North Mediterranean region.

In addition, before entering into lease agreements or management agreements, we select locations to open our new resorts by considering factors including attractiveness to target customer base, scarcity of natural resources, uniqueness of cultural heritage, accessibility of transportation infrastructure, land size and constructible area size, and nature themes that we want to evoke, such as tropical resorts and mountain retreats. We plan to open 12 new Club Med resorts and Club Med Joyview resorts by the end of 2020.

We plan to open six resorts in EMEA, two resorts in the Americas and four resorts in the Asia Pacific. All of them will be Four or Five Trident resorts under the leased or management operating models. The Arcs Panorama resort, a Four Trident Resort with Five Trident space in France, is scheduled to open in December 2018. About half of the other new resorts are expected to be opened by the end of 2019, with the remaining by the end of 2020. These openings collectively represent approximately 2.8 million bed-days of high-Trident Capacity of Resorts per year, which will further optimize our resort portfolio. Club Med's costs to open the new resorts are expected to be funded by cash from resort operations, bank borrowings and net IPO proceeds. The planning, budgeting and schedules for new resort opening are subject to change or adjustment due to a variety of factors including future planning, construction process by the owner, market demand, commercial relationship and negotiations with resort owners, relevant government approval and broader economic and environment conditions.

Awards and Recognitions for Our Resorts

The following table sets forth our major awards and recognitions:

Year	Award/Recognition	Award Issuing Authority	Brand/Resort/Entity Receiving Award
2018	Travelers' Choice Award	TripAdvisor, Inc.	49 Club Med resorts
2018	Certificate of Excellence	TripAdvisor, Inc.	49 Club Med resorts
2017	Travelers' Choice Award	TripAdvisor, Inc.	31 Club Med resorts
2017	Certificate of Excellence	TripAdvisor, Inc.	46 Club Med resorts
2017	Brand of the Year	World Branding Awards 4th edition (London)	Club Med
2017	Top 3 new hotel to visit	The Times	Grand Massif Samoens Morillon resort
2017	Best Tourism Customer Relation in France	Bearing Point & Kantar TNS	Club Med
2016	Travelers' Choice Award	TripAdvisor, Inc.	35 Club Med resorts
2016	Certificate of Excellence	TripAdvisor, Inc.	42 Club Med resorts
2016	Condé Nast Readers' Choice Award	Condé Nast Traveler Magazine	Club Med Cancun Yucatan
2016	Travvy Award for Best Resort, Europe (Gold Winner)	TravAlliancemedia, LLC.	Club Med Val Thorens Sensations, France
2016	Travvy Award for Best Family Resort, Asia (Silver Winner)	TravAlliancemedia, LLC.	Club Med Phuket, Thailand

Year	Award/Recognition	Award Issuing Authority	Brand/Resort/Entity Receiving Award
2015	Travelers' Choice Award	TripAdvisor, Inc.	33 Club Med resorts
2015	Certificate of Excellence	TripAdvisor, Inc.	36 Club Med resorts
2015	Hall of Fame	TripAdvisor, Inc.	17 Club Med resorts
2015	Brand of the Year	World Branding Forum	Club Med
2015	Travvy Award for Best Resort Asia	TravAlliancemedia, LLC.	Club Med Bali
2015	Best Hotel Design Award	The International Hotel & Property Awards	Club Med Finolhu Villas

Tourism Destinations

The tourism destination business involves the development, management and operation of tourism resources and tourism vacation facilities and facilities directly and indirectly supporting tourism:

- Tourism resources and tourism vacation facilities include, for example, sightseeing facilities (such as man-made landscapes, rivers and islands), amusement facilities, leisure entertainment facilities (such as ski slopes), and leisure vacation facilities (such as accommodations, resorts and inns);

- Facilities directly supporting tourism include restaurants in tourism areas and ancillary areas, vacation apartments for letting, and sites for commercial and tourism service management;

- Facilities indirectly supporting tourism include vacation residences for sale and neighborhoods relating to tourism areas;

As of the Latest Practicable Date, we opened one tourism destination, Atlantis Sanya, and are in the process of designing two tourism destinations, the Lijiang Project and Taicang Project. We aim to provide a one-stop leisure and vacation destination with a combination of tourism facilities and services, including accommodations, food and beverage facilities, entertainment and leisure activities and child care services, with local tourism resources to satisfy our customers. When selecting new tourism destinations, we consider factors such as geographical advantages, natural resources, demographic attributes, market share and public transportation, and we carefully evaluate these factors and relevant assets to determine what operating model applies in a particular case. We primarily aim to develop two types of tourism destinations: (i) tourism destinations with abundant high-quality tourism resources, such as destinations adjacent to famous tourism attractions with beautiful natural sceneries and destinations located within or near popular cities for tourists; and (ii) tourism destinations within or near first-tier cities with convenient access to public transportation and high population. We are in the process of identifying new tourism destinations. In addition to developing and owning tourism destinations, we also provide design, technical, operational and management services through Albion to other tourism destination owners or concession right holders.

Atlantis Sanya

Our Atlantis tourism destination zone, Atlantis Sanya, is located on the Haitang Bay National Coast of Sanya in Hainan province, China. Haitang Bay is one of the major bays in Sanya, a city renowned for its tropical climate that has emerged as a popular vacation destination. Haitang Bay boasts an abundance of tourism resources, such as a white-sand coastline, a butterfly-shaped island, with beautiful natural scenery, and one of the world's largest duty free shopping center, Haitang Bay International Shopping Center, which is within walking distance from Atlantis Sanya. In 2017, over ten million tourists visited Haitang Bay. Atlantis Sanya is only a 30-minute drive to Yalong Bay Railway Station and less than an hour's drive to Sanya Phoenix International Airport.

The PRC government has adopted measures strongly supporting the development of Hainan province. On 13 April 2018, the central committee of the Communist Party of China passed a resolution supporting Hainan's construction of a free-trade port with Chinese qualities, in addition to construction of a pilot free-trade zone in Hainan province. On 14 April 2018, the Central Committee of the Communist Party of China and the State Council issued the "Guidelines Supporting Hainan's Comprehensive Deepening of Reform and Opening-up"(《關於支持海南全面深化改革開放的指導意見》, the "Guidelines"). The Guidelines support the development of Hainan province into an international tourism consumption center. Foreign investors are allowed to set up performance brokerage agencies operating in Hainan province and set up performance venue operators in approved cultural tourism industrial areas. Qualified Sino-foreign joint-venture travel agencies registered in Hainan province are generally allowed to engage in outbound travel services. The Guidelines also support eligible Hainan tourism companies in their listings and financings. Also, in May 2018, the State Immigration Administration began implementing an inbound tourist visa exemption policy for 59 countries to accelerate the development of Hainan province's tourism industry. We believe our operation of Atlantis Sanya will benefit from the overall regulatory and commercial environment to encourage the development of Hainan province.

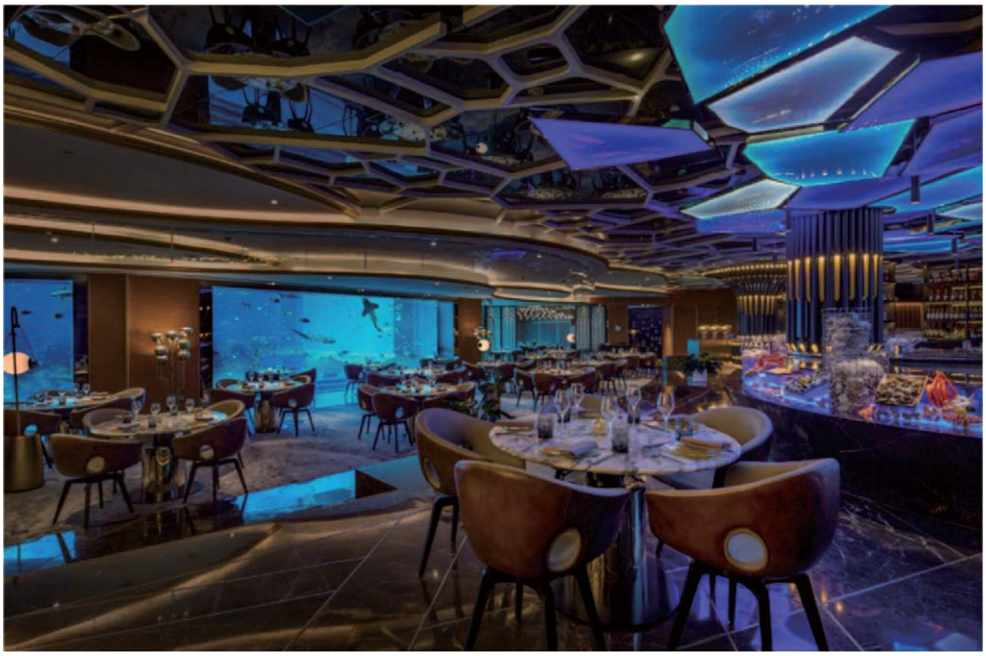
Atlantis Sanya, an integrated tourism destination zone, includes 1,314 premium guest rooms offering ocean views, one of China's largest natural seawater aquariums, a Waterpark with a total area of approximately 200,000 square meters, high quality food and beverage services, over 5,000 square meters of space for MICE activities and other recreational activities such as a shopping center. We commenced construction of Atlantis Sanya in 2014. Atlantis Sanya had its soft opening in February 2018 and officially opened on 29 April 2018. We expect to open the Dolphin Cay at Atlantis Sanya with a Dolphin Cay theater in 2019.

Atlantis Sanya also includes Tang Residence, comprised of 1,004 saleable residential vacation units. Atlantis Sanya provides the following services and facilities:

Rooms

Atlantis Sanya offers accommodations with 1,314 guest rooms, including 1,160 ocean view rooms with room size ranging from 48 to 101 square meters and 154 suites with room size ranging from 101 to 1,061 square meters. Most of the guest rooms feature a balcony overlooking Haitang Bay, while five underwater suites offer direct floor-to-ceiling window views into the Ambassador Lagoon of the Aquarium. Our customers have complimentary access to swimming pools with a total area of approximately 7,600 square meters, the fitness center, the Waterpark and the Aquarium.

Food and Beverage Facilities



We offer cuisines from across the globe at our 20 food and beverage facilities as of 30 June 2018, including speciality restaurants, buffet restaurants, bars, cafes and food courts. We offer premium dining experiences, including, in particular, the following restaurants:

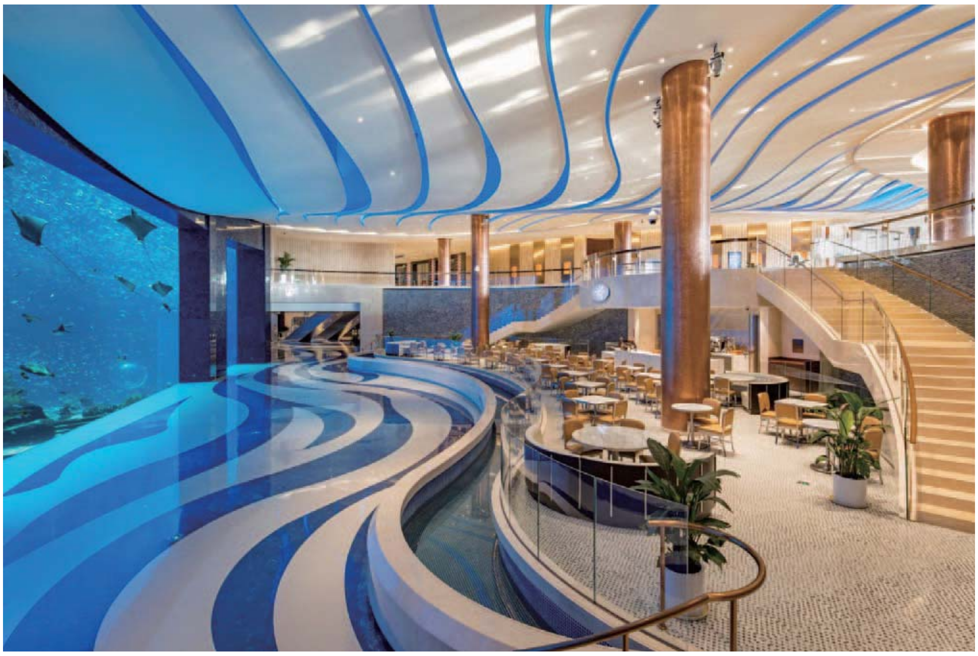
- Ossiano Underwater Restaurant & Bar, a stylish underwater restaurant that provides a wide array of fresh seafood and offers dining experience with floor-to-ceiling views of the Ambassador Lagoon;

- Bread Street Kitchen & Bar, a celebrity chef Gordon Ramsay's restaurant that serves European cuisines, classic and innovative cocktails, as well as a wide collection of wines;

- TANG, a premium Chinese restaurant which serves authentic Cantonese and Hainanese cuisines, and offers an extensive selection of whiskeys, fine wines, champagnes and Chinese liquors; and

- Crab Kitchen, a restaurant that specializes in serving crab dishes using Southeast Asian culinary techniques.

Aquarium



The Aquarium is home to around 86,000 marine lives. We have a large open-air aquarium, the Ambassador Lagoon, holding over 13,500 m^3 of seawater and various marine animals. We have measures in place to protect the health and well-being of these marine animals in our care.

Waterpark

Equipped with an all-day heating system, our Aquaventure Waterpark with a total area of approximately 200,000 square meters opens all year round and accommodates a maximum number of 13,500 tourists at one time. It is a popular attraction that appeals to family members of all ages.

Miniversity

At Atlantis Sanya, we opened our first Miniversity club which is a learning and playing club where children can participate in thoughtfully designed fun-filled activities and gain knowledge under our professional guidance. The Miniversity has a total area of approximately 800 square meters and provides a variety of family entertainment facilities and areas suitable for children, teenagers and adults, including a 4D cinema, a play area for children, a game area, a mini car racing area, a craft-making area and a bounce castle. From Miniversity's opening on 29 April 2018 to 30 June 2018, the Miniversity at Atlantis Sanya provided various courses and activities to approximately 7,000 children with popular summer camp activities. For more information, see "— Our Principal Business Activities — Services and Solutions in Various Tourism and Leisure Settings."

Space for MICE activities

We have over 5,000 square meters of function space, board rooms and outdoor areas for all types of MICE, together with several supporting business centers. Our biggest banquet room has an area of approximately 2,300 square meters with a capacity of up to 1,500 attendees. We have an event service team which provide event planning advice and make arrangements tailored to our customers' needs. Our dedicated MICE catering team offer a wide range of dining options for customers. Since Atlantis Sanya's opening, we have provided MICE services for a variety of events such as business conferences, social activities and weddings, including the 18th China Cultural Tourism Global Forum in March 2018 and several conferences of large enterprises.

Other recreational facilities

We have the first AHAVA Spa in China that provides our customers with therapies, relaxing massages and hair salon services. The spa is operated by AHAVA, an Israeli cosmetics company founded in 1988 which incorporates powerful and rejuvenating Dead Sea minerals into its skin care and body products. For shoppers, the Avenues, a shopping center with a total area of 3,445 square meters, offers various selected brands of luxury fashion, jewelry, handmade garments and resting areas that provide food and beverage, coffees and snacks. Moreover, we have swimming pools, fitness centers, lounges, karaoke rooms and other recreational facilities.

Since its opening, Atlantis Sanya has attracted widespread attention and has become a favorable tourism destination, particularly among families, and its numbers of customers and Occupancy Rate by Room have increased rapidly. Atlantis Sanya aims to attract more customers and become an iconic tourism destination for vacation and leisure in China.

The following table illustrates some key operating statistics of Atlantis Sanya:

Item	**Period from 15 February 2018 to 30 April 2018**	**For the month ended 31 May 2018**	**For the month ended 30 June 2018**	**For the month ended 31 July 2018**
Room revenue (RMB'000)(1)	42,296	24,796	40,642	63,494
Other operating revenue (RMB'000)(2)	47,210	20,927	29,028	39,677
Occupancy Rate by Room(3)	39.8%	41.5%	66.4%	79.3%
Average Daily Rate by Room (RMB)(4)	1,636	1,465	1,553	1,965
RevPar by Room (RMB)(5)	651	609	1,031	1,559

Notes:

(1) Our room guests have free access to the Aquarium and Waterpark. For the purposes of employee training and maintaining a high service quality standard, Atlantis Sanya first provided approximately 300 rooms during the Lunar New Year of 2018, and then gradually increased the number of available rooms. Since its grand opening on 29 April 2018, all 1,314 rooms have been available for customers.

(2) 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. The Aquarium was soft-opened in February 2018 and officially opened on 29 April 2018, and the Waterpark was opened on 26 May 2018.

(3) Occupancy Rate by Room represents the total number of rooms sold divided by the total number of rooms available for sale.

(4) Average Daily Rate by Room represents the total room revenue divided by the total number of rooms sold.

(5) RevPar by Room represents the total room revenue divided by the total number of rooms available for sale.

Management of Atlantis Sanya

Atlantis Sanya is owned by us, and managed by Kerzner, except for Tang Residence. Kerzner is a world-renowned manager of premium properties. Kerzner owns the Atlantis brand and manages two properties under the Atlantis brand, namely Atlantis, The Palm and Atlantis Sanya. It also manages other properties under the One&Only and Mazagan brands. Kerzner is engaged in the operation and management of premium properties, waterpark, and entertainment facilities, as well as owns some premium properties. Under our management agreement with Kerzner, we engage Kerzner to exclusively manage Atlantis Sanya and to direct, control and generally conduct the operation of Atlantis Sanya, except for Tang Residence. Kerzner shall, at our expense or as otherwise provided by the management agreement, provide or arrange and supervise services relating to the operations of Atlantis Sanya's accommodations, Waterpark, Aquarium, food and beverage facilities, retail areas, MICE and other facilities set forth in the management agreement. As remuneration for Kerzner's services, in respect of each operating year, we pay Kerzner (i) a base management fee in an amount equal to a percentage of gross revenue for such operating year; (ii) a marketing fee in an amount equal to a percentage of gross revenue for such operating year; and (iii) provided that the results of operation of such operating year meet certain thresholds, an incentive management fee in an amount equal to a percentage of the gross operating profit threshold plus a percentage of the gross operating profit in excess of the threshold. Under the management agreement, on or about the last business day of each month, Kerzner shall disburse to us any funds remaining in the operating account after payment of amounts payable, except that Kerzner shall retain in the operating account an amount sufficient to cover accrued expenses and a certain amount of working capital, and we shall pay Kerzner the management fees monthly within 10 days after our receipt of the monthly financial information delivered by Kerzner. In fulfilling its obligations under the management agreement, Kerzner is required to at all times act as a reasonable and prudent operator of Atlantis Sanya, having regard to the status of Atlantis Sanya, and in a manner which preserves the character, standards, and reputation of Atlantis Sanya. The term of the management is 20 years from the date of the opening of Atlantis Sanya and can be renewed subject to the mutual agreement of the parties for an additional period of five years. In the event of a party's material breach of the management agreement that gives rise to termination, the non-defaulting party is entitled to terminate the management agreement on a date which is neither sooner than 30 days, nor later than 60 days, after it delivers a notice of termination to the defaulting party. Commencing in the second full operating year, in the event that Atlantis Sanya's gross operating profit is below a certain threshold, subject to certain exceptions and Kerzner cure rights, we are entitled to terminate the management agreement on a date which is neither less than 60 days, nor more than 120 days, after we deliver a notice of termination to Kerzner. Also, in the event that Atlantis Sanya is heavily damaged and the cost of repair or replacement is extremely high, either party may, within 45 days after the damage occurs, elect to terminate the management agreement. Kerzner's management fee (without tax) for the six months ended 30 June 2018 and the period from 1 July 2018 to the Latest Practicable Date was RMB1.9 million and RMB4.4 million, respectively. Kerzner is an Independent Third Party.

Tang Residence

Atlantis Sanya includes 1,004 saleable residential vacation units, called Tang Residence, including 197 villas and 807 vacation apartments. Tang Residence is located in a coastal area with a total GFA of approximately 161,082 square meters. The products include two-bedroom apartments, three-bedroom apartments, and villas. As of 30 June 2018, we had entered into purchase agreements for the sale of 966 units, including 183 out of 197 villas and 783 out of 807 apartments, and recorded in aggregate RMB6,988.8 million contract liabilities related to sales of units which are expected to be recognized as revenue starting from the second half of 2018 when the ownerships of units are transferred to customers, subject to applicable laws and regulations. As of the Latest Practicable Date, revenue of RMB86.9 million had been recognized from the contract liabilities related to property sales as of 30 June 2018. According to PRC commodity property pre-sale laws and regulations, developers that intend to pre-sell commodity property shall apply to the related real estate administrative authority for pre-sale permit, and the following conditions shall be met: (i) the land grant fee has been paid in full, and land usage right certificate has been obtained; (ii) the planning permit and construction permit of the project have been obtained; and (iii) the fund injected in the project has reached 25% of the total investment and both the project schedule and the completion date are determined. Meanwhile, in many provinces in China, including Hainan province, the local government has set special requirements for potential buyers who intend to buy commodity property, for example the period to pay social security and/or personal income tax in the local area.

After we sell the vacation units, we also provide management services for these units upon the unit owners' request through the Albion brand. We enter into management agreements with unit owners for a term of five years to manage and lease such units for tourism purposes. As of 30 June 2018, property owners of approximately 300 residential vacation units of Tang Residence have signed the management agreements with a five-year term for us to manage and provide these units to visitors as an alternative accommodation choice. Under the management agreement, we are entrusted by property owners to operate and manage their vacation units independently. We formulate plans and protocols for property operation and management, decide rental prices and discounts, carry out marketing activities, and conduct necessary repairs and maintenances of properties. If a managed property is seriously damaged due to our management, we shall be responsible for the repair or replacement. On an annual basis, we remit rental proceeds to property owners after deducting the relevant expenses. Under the management agreement, capital expenditure as well as operating and maintenance costs for the relevant vacation residences are incurred by the property owners, while we are entitled to receive a management fee in an amount equal to 6% of the rental proceeds, and we are entitled to receive the proceeds generated from other relevant operations including room service provision, limousine services and city tour arrangements. After deducting our fees, the costs and taxes, the operating profit will be fully distributed to the property owners. A property owner can stay at his own vacation residence free of charge.

Awards and Recognitions of Atlantis Sanya

The following table sets forth our major awards and recognitions of Atlantis Sanya:

Year	Award/Recognition	Awarding Body	Awarded Tourism Destination
2018	The 18th China Hotel Golden Horse Award for Asia's Best Tourism Destination (第十八屆中國飯店金馬獎之"亞洲最佳旅遊度假目的地")	China Hotel Magazine (中國飯店雜誌社)	Atlantis Sanya
2018	The 18th China Hotel Golden Horse Award for Asia's Best MICE Tourism Destination (第十八屆中國飯店金馬獎之"亞洲最佳會展及獎勵旅遊目的地")	China Hotel Magazine (中國飯店雜誌社)	Atlantis Sanya
2018	The 18th China Hotel Golden Horse Award for Asia's Best Restaurant (第十八屆中國飯店金馬獎之"亞洲最佳餐廳")	China Hotel Magazine (中國飯店雜誌社)	Ossiano Underwater Restaurant & Bar of Atlantis Sanya
2018	The 18th China Hotel Golden Horse Award for China's Best Employer (第十八屆中國飯店金馬獎之"中國最佳雇主獎")	China Hotel Magazine (中國飯店雜誌社)	Atlantis Sanya
2018	The 13th China Hotel Starlight Award for Top 10 Glamorous Hotels of China (第十三屆中國酒店星光獎之"中國十大最具魅力酒店")	Asia Hotel Forum (亞洲酒店論壇)	Atlantis Sanya
2018	Most Popular MICE Hotel ("中國最具人氣會議酒店獎"第一名)	huixiaoer.com ("會小二")	Atlantis Sanya
2018	Best Marketing Awards	MICE CHINA	Atlantis Sanya
2018	World Traveller Award Ceremony for Most Popular Hotel of 2018 (World Traveller Award Ceremony 2018之最聚人氣酒店)	Traveller (《旅行者》)	Atlantis Sanya
2016	2016 China Premium Tourism Destination (2016全國優選旅遊項目)	China National Tourism Administration (國家旅遊局)	Atlantis Sanya

Lijiang Project

We plan to establish, manage and operate a tourism destination with a total GFA of approximately 350,000 square meters in Baisha town in Lijiang city, Yunnan province in southwestern China (the "**Lijiang Project**"). We conducted a study to examine in detail the feasibility of the Lijiang Project in 2018 and concluded that the Lijiang Project, which contains extensive tourism attractions, had high growth potential. Our feasibility study covered the growth of the tourism market and increase of demand for diversified leisure tourism products in Lijiang city, natural and cultural tourism resources in Lijiang city, the average daily rate and occupancy rate of 12 five-star hotels in Lijiang city, the potential competition within a six-kilometer radius, scales, products and average prices of saleable properties of three existing leisure tourism projects adjacent to the Yulong Snow Mountain in Lijiang city, distances from the closest airport and train station and nearby tourism attractions, and a wide range of other factors, such as governmental policies, site and construction condition, potential customers, and environmental protection. Lijiang is a popular tourism destination for Chinese and foreign tourists, and also attracts long-term migrants. The Lijiang Project is adjacent to the Yulong Snow Mountain, a famous tourism attraction. Hence, we position the Lijiang Project as an international tourism destination targeting mid- to high-end customers and plan to combine comprehensive tourism and leisure features, such as sightseeing attractions, resort and other accommodations, leisure entertainment facilities, customized vacation inns and residences, performances, local activities and tours which could be operated and managed by us or our strategic partners who may own renowned brands or have expertises in the relevant industries. We have started to design a Club Med resort within the Lijiang Project. The Lijiang Project has been recognized as one of the Key Projects of 2017 Supervised by the People's Government of Yunnan province in the Tourism and Culture Industry (雲南省人民政府旅遊文化產業發展重點督導項目).

As of the Latest Practicable Date, the Lijiang Project was under design. The construction of the Lijiang Project is expected to commence by the end of 2018 and is expected to be completed in stages starting from either late 2020 or early 2021 and achieve full completion in the following two to three years. The estimated cost expected to be incurred in the next few years for the Lijiang Project is approximately RMB2.4 billion, the majority of which is expected to be construction costs. The cost is expected to be funded by a combination of net IPO proceeds, bank borrowings, capital market fundraising and operating cash flow such as proceeds from the pre-sale of saleable vacation inns and residences of the Lijiang Project. Subject to our Board's approval, these saleable vacation inns and residences will be designed as low-rise detached houses with low density targeting high-end customers and low-rise courtyard houses targeting mid- to high-end customers with a total GFA of over 163,000 m^2. The actual cost and progress of Lijiang Project is subject to a variety of factors, such as general market condition, national and local governmental policies, labor costs, further planning, and construction progress, among others. As of the Latest Practicable Date, the total cost incurred for the Lijiang Project was approximately RMB525.2 million, which mainly included the consideration paid for our acquisition of Lijiang Derun which owns land use right of one land parcel in Lijiang city to be used for Lijiang Project and cost of preliminary preparation for construction. For more details of the acquisition of Lijiang Derun, see "History, Reorganization and Corporate Structure—Onshore Reorganization—(vii) Acquisition of the Entire Equity Interest in Lijiang Derun from an Independent Third Party" and "Appendix I Accountants' Report - 46 Acquisition and Disposal of Subsidiaries."

Currently there is an equity entrustment arrangement, which grants Yuyuan certain shareholders' rights over the Lijiang Project. For the clear delineation of business between the Remaining Fosun International Group and us, Fosun International intends to procure Yuyuan to agree to the termination of the equity entrustment arrangement. For more details, please refer to "Relationship with Our Controlling Shareholders—Delineation of Business."

Taicang Project

We have entered into agreements on and fully paid up the prices of RMB2,245.0 million for our acquisitions of land use rights of land parcels of over 483,000 square meters in total in Taicang city, Jiangsu province in east-central China and plan to establish, manage and operate a tourism destination in Taicang city (the "**Taicang Project**"). We conducted a feasibility study in August 2017 covering the increase in demand for leisure tourism products and services in the Yangtze River Delta region, tourism resources of Taicang city and nearby regions, consumption levels of residents and tourism and leisure facilities in Taicang city and nearby regions, the growth of population of Taicang city and nearby regions, residential property transactions in Taicang city, land prices of Taicang city and nearby cities, and various other factors including but not limited to governmental policies, market condition, competition, site location, public transportations, project positioning, operating model and land acquisition costs. The study concluded that Taicang Project had a high probability of success due to a series of factors, including Taicang city's geographical advantages, attractive heritage sites, and increasing demand for tourism and leisure products and services in the Yangtze River Delta region. Located in the Yangtze River Delta region, it takes only half an hour by car to reach our Taicang Project from the Shanghai Hongqiao Transportation Hub. Upon the opening of the Shanghai-Nantong Railway at Taicang South Station in 2019, it will only take less than 30 minutes to reach Taicang from Shanghai. In the future, the S1 light rail transit line that connects Suzhou and the S11 subway line that connects Shanghai will both link to Taicang. The site of our Taicang Project is expected to have a comprehensive impact on the entire Yangtze River Delta region with the goal of becoming a one-stop tourism destination. The Taicang Project is designed to offer various themed experiences and tourism features, including but not limited to an indoor snow slope, a water park, a European style commercial street, and saleable vacation units. On 20 September 2018, our Group and Compagnie des Alpes ("**CDA**"), one of the world's leading ski resort operators based in France, entered into a memorandum of understanding, under which both parties have agreed to negotiate in good faith on CDA's participation in the development and operation of the indoor ski slope of Taicang Project to enter into final cooperation agreements.

As of the Latest Practicable Date, the Taicang Project was under design, and we had engaged CDA Management, a subsidiary of CDA, to advise on and assist in the design, development and construction of the indoor ski slope. Construction of the Taicang Project is expected to commence in stages in 2019, subject to our compliance with the relevant regulatory requirements. The construction of Taicang Project is expected to be completed in stages starting from late 2020 and achieve full completion in the following three to four years. The estimated cost to be incurred in the next few years for the Taicang Project is approximately RMB7.7 billion, the majority of which is expected to be construction costs. The cost is expected to be funded by a combination of net IPO proceeds, bank borrowings, capital market fundraising and operating cash flow such as proceeds from the pre-sale of saleable vacation units of the Taicang Project. Subject to our Board's approval, these saleable properties will be designed as high-rise apartment buildings targeting mid- to high-end customers with a total GFA of over 498,000 m^2. The actual cost and progress of Taicang Project is subject to a variety of factors, such as general market condition, national and local governmental policies, labor costs, further planning, and construction progress, among others. As of the Latest Practicable Date, the total cost incurred for the Taicang Project was approximately RMB2,315.0 million, which was mainly the prices paid for our land acquisitions. For details of the land parcels that we have acquired for the Taicang Project, see "Appendix IV Property Valuation—Valuation Certificate."

Management of tourism destinations

In May 2016, we started to provide design, technical, operational and management services to owners and concession right holders of tourism destinations in China under the Albion brand. We provide comprehensive services for tourism destinations in their planning, construction and operation stages and charge fixed fees under our technical consultation and service agreements. For projects in the planning stage, our services offered include advising on project planning and marketing, providing technical advice, and advising on project investment. For projects under construction, our services offered include guiding and monitoring of the construction process on site, evaluating the project's status, and providing various technical support.

Under our management agreements, we manage, direct and supervise operations of tourism destinations, and our obligations include establishing internal control mechanisms and policies, recruiting, training and supervising staff members, setting prices for admission tickets and other products, and managing marketing activities and programs. We generally charge a monthly management fee in an amount equal to a percentage of the monthly gross revenue and an annual incentive fee in an amount equal to a percentage of the annual gross operating profit.

Albion operates in many regions of China, such as Zhejiang, Jiangsu, Jiangxi, and Guangdong provinces. As of 30 June 2018, Albion managed the operations of nine projects under management agreements, and provided services on 17 projects under technical consultation and services agreements.

Services and Solutions in Various Tourism and Leisure Settings

We provide services and solutions in various tourism and leisure settings such as (i) entertainment, other tourism- and culture-related services; and (ii) a platform for family-focused tourism- and leisure-related offerings.

Entertainment, other tourism- and culture-related services

We develop and promote cultural events, performing arts and live entertainment through Fanxiu in different tourism locations. We operated and promoted the Mainland China's premiere of Cirque du Soleil's entertainment show "Toruk—The First Flight," which was inspired by James Cameron's blockbuster movie Avatar, in Sanya in early 2018. After deducting the performance fee and merchandise royalty payable to Cirque du Soleil and other costs and expenses, we retained all revenues generated from selling tickets and merchandise of the show. In addition, we are planning a modern show to be performed at the Dolphin Cay theater of Atlantis Sanya which is scheduled to be opened in 2019, which will involve creative inputs from world-class creators and artists and be presented with advanced stage technologies. We are also in the process of developing various entertainment products for tourism destinations.

We also commenced the operations of our Miniversity, a one-stop international learning and playing club for children, in 2018. We have cooperated with Mattel, a global leader in learning and development through play and the owner of the copyrights and trademarks of Fisher-Price, Thomas & Friends, MEGA, Hot Wheels, Bob the Builder and Barbie, to commence our Miniversity. In January 2018, our Group and Mattel established a joint venture, Shanghai Miniversity, to develop and operate Miniversity. Under the joint venture agreement, we hold 70% of equity interest in Shanghai Miniversity, and Mattel holds 30% of equity interest in Shanghai Miniversity. Shanghai Miniversity's board consists of three directors. We are entitled to appoint two directors, one of whom shall be the chairman of the board, and Mattel is entitled to appoint one director, who shall be the vice chairman. The initial joint venture term shall last for 30 years and is renewable upon the parties' mutual consent. As our strategic partner, Mattel assists in the daily operations of Miniversity clubs. For example, Mattel provides a variety of toys to be utilized by or distributed to customers at Miniversity clubs, jointly develops classes and activities offered by Miniversity clubs with us, and supports Miniversity's marketing activities. For children of different ages, Miniversity offers thoughtfully designed fun-filled classes and activities to help children become confident, creative and globalized talent infused with a spirit of cooperation. Miniversity also provides a variety of indoor and outdoor themed activities and parent-child activities, such as summer and winter English camps where children can learn and practice English while having fun, family trips, outdoor sketching and other field trips, some of which are integrated with our resort and tourism destinations. We also sell merchandise for kids such as learning toys through our Miniversity clubs and FOLIDAY app. We started our first Miniversity club in Atlantis Sanya in February 2018, and we intend to further develop our kid learning and playing business by expanding our Miniversity offerings. We plan to open another two Miniversity clubs in shopping malls in Shanghai by the end of 2018 to offer more experiences to families living in urban area and further expand Miniversity into other tourism destinations and urban areas in the near future. When selecting locations for Miniversity clubs, we take into account the proximity to tourism attractions and business centers, accessibility to public transportation, local governmental policies, and availability of local talent, among others. When expanding Miniversity, we also take into account the rental costs, capital expenditures on decoration and renovation, employee costs and other operational costs, and estimated customer volumes and related marketing costs. Based mainly on our agreements with contractors and suppliers, we estimated that the total cost for opening two Miniversity clubs in Shanghai would be approximately RMB17.6 million, which is basically funded by a combination of the net IPO proceeds, capital provided by Mattel, and operating cash flow. These two Miniversity clubs were being furbished as of the Latest Practicable Date, and their furbishing is expected to be completed for opening in December 2018.

Platform for family-focused tourism- and leisure-related offerings

Other than direct and indirect sales channels owned or utilized by Club Med, we also launched our FOLIDAY platform aiming to provide and distribute tailor-made tourism and leisure solutions for families through the FOLIDAY mobile app, Wechat account and our travel agencies, and to further provide membership services through our membership royalty programs. Through our FOLIDAY platform, we promote and sell products of our brands, such as Club Med's all-inclusive packages, Atlantis Sanya's accommodations, Aquarium, Waterpark and other services, Fanxiu's shows, Miniversity's services, and other tailor-made solutions and packages through various types of products and transportation arrangements through our travel agent services of Foryou Travel. On 2 September 2015, we established a joint venture with Thomas Cook, Kuyi, in China as the travel agent and a part of our sales network. Pursuant to the joint venture agreement, Thomas Cook holds 49% of equity interest in Kuyi, and we hold 51% of equity interest in Kuyi. Kuyi's board consists of four directors. We are entitled to appoint two directors, one of whom shall be the chairman of the board, and Thomas Cook is entitled to appoint two directors, one of whom shall be the vice chairman. The initial joint venture term shall last for 20 years and is renewable upon the parties' mutual consent. Kuyi offers and sells a wide range of tourism products, such as Club Med's products, Thomas Cook's products as well as sports-related travel packages and other travel products and solutions. As one of the world's leading travel groups, Thomas Cook had 190 own-brand hotels, 90 aircraft, 22,000 employees, and 20 million customers as of 30 September 2017. As of Latest Practicable Date, we held an approximate 6.04% equity interest in Thomas Cook.

LOYALTY PROGRAMMES MEMBERSHIP

We attach particular importance to our membership systems and aim to increase integration with membership systems within our FOLIDAY ecosystem and establish or deepen partnerships with membership systems of third parties.

Club Med launched its Great Member loyalty program in 2009. Based on the number of loyalty points earned, Great Members are categorized into turquoise, silver, gold and platinum categories and can enjoy various benefits such as discounts on Club Med's products, room upgrades, restaurant reservations and priority and late check-out. Great Members earn loyalty points mainly through booking Club Med vacations, purchasing at Club Med resorts, and customer referrals. As of 30 June 2018, Club Med had over two million Great Members, all of whom purchased Club Med's products at least once during the three years ended 30 June 2018.

In addition, in March 2018, we launched the Foryou Club membership system in China. Foryou Club manages and operates services and activities for members and customers under the FOLIDAY ecosystem and has integrated members from various of our brands, including but not limited to Atlantis Sanya, Albion, Fanxiu and Miniversity, and Foryou Club may integrate Club Med's Great Members from China. Since Foryou club commenced operations, Foryou Club members have grown steadily. During the period from 1 March 2018 to 30 June 2018, the number of Foryou Club members increased at a rate of approximately 97% per month, and the number of purchases made by members has increased by approximately 64% per month. As of 30 June 2018, Foryou Club had approximately 1.5 million members, approximately 2,100 of whom had purchased our products at least once as of 30 June 2018. Foryou Club's vacation product offerings, such as bookings at our resorts and tourism destination, tend not to be high frequency consumer purchases, and can take months, if not longer, for members to plan, select and finalize their purchases. The amount of average monthly purchases made by Foryou Club members from Foryou Club's launching to 30 June 2018 was approximately RMB1.8 million. Foryou Club members are categorized into silver, gold, platinum, and black gold members, mainly based on their amounts of expenditures on our products and services, and they can enjoy a wide range of privileges and services provided by us and our business partners, such as special gifts, exclusive vacation resources and other customized services.

Foryou Club is integrated with youlè, which enables Foryou Club members to use their Foryou Club membership information to directly log onto the platform of youlè to enjoy benefits and privileges of youlè, while youlè members can also directly log onto the Foliday platform to purchase our products. Youlè targets Fosun International's customers in Fosun's health, happiness (other than tourism and leisure) and wealth ecosystems, and aims to develop a set of unified and recognized standards for different entities and brands in the Fosun ecosystem to provide more benefits and services for members. Meanwhile, Foryou Club also works with membership systems of airline loyalty programs, private banking services, tourism platforms, high-end member clubs and other programs to effectively enrich member privileges and services. Our business partners provide Foryou Club members with special benefits and privileges. For example, Foryou Club members who purchase certain products of our Group can earn our partner airline's miles without having to fly. In return, we provide discounts in our products and other benefits to members of our partners' loyalty program. Our business partners also assist in the promotion of our Foryou Club membership program. Foryou Club's cooperation with youlè and membership systems of third parties also helps Foryou Club attract more users and provide more benefits for customers.

CUSTOMERS

Our customers primarily comprise (i) resort customers, including individuals and groups; (ii) owners of resorts, to whom we provide resort management services and/or technical assistance, advice on resort construction and renovations, and construction services; (iii) visitors of tourism destinations; (iv) purchasers of tourism-related vacation units; (v) owners and concession right holders of tourism destinations to which we provide design, technical, operational and management services for tourism destinations; and (vi) customers of our services and solutions in various tourism and leisure settings.

Resort Customers

Our Club Med resorts had a global customer base with a total number of over 4.6 million customers' visits during the Track Record Period. A majority of our resort customers were family customers and couples during the Track Record Period. We calculate the number of our resort customers by multiplying the number of guests by the frequency of stay of such guests during a year or a period. For example, if a family of three stays in our resorts twice in a period, we have six customers in such period, no matter how many days this family spends in our resorts for each stay. We divide our customers into individual customers and group customers. Group customers refer to customers booking as a group of more than 15 persons where one person or entity pays the bill for the entire group. They can be MICE customers, a big family, or a group of friends. Some of our group customers are tour operators who book our resort rooms as part of their travel packages for their own customers. The following table illustrates the composition of our resort customers for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June
	2015(1)	2016	2017	2018
Individual customers	82.1%	81.2%	79.9%	80.5%
Group customers	17.9%	18.8%	20.1%	19.5%
Total	100.0%	100.0%	100.0%	100.0%

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the figures of Club Med for the 11 months ended 31 December 2015.

The following table sets out the numbers of our resort customers by customer booking locations for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June
	2015[(1)]	2016	2017	2018
	(in thousands)			
EMEA	622	640	667	357
Americas	227	258	302	168
Asia Pacific	294	384	384	213
Total	1,143	1,283	1,352	738

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the figures of Club Med for the 11 months ended 31 December 2015.

During the Track Record Period, our number of resort customers continued to grow. In particular, the number of resort customers booked in the Greater China region increased significantly from approximately 155,900 in 2015 to approximately 199,700 in 2017 with a CAGR of 13.2%.

Owners of Resorts

We enter into agreements with owners of resorts pursuant to which we provide management services and other services. For details, please refer to "—Our Principal Business Activities—Resorts—Resorts operating model—Management contract operating model of our resorts."

Visitors of Tourism Destinations

Our Atlantis Sanya had its soft opening for its accommodations and Aquarium in February 2018 and grand opening on 29 April 2018, and its Waterpark was opened on 26 May 2018. For a period from February 2018 to the Lastest Practicable Date, Atlantis Sanya had attracted a total of over 2.7 million customers, to Atlantis Sanya's accommodations, the Aquarium, the Waterpark and MICE services. Some of our customers may book the tickets to our Aquarium and/or the Waterpark only. Our customers include individual customers and MICE customers. Some of our MICE customers are tour operators who book our Atlantis Sanya rooms as part of their travel packages for their own customers.

Other Customers

During the Track Record Period, we also had other customers, including (a) individual customers who purchased our tourism-related vacation units, (b) owners and concession right holders of tourism destinations to whom we provided design, technical, operational and management services, and (c) individual and group customers of our services and solutions in various tourism and leisure settings.

Major Customers

During the Track Record Period, no single customer was material to our business. For the years ended 31 December 2015, 2016 and 2017 and six months ended 30 June 2018, revenue generated from our five largest customers accounted for approximately 2.4%, 4.0%, 4.5% and 1.5% of our total revenue, respectively, and revenue generated from our largest customer accounted for approximately 0.8%, 2.6%, 3.4% and 0.7% of our total revenue, respectively.

During the Track Record Period, our five largest customers primarily include owners of our managed resorts and MICE customers of our resorts. We have maintained business relationships with a majority of our five largest customers during the Track Record Period for two to 14 years. We typically grant the resort owners credit terms ranging from ten to 30 days, and we typically require our MICE customers to pay 90% to 100% of the total price prior to or upon their departure and pay the rest after departure. One of our five largest customers for the six months ended 30 June 2018, Hoshino Tomamu, from which we derived 0.7% of our total revenue for the six months ended 30 June 2018, is a wholly-owned subsidiary of Yuyuan and a non-wholly owned subsidiary of Fosun International, and also a connected person of our Company. Save as disclosed above, our Directors confirm that, as of the Latest Practicable Date, all of our five largest customers of each of the periods during the Track Record Period were Independent Third Parties and none of our Directors or their close associates or our existing Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of those five largest customers.

Overlapping major customers / suppliers

During the Track Record Period, we had some overlapping of our major customers and suppliers.

Customer A

Our transactions with customer A, our largest customer for the year 2016 and 2017, were primarily for the project development and operation of a resort (the "**resort A**"), details of which are set out below:

- In 2016, Club Med acquired a parcel of land (the "**Land**") from the local government, and then sold to customer A a part of the Land (the "**Resort Land**") for the development of the resort A and a multifunctional building to be used mainly for resort staff accommodation and the ski school (the "**Annex Building**").

- Club Med and customer A entered into a real estate development agreement dated 20 July 2016 (the "**Development Agreement**"), under which customer A engaged Club Med to be responsible for the construction of resort A and the Annex Building, and authorized Club Med to carry out works necessary for the construction, such as engaging architects, construction contractors and suppliers, and supervising their performances. Club Med charged a fixed service fee for its services.

- Club Med and customer A entered into a lease agreement dated 20 July 2016, under which Club Med has leased resort A and the Annex Building from customer A for an initial term of 12 years. Under the agreement, the annual total rent is equivalent to a percentage of the cost incurred by customer A for the development and construction of resort A and the Annex Building, which mainly includes the cost incurred by customer A pursuant to the Development Agreement and the cost for customer A land acquisition.

- For Club Med's development of saleable residential vacation units adjacent to the resort A ("**Vacation Units**"), Club Med plans to sell the rest of the Land retained by it to one of Club Med's subsidiaries ("**subsidiary A**") by the end of 2018, and in 2017, subsidiary A acquired from customer A a portion of the Resort Land ("**Parking Area**") which is planned to be developed into a parking area for the future residents of Vacation Units. The Vacation Units project was under planning as of 30 June 2018. Except for the sale of the Parking Area, customer A has not and will not in any way participate in the development or operation of Vacation Units.

We did not have any cost of sales incurred with or revenue generated from customer A for the year ended 31 December 2015 and the six months ended 30 June 2018. For the years ended 31 December 2016 and 2017, our cost of sales incurred with customer A accounted for approximately 3.5% and 4.4% of our total cost of sales, respectively, and our revenue generated from customer A accounted for approximately 2.6% and 3.4% of our total revenue, respectively. For the year ended 31 December 2016, our gross profit relating to transactions with customer A was minimal, and, for the year ended 31 December 2017, our gross profit was RMB10.8 million, and the gross profit margin was 2.7%. We generally required customer A to make payments to us in advance.

To the best knowledge and belief of our Directors, customer A and its respective ultimate beneficial owners are Independent Third Parties.

Thomas Cook Brokair

Thomas Cook Brokair Service Ltd ("**Thomas Cook Brokair**"), a wholly-owned subsidiary of Thomas Cook, was our customer and also our supplier (but neither was it one of our top five largest customers nor one of our top five largest suppliers during the Track Record Period). Thomas Cook is our largest travel agent in France that assists with reservations and booking for our resorts. During the Track Record Period, Club Med purchased from Thomas Cook Brokair a specified number of seats on its flights to certain destinations. At the same time, Thomas Cook Brokair also purchased a specified number of seats from Club Med on its charter flights to another destination. Some of those flight seats purchased by Club Med or Thomas Cook Brokair can be returned at no cost if returned prior to a certain date. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, our purchases from Thomas Cook Brokair accounted for less than 0.1% of our total cost of revenue for each period, our sales to Thomas Cook Brokair accounted for less than 0.15% of our total revenue for each period. Negotiations of the terms of the transactions between Thomas Cook Brokair and us were conducted on an individual basis and the transaction was neither inter-connected nor inter-conditional with each other. Our Directors confirmed that, during the Track Record Period, the flight seats we purchased from Thomas Cook Brokair were not sold to Thomas Cook Brokair. The terms of transactions with Thomas Cook Brokair are in line with the market practice, and the sales of flight seats to, and the purchase of flight seats from, Thomoas Cook Brokair is similar to those transactions with our other customers and suppliers.

Other overlapping major customers/suppliers

We are a global provider of tourism and leisure products and services to global customers. During the Track Record Period, certain of our other five largest customers, including a resort owner, two global financial / advisory companies and vehicle production companies, were also our suppliers. The cost of sales incurred with these customers as suppliers was minimal, which constantly accounted for less than 0.4% in aggregate of our total cost of sales during the Track Record Period.

Similarly, during the Track Record Period, certain of our five largest suppliers, which consist of a global airline transportation company and one of our resort landlords, were also our MICE customers who purchased our resort products and services. Our revenue generated from such suppliers as customers was minimal, which constantly accounted for less than 0.05% in aggregate of our total revenue during the Track Record Period.

Negotiations of the terms of the transactions between us and the customers/suppliers were conducted on an individual basis and those transactions were neither inter-connected nor inter-conditional with each other. The terms of the above transactions are in line with market practice and similar to those transactions with our other customers and suppliers.

DIGITAL TECHNOLOGIES

Our goal is to position us at the industry's competitive edge through innovative implementation of digital technology systems. Ms. Dou Feipeng, our Group's Chief Technology Officer, is in charge of our Group's digital technology team. Ms. Dou holds a bachelor's degree in computer science from Wuhan University of Technology and a master's degree in business administration from University of Calgary, and has over 18 years of experience in the digital technology industry. Ms. Anne Browaeys, Club Med's Chief Marketing, Digital and Technology Officer, is in charge of the digital technology team of Club Med. She holds a master's degree in business administration from Neoma Rouen Business School, and has over 20 years of experience in the digital technology industry. We have around 200 in-house employees globally dedicated to our digital technology development, about 80% of whom hold bachelor's degrees or higher degrees, and around half of whom have more than ten years of experience in the digital technology industry. We utilize digital technologies for the development of our online booking and transaction systems. Where customers' expectations are constantly evolving, we leverage our digital technology to meet our customers' needs when they are discovering, planning and booking, preparing the trip, experiencing the stay and sharing the experience. For example, we have developed the FOLIDAY online distribution and service platform, a comprehensive platform that can serve customers with our tailor-made tourism and leisure products and solutions for their vacation needs. We are also constantly developing, testing and implementing advanced digital solutions across hardware, software, web, mobile and data analytics platforms that advance our business objectives, particularly to enhance customer service, marketing and sales, and operational efficiency. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, the expenditure incurred by us to develop and maintain our digital technology systems was RMB188.6 million, RMB217.2 million, RMB279.3 million and RMB171.6 million, respectively.

Digital Solutions for Customer Services for Resorts

In the area of customer service, we use digital solutions to improve the customer's experience while making the complexity of the technology behind the innovation invisible to the customer. Under this "Happy Digital" approach, we aim to leverage the most advanced technologies to deliver amazing experiences to our customers. For example, through the Easy Check-in and Easy Arrival functions at many of our resorts, our customers can check in before arrival and will find, upon arrival, that their room, proper-sized ski equipment and childcare needs have been pre-arranged without need to complete any paperwork. With a wave of the waterproof digital bracelet, our customers can unlock their room doors, buy souvenirs, and, with our facial recognition technology, our customers can use their smartphones to quickly retrieve digital photographs with precious memories of themselves and their loved ones taken by us. We have also developed mobile apps that help customers navigate their surroundings, make reservations and check opening times for activities, facilities and schedules of events, and communicate with staff or each other in order to avoid roaming charges. We pay close attention to customer reviews online and via mobile apps, and use digital applications that aggregate, sort and highlight customer reviews for our staff so operational adjustments responsive to such reviews can be made more rapidly and efficiently.

Digital Solutions for Sales and Marketing

In the area of sales and marketing, we have implemented a price monitoring tool which enables us to monitor product prices set by our online travel agents, and we use rich media messaging to improve the efficiency of our marketing campaigns. To refine our marketing outreach, we use advanced data analytics to identify existing and potential customers, and formulate personalized and dynamic messaging to them based on their search and browsing habits and algorithms that predict customer behavior. We interact with customers through digital and social channels, virtual reality videos and mobile apps that allow potential customers to experience what we offer. Visitors to our direct sales shops can take virtual tours of some of our resorts through 360-degree virtual reality devices, whose videos are also on our Club Med YouTube channel and Facebook page. We use such 360-degree virtual reality technology to help potential customers choose and plan their visits to our resorts and destinations. This 360-degree virtual reality project won the Brand Experience Award 2018 from Netineo for the best brand and consumer experience. We have reformatted all of our Club Med websites to provide users with mobile-optimized websites, and we launched a new website (www.clubmed.asia) for emerging Asian markets.

Digital Solutions for Operational Efficiency for Resorts

To enhance operational efficiency, we seek to use technology to empower our staff, making them more productive without encumbering them with the complexities of technology. At many of our resorts, customized apps on mobile devices issued to staff enable staff to make procurement requests when certain provisions run low and custodial staff to track room repair and maintenance requests. In line with our strategic goal of improving the cost-effectiveness of our operations, we intend to continue to develop and improve such digital solutions. We will also focus on upgrading and integrating our systems in order to allow the business to function efficiently and effectively.

Customer Data

We have implemented digital technologies to enable information sharing among Atlantis Sanya, FOLIDAY, and Albion and among our apps, and we will continue to centralize our customer database for customers in the PRC to enhance the interconnectivity and sharing of information among our various business segments. While we are in the process of establishing our dedicated big data team in order to analyze and utilize big data technologies, we also purchase many third-party databases and partner with database service providers to achieve a full and systematic grasp of customer data.

We devote resources to the lawful collection, storage and use of customer data. Our systems collect and compile customer data such as weight, shoe size and preference so we can provide customers with proper-sized equipment, tailor-made services and personalized experiences. We have implemented security systems to ensure that such data are protected and loss of such data, whether through hacking or other means, is avoided. For example, for our resort booking system, the risk of the network being hacked is assessed and tested on a periodic basis, and a business recovery plan is in place so that key applications such as reservations and accounting can be resumed without delay. There was no material breakdown in the system or loss of information during the Track Record Period. For security reasons, only employees with the professional necessity to access the customers' information are authorized with a limited access to such confidential information, and employees are forbidden from connecting the internal network with any equipment, such as laptop, mobile and printer, other than those provided by the digital technology department, and employees are forbidden from extracting from our information systems any data of a personal nature and in particular the data subject to privacy protection.

SEASONALITY

The tourism industry is seasonal in nature. The periods during which resorts experience higher or lower levels of demand vary from property to property and depend upon the location, climate, temperature, and the competitive mix within the specific location. During the Track Record Period, we generally had better operational performance and derived a higher amount of revenue from the operations of our resorts in the summer and winter due to school holidays and certain holiday periods, such as the Christmas holidays in Western countries and the Lunar New Year in China. For details, please refer to "Financial Information—Key Factors Affecting Our Group's Results of Operations—Seasonality." As a result of the above factors, our results of operations may fluctuate significantly from time to time and comparisons between the revenues generated at different periods of the year may not be meaningful. The results for a given period are not necessarily indicative of results to be expected for any other period of the year. Please see "Risk Factors—Risks Relating to Our Business—Our results of operations may fluctuate due to seasonal and other factors."

We seek to mitigate the off-season impact by geographic diversification of our resort and tourism destination portfolio and by our broad and diversified global customer base. For example, during a non-holiday season for our French customers, such as January, our Brazilian customers can fully enjoy our mountain resorts in France. In addition, we have sought to increase low season demand by developing summer usage for mountain resorts and our MICE business, weekend stays and more visitors on holiday in other parts of the world, such as customers from China and southern hemisphere countries. We also promote thematic weeks with partners such as Lacoste and French Olympic athletes at some of our resorts, so that families and couples who have strong passions in sports could practice their favorite sports during the low seasons. In addition, we seek to mitigate the off-season impact by attracting more customers through promoting our resorts and tourism destinations through offering well-designed kid camps, leisure-related healthcare services, and other activities. These efforts can help offset some of the seasonal variations in our operations.

COMPETITION

The leisure tourism market, particularly its accommodations sector, is competitive. Our resorts face competition from other resorts nearby, particularly those that offer rooms and MICE facilities of a similar quality at similar prices. The key competitive factors include location, brand, room rates, MICE facility rates, and range and quality of services and facilities. In addition, we are likely to face competition in recruiting and retaining staff due to high demand in the accommodations sector, as well as potential competition from the entry of new resorts into the market. Other sectors of the leisure tourism market also face competition from, for example, availability of a global sales system, consumer satisfaction and price. Despite the intense competition, we believe that we are well positioned in our industry as one of a few leading leisure-focused integrated tourism groups with a global presence and provide global customers with a unique one-stop tourism and leisure lifestyle experience, and aim to take advantage of the expected growth of the leisure tourism market.

New participants in the global leisure tourism market face multiple entry barriers. For example, popular leisure tourism destinations worldwide have almost been developed, and thus it is difficult for new participants to acquire high-quality destination resources. Also, costs for developing leisure tourism destinations are high, and a sufficient amount of capital is required for daily operations. Additionally, the operation and management of a leisure tourism group is a complex business requiring abundant experience and management capacity, and new participants need to differentiate themselves by building brands with unique products and services.

Please see "Industry Overview" for a more detailed discussion regarding the markets in which we operate.

SALES AND MARKETING

General Branding

Our sales and marketing activities are organized at the group level with separate teams covering different brands and regions. We believe that this organization model allows us to gain strategic efficiencies across brands and regions while maintaining individual brand identities and catering to the needs and consumption habits of people at different regions. Our sales and marketing personnel are principally responsible for handling sales transactions, marketing activities and brand positioning, as well as liaising with different sales and marketing channels, such as our FOLIDAY platform which serves as our key sales and marketing channel.

Resorts

Sales Channels

Club Med aims to implement an omni-channel strategy to provide our customers with a quick and seamless booking process. Club Med has commercial presence in more than 40 countries and regions, and has a multi-channel sales network consisting of Club Med boutiques mainly in France, Belgium, Switzerland and Brazil, call centers in most commercial countries, an official website adapted to 15 languages (www.clubmed.com), and indirect sales networks such as Thomas Cook. Reservations and booking for our resorts are generally made through one of the following key sales channels:

Sales through direct channels. The direct sales channels mainly comprise (i) owned shops; (ii) call centers; and (iii) online sales. Resort customers can make reservations directly through Club Med's websites, FOLIDAY app and other mobile portals. Approximately 61.9%, 62.0%, 63.4% and 64.7% of our sales of all-inclusive packages and transportation services was generated from sales through direct channels for the 11 months ended 31 December 2015, years ended 31 December 2016 and 2017 and six months ended 30 June 2018, respectively. The number of our points of sales for resorts remained stable during the Track Record Period, being 65, 64, 60 and 59 for the 11 months ended 31 December 2015, years ended 31 December 2016 and 2017 and six months ended 30 June 2018, respectively.

Sales through travel agents. We have established long-term cooperation relationships with local travel agent networks and other travel intermediaries, such as Thomas Cook, to assist with reservations and booking for our resorts. For the 11 months ended 31 December 2015, years ended 31 December 2016 and 2017 and six months ended 30 June 2018, our sales of all-inclusive packages and transportation services through these travel agents amounted to RMB3,878.5 million, RMB4,091.4 million, RMB4,253.1 million and RMB2,340.7 million, representing 38.1%, 38.0%, 36.6% and 35.3% of our sales of all-inclusive packages and transportation services, respectively.

In general, our travel agents have access to our booking system, and when end customers book our resorts through travel agents, they need to check the stock of our resort rooms through our booking system first to make sure the relevant resorts have available rooms during end customers' specified period for booking. After checking, our travel agents can finalize the bookings for end customers through our booking system. Our travel agents can also directly call our own sales agents to make the bookings for their end customers. We have the information of such end customers and create customer IDs for such end customers. We require all of our travel agents to sell our resort products at prices set by us, which are consistent with the prices of resort products sold through our direct channels. We cooperate with our travel agents to broaden our customer base, especially in countries and regions where we may not set up our own sales channel for commercial reasons, which we believe is an industry norm to adopt this principal/agent business relationship to further develop businesses. When we provide resort services to end customers, we recognize relevant revenue.

We typically enter into agreements with local travel agents, pursuant to which the travel agents sell our holiday products. In order to maintain flexibility, the term of agreements entered into between us and our travel agents are typically from six months to three years, and we have discretion to decide whether to renew the relevant agreements based on, among other factors, the performance of the relevant travel agents. Our agreements with travel agents vary across jurisdictions. In most cases, the travel agents will only make a Club Med booking driven by end customer demand with no "inventory" risk or minimum purchase requirements. The agreements with our major travel agents include the following salient terms:

- Geographical territory and exclusivity: our travel agents are entitled to sell our products on a non-exclusive basis, with or without a specific geographical territory restriction on a case-by-case basis;

- Products and prices: our travel agents sell our products such as resort all-inclusive packages, MICE services and cruises at public prices set by us. Some of our travel agents agree to guarantee the payment of the full price by their end customers;

- Sales commissions: the travel agents are generally entitled to receive the sales commission calculated as a percentage of the public prices, and, on a yearly basis, may be entitled to receive incentive fees calculated generally as a percentage of such travel agents' sales volume above certain thresholds and depending on such travel agents' performance; and

- Payment terms: some travel agents undertake to provide us with the full payment payable by the end customers after deduction of sales commissions. Some travel agents, when finalizing booking for end customers, provide end customers' credit card information for payment, and receive sales commission from us. A commission is generally paid within 30 days before or after a customer's stay.

In general, after the end of each month, a summary is sent from the travel agents to us showing the sales made and commissions that have been earned. The travel agents typically require the end customers to make full payment at least 30 days before departure to our resort to minimize their credit risk, to the extent they agree to guarantee the payment of full price for their end customers.

Marketing and Advertising

Most of our marketing and advertising in relation to our resorts is carried out through our global sales network, which we divide into three regions: EMEA, Americas and Asia Pacific. Each region is responsible within its geographical structure for the management of marketing activities. During the Track Record Period, our marketing efforts included advertising through television commercials, magazine advertisements, search engine advertising, brochures, sponsorship of events, exhibitions, mails, emails, online and social media, blog posts, push notifications, membership programs, among others. We also launched various marketing events to promote our resorts, such as sponsoring Olympic Games and famous skier Martin Fourcade.

Pricing

We set the all-inclusive package rates for our resorts based on our pricing policy. In formulating our pricing policy for each of our resorts, we carry out market research and studies on comparable resorts, and also take into account factors such as the products, the geographical mix of the resort portfolio, our costs, local economic development, seasonal factors, characteristics of different room types, renovation plans, previous sales performance, estimated tourism trends, tourists' preference, inflation and foreign exchange rates. To ensure our competitiveness, we hold semiannual meetings to determine the standard all-inclusive package rates for each of our resorts, and use yield method for revenue management. For the 11 months ended 31 December 2015, years ended 31 December 2016 and 2017 and six months ended 30 June 2018, the Average Daily Bed Rate for our resorts were approximately RMB1,043, RMB1,160, RMB1,219 and RMB1,317, respectively. For more information, see "—Our Principal Business Activities—Resorts."

In a wide range of our resorts around the world, we offer a family package rate where children under a certain age have free admission or enjoy a price discount in line with our traditional focus on families. Under the "early bird plan," we also offer a discount on the package rate for all-inclusive services.

Payment and Credit Terms

We adopt different payment policies for different categories of our resort customers. In general, we adopt the policies as set out below:

• Individual customers	• In general, each customer pays a percentage of the booking amount at the moment the reservation is made, and the booking is entirely paid 30 to 45 days prior to departure to our resort.
• Group customers	• In general, the group customers pay a percentage of the booking amount at the moment the reservation is made, a majority amount for the booking is paid 30 to 45 days prior to departure to our resort.

In case of a booking cancellation, a cancellation fee may apply. The amount of cancellation fee, if any, is determined based on a cancellation fee schedule which imposes ever higher fees as the departure date approaches, and can reach 100% of the initial booking price. The cancellation fee schedules vary across different markets, destination, and season. In France and Belgium, the fee schedule begins to apply at 180 days before the departure date and the cancellation fee starts at EUR40, rising to 50% of booking price at six weeks, and reaching 90% at one week before departure. The fee schedule in the United States applies at two months before departure and reaches 100% of booking price at two weeks before departure. In Japan, the fee schedule applies at 40 days before departure for bookings at overseas resorts and four days before departure for bookings at domestic resorts. In China, the fee schedule applies at 29 days before departure for international bookings and seven days for domestic bookings.

Tourism Destinations

Sales Channels

Except for walk-in customers, reservations and booking for our Atlantis Sanya accommodations, Aquarium, Waterpark and MICE services in Atlantis Sanya are generally made through our direct sales channels, online sales and travel agencies. Customers of Atlantis Sanya can make reservations directly through the official website, Wechat account of Atlantis Sanya and FOLIDAY app. In addition, to promote our newly-opened Atlantis Sanya, since 2018, we entered into agreements with some travel agents in China. We generally pay commissions to travel agents on a monthly basis after we receive invoices and confirm the commission amount. In general, we pay commissions and incentive fees to the travel agents depending on their sales volumes. Moreover, we are in seller-buyer relationship with a travel agent ("**travel agent A**") (who also acts as a typical sales channel) where we sell our Atlantis Sanya rooms to travel agent A who then sells Atlantis Sanya rooms to end-customers at prices set by us. We have entered into this arrangement with travel agent A, because travel agent A is a leading travel agency with a large customer base and high business volume which we can benefit from, and we seek to make travel agent A our strategic partner, and such arrangement matches industry norms. Such relationship started in 2018 and for the six months ended 30 June 2018, the amount of sales to travel agent A was approximately RMB12.1 million. Revenue is recognized in the period in which the services are rendered.

Our agreement with travel agent A in respect of the sell-buyer relationship includes the following salient terms:

- Duration: eight months;
- Geographical territory and exclusivity: travel agent A is entitled to sell our products on a non-exclusive basis without a specific geographical territory restriction;
- Guaranteed allotment: We give travel agent A a specified number of guaranteed available rooms every day, and we offer travel agent A discounted room prices;
- Minimum sales guarantee: travel agent A commits to sell a specified number of rooms of Atlantis Sanya to end customers per month and per day at prices set by us. If travel agent A fails to achieve its committed sales targets, it should pay us the shortfall, representing the difference in revenue generated from the rooms actually sold by the travel agent and the rooms that it undertakes to sell;
- Booking cancellation: Without prejudice to travel agent A's minimum sales guarantee obligation, where travel agent A needs to cancel a booking that has been confirmed by us, our cancellation policy should be followed;
- Payment: travel agent A should pay advance payments to us pursuant to the schedule and method set out in the agreement; and
- Termination: The agreement terminates upon the expiry of the agreement term.

Marketing and Advertising

During the Track Record Period, our marketing efforts for Atlantis Sanya included advertising through online and offline media, printed materials and direct sales channels. We collaborated with travel agencies for some of these marketing activities. In order to enhance our attractiveness, we also launched various marketing events in Atlantis Sanya, such as a firework show, the grand opening ceremony, media groups' on-site visits, banquets and live broadcasts of marketing events.

Pricing

Room Rates

We provide our customers with Atlantis Sanya accommodations. The customers of our Atlantis Sanya accommodations enjoy free access to the Waterpark and Aquarium during their stays. To determine the price of accommodations in Atlantis Sanya, we carry out market research and studies on comparable accommodations in Sanya, and also take into account factors including local average room rates, seasonal factors, characteristics of different room types and popularity of our accommodations, Waterpark and Aquarium. Discounted room rates are offered through channels such as sales agencies. For the period from 1 May 2018 to 30 June 2018, the average room rate in Atlantis Sanya was RMB1,518 per night.

Admission Ticket Pricing

Visitors who do not book our Atlantis Sanya accommodations can nevertheless purchase admission tickets to enjoy facilities at Atlantis Sanya, including the Aquarium and Waterpark. To determine the price of our admission tickets to such facilities, we consider various factors including but not limited to prices of comparable products and seasonal factors. Discounted admission ticket prices are offered through channels such as sales agencies. For the period from the commencement of relevant business to 30 June 2018, the average prices of our admission tickets per person to the Aquarium and the Waterpark in Atlantis Sanya were approximately RMB130 and RMB214, respectively. For more information, see "—Our Principal Business Activities—Tourism Destinations—Atlantis Sanya."

Food and Beverage Facilities

As of 30 June 2018, we operated 20 food and beverage outlets in Atlantis Sanya. In determining our food and beverage prices, we take into account, among others, the costs of raw materials and food ingredients.

Sales of Tourism-related Saleable Vacation Units

We carry out market research and studies in order to determine the positioning of our tourism-related saleable vacation unit development projects such as Tang Residence. We set the pricing policy based on various factors including the conditions of the local tourism-related real estate properties market, the pricing of our competitors offering comparable properties, demands of our tourism-related properties, our investment costs and our targeted return of capital. For the period from the commencement of relevant business to 30 June 2018, the average selling price per unit of Tang Residence was approximately RMB7 million and the average selling price per square meter of Tang Residence was approximately RMB61,100. For more information, see "—Our Principal Business Activities—Tourism Destinations—Atlantis Sanya—Tang Residence."

Payment and Credit Terms

Customers of Atlantis Sanya

We generally request accommodation guests of Atlantis Sanya to pay deposits with an amount equal to the initial prices prior to or upon their arrivals at Atlantis Sanya and pay additional charges incurred during their stay when they leave. We may offer credit facilities on account to mainly corporate customers whom we consider creditworthy having taken into account their business track record and expected turnover, as well as their past repayment record. Our finance team will monitor the repayment record of our customers regularly and, based on such record, will evaluate and consider the credit terms and/or maximum amount of payment on account to be granted to these customers.

Purchasers of Tourism-related Saleable Vacation Units

Purchasers of our tourism-related saleable vacation units, including the pre-sale tourism-related properties, can make the payment in one lump sum by cash or by installment payments under agreed payment schedules. A purchaser might be required to pay a non-refundable deposit which will be deducted from the purchase price. Purchasers may also choose to fund their purchases using mortgage loans provided by commercial banks. In this case, they will generally be required to pay a down payment equal to a percentage of the purchase price. Our contract also usually stipulates the additional amount payable by the purchaser or the mechanism for terminating the contract in the event of delay or default in payment, the delivery date and delivery procedure in respect of a pre-sale transaction, and the quality assurance that we provide to purchasers.

Services and Solutions in Various Tourism and Leisure Settings

For our services and solutions in various tourism and leisure settings such as (i) entertainment, other tourism- and culture-related services; and (ii) a platform for family-focused tourism- and leisure-related offerings, during the Track Record Period, our sales channels primarily comprised our FOLIDAY platforms, our travel agencies, and third-party travel agents, and our marketing efforts mainly included advertising through online and offline media, printed materials and direct sales channels. To determine prices, we consider various factors including but not limited to the market condition, prices of comparable products and costs.

RAW MATERIALS AND SUPPLIERS

Raw Materials and Outsourced Services

We procure a variety of raw materials and merchandise, mainly transportation services, food ingredients, beverage and accommodations supplies for our resorts and tourism destinations. To ensure hygiene, safety and quality, we usually purchase from our supplies on an "as-needed" basis. We usually take into account the quality, demand, supply, specifications, duration of supply agreement, logistical arrangements, seasonal factors, source of supply, relationship with us, and the possibility that the supplier will become our strategic partner.

We have also outsourced a number of ancillary services, such as a ski school, certain cleaning services, security services and IT services, to third-party service providers.

For the construction of resorts and tourism destinations as well as tourism-related saleable vacation unit development, we enter into agreements with large transaction amounts with contractors, and in general all construction materials are procured by our contractors.

During the Track Record Period, we did not experience any significant shortage or delay in the supply of raw materials, or major fluctuations in prices of raw materials.

Suppliers and Owners of Leased Resorts

For our operations of resorts and tourism destinations, our suppliers for resorts and tourism destinations primarily comprise (i) flight and other transportation companies; (ii) food, beverage and alcohol suppliers; (iii) third-party service providers; and (iv) other accommodations accessories suppliers and utilities providers. For the construction of resorts and tourism destinations as well as tourism-related saleable vacation unit development, we engage construction companies as our contractors to carry out the construction work and procure the necessary construction materials. As of 30 June 2018, our suppliers were mainly located in France, Italy, Brazil, the United States, Turkey, Morocco, Japan, Canada and China.

We have established a centralized procurement policy for the selection of suppliers and implemented the following supplier engagement criteria. In general, depending on the amount of procurement budget for operation or marketing services, we select suppliers from an internal list of qualified suppliers, by inviting tender offers from selected suppliers, or through a public tender offer and bidding process.

For our tender procedures, we are required to select suppliers from a number of potential suppliers. We maintain a broad range of suppliers who meet our quality requirements and periodically review and update our supplier list based on our experiences doing business with them.

From time to time, we may enter into contracts with terms of two to three years with suppliers. For the years ended 31 December 2015, 2016 and 2017 and six months ended 30 June 2018, purchases from our five largest suppliers accounted for approximately 13.9%, 13.5%, 13.6% and 12.8% of our total cost of sales, respectively, and purchases from our largest supplier accounted for approximately 6.0%, 5.4%, 5.1% and 4.3% of our cost of sales, respectively.

During the Track Record Period, our five largest suppliers primarily include flight companies, owners of resorts leased by us, a property construction company and a cruise ship management company. We have maintained business relationships with a majority of our five largest suppliers during the Track Record Period for at least three years. We typically enjoy credit terms granted by our five largest suppliers ranging from seven to 30 days. Our Directors confirm that, as of the Latest Practicable Date, all of our five largest suppliers of each of the periods during the Track Record Period were Independent Third Parties and none of our Directors or their close associates or our existing Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of those five largest suppliers.

As of 30 June 2018, we operated 43 resorts under the lease operating model. Under such structure, we lease resorts from the resort owners pursuant to lease agreements, which generally have an initial term ranging form 12 to 15 years, and we incur cost for the lease of resorts. For descriptions of the general key terms of the lease agreements, see "— Our Principal Business Activities — Resorts — Our Resorts — Resorts Operating Model — Lease operating model of our resorts."

QUALITY CONTROL

We are committed to providing a pleasant and comfortable stay for customers of our resorts and tourism destinations. Our operation departments and customer relation service departments are responsible for overseeing the quality of the services provided to such customers.

We strive to maintain and improve the quality of our resort services through (i) conducting customer surveys continually and addressing constructive feedbacks; and (ii) reviewing customer comments on online platforms, such as TripAdvisor, Facebook reviews, Google reviews and Ctrip, with the semantic analysis and assistance of AI and guest intelligence tool. For resorts, we believe that our customer survey called "GM Feedback" is the backbone of the continuous quality improvement of our services. For general maintenance, we conduct inspections from time to time to ensure the proper functioning of the facilities at our resorts, and we are deploying a conformity measurement mobile app. To ensure our customers' inquiries and requests are addressed in a timely manner, we have also deployed an in-resort cloud based maintenance software and set up customer relation service departments to manage all customers' claims and communications. We have also established quality control measures on quality of food, outsourced services and transportations.

For the quality control of services provided in our tourism destinations, we have a customer relation service department to better serve our customers. We review customers' comments on our tourism destination on online platforms, such as Ctrip, Meituan, TripAdvisor and Tmall, and analyze customers' complaints on a daily basis. Customers' reviews and complaints are reported to the management through daily meetings and emails, and are discussed at department meetings for the development of effective improvement plans and the improvement of training programs. We also check and monitor the qualities of facilities and services at our tourism destination on a daily basis to ensure timely quality improvements.

For our services and solutions in various tourism and leisure settings such as (i) entertainment, other tourism- and culture-related services; and (ii) a platform for family-focused tourism- and leisure-related offerings, we have implemented quality control measures such as reviewing customers' comments on online platforms, and monitoring the qualities of our services and platform on a regular basis to ensure timely quality improvements.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we held 124 trademarks and 12 registered domain names which are material to our business. As of the Latest Practicable Date, we had 27 pending trademark applications. Details of our intellectual property rights are set forth under the section headed "Appendix VI—Statutory and General Information—Intellectual property rights of our Group." During the Track Record Period, we did not experience any intellectual property disputes that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation.

EMPLOYEES

As of 30 June 2018, we had 18,112 full-time employees. The following table shows a breakdown of our full-time employees by function as of 30 June 2018:

Functions	Number of Employees[(2)]	Percentage of Total Employees
Management	31	0.2%
Head office employees[(1)]	61	0.3%
Resort[(2)]	15,083	83.3%
Tourism destination	2,870	15.8%
Services and solutions in various tourism and leisure settings	67	0.4%
Total	18,112	100.0%

Notes:

(1) Including staff members from the human resource, financial, legal, risk control, administrative, public and government relation, digital technology and investment teams of the head office of the Group.

(2) Employees include resorts' employees under both seasonal contracts and permanent contracts.

The following table shows a breakdown of our full-time employees by geographical regions as of 30 June 2018:

Geographical region	Number of Employees[(1)]	Percentage of Total Employees
EMEA	8,507	47.0%
Americas	3,800	21.0%
Asia Pacific	5,805	32.0%
Total	18,112	100.0%

Note:

(1) Employees include resorts' employees under both seasonal contracts and permanent contracts.

We recruit our employees based on a number of factors such as their work experience, educational background and operational requirements. We offer attractive remuneration packages including salary, certain welfare and other benefits, and provide both in-house and external trainings for our employees to strengthen staff commitment and improve staff skills and technical expertise. We set targets for our employees based on their position and department and regularly review their performance. The results of such reviews are used in their salary reviews, bonus awards and promotion appraisals.

We have several labor unions and employee representative bodies that are in charge of representing employees' interests, are informed and/or consulted on a regular basis regarding, *inter alia*, management decisions, participate in negotiations of company's collective agreements, and assist us in attaining our economic objectives. During the Track Record Period, we did not experience any material labor disputes with our employees, receive any material complaints, notices or orders from relevant government authorities or third parties, or receive any material claims from our employees relating to social security or housing provident funds.

For the risks in relation to our failure to fully contribute social security funds and housing provident funds, please see "Risk Factors — Risks Relating to Our Business — We may be subject to additional social security and housing provident fund contributions and late payments and fines imposed by the relevant governmental authorities."

INSURANCE

To ensure that we have adequate insurance coverage in relation to the nature and extent of the risks that we may face, we have set up global insurance programs with pools of top-ranking insurers, and specific insurance coverage is taken out at a local level. The major types of insurance that we maintain include general liability insurance, property damage and business interruption insurance, director and officer liability insurance, terrorism and political violence insurance, transportation risks insurance, construction all risks insurance program, cyber risk insurance, automobile liability insurance, marine hull and machinery insurance and marine war risk insurance.

During the Track Record Period, there were no significant or unusual excess or deductible amounts under these policies. We believe that the insurance coverage under these policies is in line with industry norms. However, we may not have sufficient insurance coverage for damages and liabilities arising during the course of our business operations. Please see "Risk Factors—Risks Relating to Our Business—Our insurance coverage may not be adequate to cover all possible losses that we could suffer and our insurance costs may increase."

PROPERTIES

As of 30 June 2018, we owned 19 properties, which are used for resorts and tourism destinations. The following table sets out our owned properties as of 30 June 2018:

No.	Location (Resort name)	Approximate Size[1]	Use
1.	Cap Skirring, Senegal (Cap Skirring)	Gross site area: 942,914 m^2	Resort
2.	Cargèse, France (Cargèse)	Gross site area: 207,295 m^2	Resort
3.	Edipsos, Greek (Gregolimano)	Gross site area: 211,970 m^2	Resort
4.	Valladolid, Mexico (Cancun Yucatan)	Gross site areas: 90,636 m^2	Resort
5.	San Salvador, Bahamas (Columbus Isle)	Gross site areas: 363,003 m^2	Resort
6.	Itaparica, Brazil (Itaparica)	Gross site area: 341,445 m^2	Resort
7.	Ixtapa, Mexico (Ixtapa Pacific)	Gross site area: 124,850 m^2	Resort
8.	Sainte-Anne, France (Martinique) (Les Boucaniers)	Gross site area: 230,683 m^2	Resort
9.	Punta Cana, Dominican Republic (Punta Cana)	Gross site area: 430,020 m^2	Resort
10.	Rio Das Pedras, Brazil (Rio Das Pedras)	Gross site area: 1,115,250 m^2	Resort
11.	Port St. Lucie, USA (Sandpiper)	Gross site area: 159,700 m^2	Resort
12.	Trancoso, Brazil (Trancoso)	Gross site area: 274,000 m^2	Resort
13.	Bali, Indonesia (Bali)	Gross site area: 208,000 m^2	Resort
14.	Kuantan, Malaysia (Cherating Beach)	Gross site area: 783,000 m^2	Resort
15.	Karon, Thailand (Phuket)	Gross site area: 209,744 m^2	Resort
16.	Kemer, Turkey (Kemer)	Gross site area: 396,140 m^2	Resort

No.	Location (Resort name)	Approximate Size[(1)]	Use
17.	Sanya, Hainan province, PRC	Gross site area: 537,420 m^2	Tourism destination
18.	Lijiang, Yunnan province, PRC	Gross site area: 695,408 m^2	Future tourism destination
19.	Taicang, Jiangsu province, PRC	Gross site area: 146,821 m^2	Future tourism destination

Note:

(1) The size of each resort is based on the documents reviewed and does not comprise technical or factual analysis and measurements.

Our property with a gross site area of 537,420 m^2 located in Sanya, Hainan province, PRC, comprises two land parcels: (i) a land parcel with a site area of 343,971 m^2, for which we have obtained the land use right which will expire on 18 February 2054, and (ii) a land parcel with a site area of 193,449 m^2, for which we have obtained the land use right which will expire on 18 February 2064. For the property with a gross site area of 695,408 m^2 located in Lijiang, Yunnan province, PRC, we have obtained the land use right which will expire on 5 February 2077. We entered into land acquisition agreements and paid in full the land acquisition prices for our acquisitions of land parcels with a gross site area of 146,821 m^2 located in Taicang, Jiangsu province, PRC, during the Track Record Period. In addition, we entered into land acquisition agreements in July 2018 and September 2018 to acquire additional land parcels in Taicang with gross site areas of 181,486.8 m^2 and 154,977.9 m^2, respectively, and have paid in full the land acquisition price for these two land parcels. These land parcels in Taicang will be used for our Taicang Project which was still under design as of the Latest Practicable Date. As the Taicang Project is at its design stage, we believe that we have sufficient time for our applications for land use right certificates for these land parcels. As of the Latest Practicable Date, we had submitted the application for the land use right certificate for one of these land parcels in Taicang, and we were communicating with the local land administrative department with regard to the application process and preparing for our applications for land use right certificates for the other land parcels in Taicang, which, in the PRC Legal Advisor's view, does not constitute any noncompliance, because neither the PRC laws and regulations nor the relevant land acquisition agreements impose any time limit for our application for such land use right certificates. We continuously confer with the local land administrative department with regard to the application process and will apply for the land use right certificates for the other land parcels in Taicang in due course, and we currently do not foresee any material impediment in obtaining the land use right certificates for all of the land parcels in Taicang.

As of 30 June 2018, we leased and occupied 180 properties in more than 40 countries and regions. These properties are used for resorts, offices, agencies and commercial operations. A majority of these properties are leased from Independent Third Parties. The relevant lease agreements generally have a term ranging from 1 year to 15 years.

Lease agreements for 54 properties leased by us in the PRC had not been registered with the relevant PRC government authorities as of 30 June 2018. Among the 54 leased properties with unregistered leases, most of them are used as our offices, two leased properties located in Shanghai are used for the business operations of two Miniversity clubs to be opened by the end of 2018, and the remaining few leased properties are used for employee dormitories. As advised by our PRC Legal Advisor, pursuant to the applicable PRC laws and regulations, lease agreements are required to be registered with the relevant PRC government authorities, and we may be required by the relevant PRC authorities to register the lease agreements within a prescribed time limit. If we fail to do so, we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered PRC lease agreement, subject to the maximum aggregate fine of RMB540,000. As advised by our PRC Legal Advisor, our failure to register the lease agreements would not (i) affect the validity of the lease agreements in the PRC, (ii) affect our use of such leased properties to the extent permitted under the lease agreements, or (iii) have a material adverse impact on our business operations including but not limited to business operations of Miniversity clubs. Also, we expect that the unregistered lease agreements for two properties leased for the business operations of two Miniversity clubs to be opened in Shanghai would be registered with the relevant PRC government authorities before the opening of these two Miniversity clubs.

We had certain property interests, and each of such property either (i) forms part of property activities and has a carrying amount of 1% or more of our total assets, or (ii) does not form part of property activities and has a carrying amount of 15% or more of our total assets, valuation of which has been set out in Appendix IV to this prospectus.

HEALTH, HYGIENE AND SAFETY

We host millions of customers in our resorts and tourism destinations, and personal injuries are statistically likely to happen. Therefore, we have developed internal policies setting out health, hygiene and safety instructions to be followed to anticipate and minimize risks for our customers, our employees and our properties and assets. We monitor political, social, health, hygiene and weather conditions in order to fully map health, hygiene and safety risks. This mapping is supplemented by historical data and is used to tailor our risk management processes to the changing external environment. Historical data is collected from various internal and external sources, such as internal reports and materials, internal meetings, interviews with employees, customer feedbacks and public information, and is analyzed by our risk manager to improve our risk management. Monitoring measures include but are not limited to regular food safety checks by a third-party health and safety management company, health checks performed by medical staff, trainings, and hurricane and typhoon monitoring.

We have also established procedures to be applied in the event of sensitive or emergency situations, including but not limited to outbreaks of diseases, hostilities and natural disasters. To facilitate our crisis management, we have compiled a crisis management manual which contains numerous examples of typical situations that may occur at our facilities or in the host countries and the corresponding resolutions, and we have also designed and implemented a crisis communication tool for our resorts. We require our employees to comply with our health, hygiene and safety rules setting out mandatory and prohibited actions for various aspects of our resort and tourism destination operations. We focus on the prevention of safety crisis by implementing comprehensive preventive measures, including but not limited to safety procedures relating to ski activities and swimming pools, installing closed-circuit television systems at our resorts, collaborating with the special police force and liaising with local authorities to ensure seamless communications. In case of an accident or a crisis, we record facts and actions with details and submit a report to our insurance broker. In addition, we would conduct an internal investigation to identify the cause of such accident or crisis and decide whether any improvement measure needs to be taken.

We track our employees' health and safety compliance globally, and our training and prevention sessions covering health, hygiene and safety topics are held on a recurring basis, especially at the beginning of a new season. We have also implemented an information and tracking program for our employees on business trips to better protect them.

Moreover, for our resorts, health, hygiene and safety risks are covered by Club Med's risk mapping process and are assessed regularly. Under the supervision of Club Med's risk manager, for each risk identified, we design and implement a specific action plan to at least reduce the risk to an acceptable level. Club Med's risk manager implements the risk mapping process each year, and the results thereof are reported to relevant committee of Club Med.

During the Track Record Period and up to the Latest Practicable Date, despite our compliance with the applicable health and safety laws and regulations in all material respects, around 27 serious incidents occurred at our resorts in the course of business operations. Each serious incident involved either damages estimated by Club Med's insurer to be in excess of EUR75,000 or death. These serious incidents were generally accidents to guests from sporting and excursion activities at resorts and include 15 fatalities of various causes including accidents, illness or suicide on resort premises. We treat the serious incidents resorts with the utmost attention even when our resorts were not at fault. Where local authorities are involved, we cooperate with the authorities with a view to attaining resolution of any outstanding matters. For each such incident, we arranged for assistance and care to the injured and their families. Due to the strict liability regime applying to Club Med as a French tour operator, even in the absence of any wrongdoing, Club Med insurance may indemnify the injured customers or their families. Club Med's total exposure to liability, including any litigation arising out of any incident, is capped at EUR20,000 policy deductible per incident under the relevant insurance policy. Club Med works closely with insurance partners to refine and improve safety and security at its resorts.

ENVIRONMENTAL MATTERS

Our business operation is subject to various environmental laws and regulations, including those relating to waste disposal, water pollution control, air pollution control and noise control. In particular, we are required to submit an environmental impact report, analysis or registration form to the environmental authorities to obtain the authorities' approval on the commencement of the construction of a project in the PRC. Upon the completion of construction, the relevant environmental authorities inspect our properties to ensure our compliance with the applicable environmental protection standards. We strive to comply with all applicable environmental protection requirements. We introduced environmental protection guidelines and an environmental reporting tool for the management of our environmental policy roll-out, and we train our employees on environmental issues and eco-friendly behavior related to their position.

Various measures are implemented for our pollution and waste management. For example, we closely monitor the proper use and safe storage of harmful substances such as swimming pool and kitchen maintenance products. Also, we have always sought to avoid discharging untreated wastewater into the natural environment, and treatment plants are routinely built when satisfactory water treatment facilities are not available locally, particularly for resorts in remote areas or in those lacking infrastructure.

We introduce innovative measures for our sustainable use of resources. For example, in 2016, Club Med resort Gregolimano located in Greece introduced an instalation combining thermic solar, heating and A/C heat pump, and recovery of power in the sanitary hot water network. We also use recycled water and efficient equipment to control water consumption.

As of 30 June 2018, more than 70% of our resorts held Green Globe international certification for sustainable tourism. The Green Globe standard, based on international standards, is recognized by the Global Sustainable Tourism Council, and Green Globe is an affiliate member of the World Tourism Organization.

Animals in our care are important to our Aquarium and Dolphin Cay at Atlantis Sanya, and we have implemented animal protection measures, including but not limited to building large aquariums with favorable living conditions for animals, adopting animal protection procedures and policies, engaging professional marine zoologist and trainers to oversee our daily operation, using advanced equipment for animal health care and physical examination, and actively participating in animal protection associations.

LICENSES AND PERMITS

We have obtained all licenses, permits and approvals that are material to our business operations. As of the Latest Practicable Date, such licenses, permits and approvals were valid and remained in effect, or renewals had been timely filed and were pending before the relevant governmental authorities, and we currently do not foresee any material impediment in renewing these licenses and permits. However, we cannot assure you that we will be able to obtain or renew such licenses or permits in the future. See "Risk Factors—Risks Relating to Our Business—Our operations require licenses and any failure to obtain or renew the licenses may adversely affect our operations." For the resorts we manage under management agreements, the licenses, permits and approvals are obtained by the owners of such resorts. Should the owners of the managed resorts fail to observe their obligations to maintain the necessary licenses, permits and approvals for operating their resorts, we are entitled to terminate the relevant management agreements.

The following table sets forth the major licenses and permits relating to our business and operations in major jurisdictions where we operate as of the Latest Practicable Date (apart from those pertaining to general business requirements):

Jurisdiction	License/Permit	Holder	Date of Issuance	Expiration Date	Scheduled Date for Next Visit
France..................	Authorization to continue to operate a public-access building for Aime La Plagne resort	Club Med	19 May 2016	N/A	27 January 2019
France..................	Authorization to continue to operate a public-access building for Arcs Extreme resort	Club Med	23 March 2017	N/A	30 January 2020

Jurisdiction	License/Permit	Holder	Date of Issuance	Expiration Date	Scheduled Date for Next Visit
France..................	Authorization to continue to operate a public-access building for Avoriaz resort	Club Med	26 February 2018	N/A	25 January 2021
France..................	Authorization to continue to operate a public-access building for Cargese resort	Club Med	27 June 2018	N/A	27 June 2021
France..................	Authorization to continue to operate a public-access building for L'Alpe D'Huez La Sarenne resort	Club Med	1 June 2017	N/A	14 March 2020
France..................	Authorization to continue to operate a public-access building for La Palmyre Atlantique resort	Club Med	6 July 2018	N/A	11 April 2021
France..................	Authorization to continue to operate a public-access building for La Plagne 2100 resort	Club Med	19 May 2016	N/A	27 January 2019
France..................	Authorization to continue to operate a public-access building for Les Deux Alpes resort	Club Med	9 March 2017	N/A	15 December 2019
France..................	Authorization to continue to operate a public-access building for Meribel L'Antares resort	Club Med	16 February 2017	N/A	18 January 2020
France..................	Authorization to continue to operate a public-access building for Meribel Le Chalet resort	Club Med	23 March 2017	N/A	7 March 2022
France..................	Authorization to continue to operate a public-access building for Peisey-Vallandry resort	Club Med	19 May 2016	N/A	1 Febuary 2019
France..................	Authorization to continue to operate a public-access building for Sant' Ambroggio resort	Club Med	25 September 2014	N/A	25 September 2017
France..................	Authorization to continue to operate a public-access building for Serre-Chevalier resort	Club Med	4 January 2017	N/A	19 December 2019
France..................	Authorization to continue to operate a public-access building for Tignes Val Claret resort	Club Med	15 March 2018	N/A	16 January 2021
France..................	Authorization to continue to operate a public-access building for Val D'Isère resort	Club Med	15 March 2018	N/A	17 January 2021
France..................	Authorization to continue to operate a public-access building for Val Thorens resort	Club Med	19 January 2017	N/A	23 November 2019

Jurisdiction	License/Permit	Holder	Date of Issuance	Expiration Date	Scheduled Date for Next Visit
France	Authorization to continue to operate a public-access building for Valmorel resort	Club Med	17 December 2015	N/A	11 December 2018
France	Authorization to continue to operate a public-access building for Vittel Le Parc resort	Club Med	27 April 2017	N/A	21 March 2020
France	Travel Operator Registration Certificate No. IM075100307	Club Med	13 September 2016	13 September 2019	N/A
France	Maritime Labour Certificate for Club Med 2 resort	Shipping Cruise Services Ltd	29 June 2018	31 July 2023	N/A
Dominican Republic	Operation License for Punta Cana resort	Holiday Village of Punta Cana, S. A.	N/A	N/A	N/A
Mexico	Concession title for Cancun Yucatan resort	Operadora de Aldeas Vacacionales, S.A. de C.V.	30 June 1995	30 June 2045	N/A
Brazil	Operating License for Itaparica resort	Club Med Brasil S.A.	N/A	31 December 2018	N/A
Brazil	Operating License for Lake Paradise resort	Club Med Brasil S.A.	26 January 2018	26 January 2020	N/A
Brazil	Operating License for Trancoso resort	Club Med Brasil S.A.	26 February 2018	31 December 2018	N/A
Maldives	Operating License of the resort for Kani resort	Maldivian Holiday Villages Limited	29 January 2018	14 December 2022	N/A
Maldives	Operating License of the resort for Kani Finholu Villas resort	Maldivian Holiday Villages Limited	1 June 2015	1 December 2019	N/A
China	Interim Qualification Certificate for Real Estate Development Enterprise	Hainan Atlantis Business and Tourism Development Co., Ltd. (海南亞特蘭蒂斯商旅發展有限公司)	29 August 2018	28 August 2019	N/A
China	Business performance Permit (License No. Hu Shi Wen Yan(Jing): 00-1977)	Shanghai Fosun Fanxiu Performance and Art Co., Ltd. (上海復星泛秀演藝有限公司)	4 April 2018	4 August 2020	N/A
China	Business performance Permit (License No. 460000120034)	Sanya Fanxiu Performance and Art Co., Ltd. (三亞泛秀演藝有限公司)	11 December 2017	10 December 2019	N/A

Jurisdiction	License/Permit	Holder	Date of Issuance	Expiration Date	Scheduled Date for Next Visit
China....................	Travel Agency Business License (License No. L-SH-WZ00022)	Kuyi International Travel Agency (Shanghai) Co., Ltd. (酷怡國際旅行社(上海)有限公司)	27 March 2018	26 March 2021	N/A
China....................	Travel Agency Business License (License No. L-BJ-CJ00604)	Beijing Xiuping International Travel Agency Co., Ltd. (北京修平國際旅行社有限公司)	21 May 2016	20 May 2019	N/A
China....................	Travel Agency Business License (License No. L-BJ-CJ00841)	Zhongshang World Travel (Beijing) Travel Agency Co., Ltd. (中商世界遊(北京)旅行社有限公司)	11 December 2017	No expiration date	N/A
China....................	Travel Agency Business License (License No. L-SH-01819)	Shanghai Fosun Albion Travel Agency Co., Ltd. (上海復星愛必儂旅行社有限公司)	8 June 2017	No expiration date	N/A
China....................	Travel Agency Business License (License No. L-SH-WZ00009)	Shanghai Club Med Holiday Travel Agency Co., Ltd. (上海客美德假期旅行社有限公司)	15 November 2015	No expiration date	N/A
China....................	China (Shanghai) Pilot Free Trade Zone's Approval on Foreign Investment in Value-added Telecom Business Operation (domain name: thomascook.net.cn)	Kuyi International Travel Agency (Shanghai) Co., Ltd. (酷怡國際旅行社(上海)有限公司)	29 January 2018	29 January 2021	N/A
China....................	ICP filing (License No. Hu ICP Bei 18015522)	Shanghai Miniversity Culture Development Co., Ltd. (上海美托文化發展有限公司)	27 April 2018	No expiration date	N/A
China....................	ICP filing (License No. Hu ICP Bei 17029542)	Shanghai Fanyou Investment Management Co., Ltd. (上海泛遊投資管理有限公司)	7 July 2017	No expiration date	N/A
China....................	ICP filing (License No. Hu ICP Bei 1602115)	Kuyi International Travel Agency (Shanghai) Co., Ltd. (酷怡國際旅行社(上海)有限公司)	3 July 2018	No expiration date	N/A

Jurisdiction	License/Permit	Holder	Date of Issuance	Expiration Date	Scheduled Date for Next Visit
China	ICP filing (License No. Jing ICP Bei 16029436)	Zhongshang World Travel (Beijing) Travel Agency Co., Ltd. (中商世界遊(北京)旅行社有限公司)	23 April 2018	No expiration date	N/A
China	ICP filing (License No. Hu ICP Bei 17032535)	Shanghai Club Med Holiday Travel Agency Co., Ltd. (上海客美德假期旅行社有限公司)	15 August 2018	No expiration date	N/A
China	ICP filing (License No. Qiong ICP Bei 17003382)	Hainan Atlantis Business and Tourism Development Co., Ltd. (海南亞特蘭蒂斯商旅發展有限公司)	12 July 2018	No expiration date	N/A
China	ICP filing (License No. Hu ICP Bei 16038623)	Shanghai Fosun Albion Tourism Development Co., Ltd. (上海復星愛必儂旅遊發展有限公司)	28 November 2016	No expiration date	N/A
China	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書) for Lijiang Project	Lijiang Derun Real Estate Co., Ltd. (麗江德潤房地產開發有限公司)	1 June 2018	1 June 2019	N/A
China	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書) for Taicang Project	Yuexue (Taicang) Tourism and Culture Development Co., Ltd. (悅雪(太倉)旅遊文化開發有限公司)	31 August 2018	30 August 2019	N/A
China	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書) for Taicang Project	Yuezhou (Taicang) Tourism and Culture Development Co., Ltd. (悅洲(太倉)旅遊文化開發有限公司)	31 August 2018	30 August 2019	N/A
China	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書) for Taicang Project	Yueou (Taicang) Tourism and Culture Development Co., Ltd. (悅歐(太倉)旅遊文化開發有限公司)	20 September 2018	19 September 2019	N/A

Jurisdiction	License/Permit	Holder	Date of Issuance	Expiration Date	Scheduled Date for Next Visit
China....................	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書) for Taicang Project	Yuehao (Taicang) Tourism and Culture Development Co., Ltd. (悅浩(太倉)旅遊文化開發有限公司)	14 November 2018	13 November 2019	N/A

As indicated in the table above, authorizations to continue to operate a public-access building for resorts located in France have no specific expiration date. For each resort located in France, the security commission conducts a visit to the resort and decides whether to authorize the resort to continue operating a public-access building. During the visit, the security commission inspects the security facilities within the building and verifies whether the facilities comply with applicable regulations. After the visit, the security commission issues a report to authorize the resort to continue to operate the public-access building. The report is provided to the town hall where the resort is located, and the mayor conveys the report to the resort. Each authorization to continue to operate a public-access building is valid for a specified period depending on the category of the concerned building: three years for a building classified into Category 1 and 2, and five years for a building classified into Category 3 and 4. The report contains a scheduled date for the next visit based on the date of prior visit and the specified period of time. The next visit of the security commission does not necessarily occur on the exact scheduled date for the next visit. In the event that the security commission has not visited the resort after the originally scheduled date for the next visit, the relevant resort has the right to continue to operate its public-access building.

With respect to the status of the operation license for Punta Cana resort listed in the table above, we applied for such license on 6 July 2017 and such license was at its final approval stage as of the Latest Practicable Date. To the best knowledge of our Directors, (i) all of the necessary physical inspections of Punta Cana resort have been performed; (ii) our operation of Punta Cana resort while the operation license is under application does not violate any relevant laws or regulations; and (iii) there is no impediment for Punta Cana resort in obtaining the operation license.

With respect to the operating license for Itaparica resort listed in the table above, such license does not indicate the date of issuance. According to the municipal legislation of Vera Cruz, a company shall pay an annual operating fee to maintain the validity of the operating license. Upon the payment of the annual operating fee, the municipality issues the license to the company, and the license is valid for a full calendar year. This operation license has been valid since 1 January 2018.

Under the relevant PRC regulations, an operator is required to obtain a B21 license to operate an online business platform if the goods or services of a third party other than the owner are displayed or sold on such platform. Products and services of our Zhongshang Travel were sold on *fosunholiday.com*, a domain name registered under our Shanghai Fanyou, from October 2017 to August 2018, while Shanghai Fanyou (the operator) did not have the B21 license. Shanghai Fanyou has not been fined or otherwise penalized by the relevant PRC regulatory authorities as of the Latest Practicable Date, and as advised by our PRC Legal Advisor, the likelihood of the regulatory authorities' retroactively imposing any penalties other than fines is remote. We may be exposed to a maximum fine of RMB1.0 million if regulatory authorities impose a fine on us in the future.

LEGAL PROCEEDINGS AND COMPLIANCE

We are involved in legal or other disputes in the course of our business.

Thomas Cook France, a wholly-owned subsidiary of Thomas Cook, has ongoing disputes with us in connection with the sale of Jet Tours in 2008. In January 2010, Thomas Cook France, arguing that the sale price for the Jet Tours acquisition had been too high, sued Club Med and its subsidiary for willful misrepresentation, claiming damages of EUR20 million. The lower court held in favor of Club Med on 30 March 2012. The appellate court upheld the lower court's judgment on 9 May 2017. Thomas Cook France has lodged an appeal to the French Supreme Court. The hearing was held on 9 October 2018, and a decision from the French Supreme Court, which could be announced at any time, was pending as of the Latest Practicable Date. In addition, Club Med in turn has sued Thomas Cook France for non-performance by the latter of its obligations to grant Club Med the status of privileged tour operator, and to ensure that Thomas Cook France will make EUR10,000,000 additional sales of Club Med products for the year 2008/2009, by reference to the expected EUR100,000,000 sales for the year 2007/2008, claiming EUR6.2 million in damages. On 31 January 2018, the Paris Commercial Court ordered Thomas Cook France to pay Club Med the sum of EUR2 million. Thomas Cook France delivered its brief, appealing the decision. As of the Latest Practicable Date, neither legal action has been closed. Our Directors do not believe that the outcome of these legal actions will have a material adverse effect on our relationship with Thomas Cook. For example, since 2015, we have partnered with Thomas Cook in Kuyi, a joint venture in the PRC, and Thomas Cook continues to be our largest indirect sales channel in France.

During 2011, a company that had purchased a property complex in Italy from Club Med pursuant to a sales agreement dated 14 September 2005 (the "**Buyer**"), sued Club Med to seek an order for the revocation, cancelation or termination of the sales agreement, the reimbursement of the purchase price and interest and damages amounting to approximately EUR35 million in total. The Buyer alleged that it received an order from the government ordering the demolition of certain buildings sold under the sales agreement, and it alleged that certain information regarding the situation of the buildings that Club Med provided under the sales agreement was not completely truthful. The total amount claimed by the Buyer was later reduced to approximately EUR28 million. On 16 January 2017, the Court of First Instance ordered Club Med to indemnify the Buyer for EUR3 million. Club Med considered these conclusions to lack legal justification, appealed this decision and was granted a suspension of execution until the hearing of the merits of the case which is expected to be held in 2019. The parties will clarify their final requests by 3 April 2019.

Except as disclosed in this prospectus, as of the Latest Practicable Date, we were not involved in any actual or pending litigation, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe could have a material adverse effect on our business, results of operations, financial condition or reputation. Our Directors are not involved in any actual or threatened material claims or litigation.

We are subject to a wide range of laws and regulations in the ordinary course of business. Please see "Regulatory Overview." We complied with the laws and regulations applicable to us in all material aspects during the Track Record Period and up to the Latest Practicable Date.

BUSINESS ACTIVITIES INVOLVING COUNTRIES SUBJECT TO INTERNATIONAL SANCTIONS

The United States and other jurisdictions or organizations, including the European Union, the United Nations, and Australia, have comprehensive or broad economic sanctions targeting certain countries, or against industry sectors, groups of companies or persons, and/or organizations within such countries.

We have undertaken certain business activities in or involving Sanctioned Countries (the "**Relevant Business**"). Specifically, Club Med maintains contractual relationships with four distributors located in Crimea who sell Club Med travel packages. Club Med has no physical presence in Crimea. No U.S. persons, including U.S. employees, have been involved with respect to the Crimea business, and no travel packages involving Club Med resorts located in the United States have been sold by any distributor located in Crimea. Club Med also (1) offers two tour packages to destinations in Cuba ("**Cuba Tours**"), and (2) during the Track Record Period, offered two tourist cruises that stopped at Cuban ports (such operations having been since discontinued) (the "Cuba Cruises"). No U.S.-person Group personnel were involved in this activity, and no U.S.-origin goods, services or technology have been provided to Cuba in connection with the Cuba Tours or the Cuba Cruises. To the knowledge of our Group, no persons subject to the jurisdiction of the United States were transported to or from Cuba on any of these services. The Cuba Cruises did not, at any time, call at any port in the United States (either directly prior to or after the Cuba stops). During the Track Record Period, revenue derived from the Relevant Business was minimal. As advised by our International Sanctions Legal Advisers, our Group's business activities involving Sanctioned Countries during the Track Record Period do not appear to implicate any restrictions under applicable International Sanctions. This assessment was provided after the following steps were completed:

- reviewing documents provided by us about us, our business operations, marketing efforts, revenues, sales contracts, customer lists, subsidiaries, branches, sales offices and representatives, ownership structure and management; and

- receiving written confirmation from us that except as otherwise disclosed in this prospectus, neither our Group nor any of our affiliates (including any representative office, branch, subsidiary or other entity which forms part of our Group) conducted during the Track Record Period any business dealings in or with any other Sanctioned Countries.

Further, given the scope of our Global Offering and the expected use of proceeds as set out in this prospectus, our International Sanctions Legal Advisors are of the view that the involvement by parties in the Global Offering will not implicate any applicable International Sanctions on such parties, including our Group, our Group's investors, shareholders, the Stock Exchange and its listing committee and group companies, or any person involved in the Global Offering and accordingly, the sanctions risk exposure to our Group, its investors and shareholders, and persons who might, directly or indirectly, be involved in permitting the listing, trading and clearing of our Group's shares (including the Stock Exchange, its listing committee and related group companies) is very low.

Our Directors confirm that we have not been notified that any International Sanctions will be imposed on us for the Relevant Business activities during the Track Record Period.

Our Directors do not expect a significant increase in our Group's business involving Crimea or Cuba after our Listing, and the Cuba Cruises activity was discontinued during April 2018.

Our Directors, based on the advice from our International Sanctions Legal Advisors, are of the view that the risk of sanctions violations as a result of our Group's Relevant Business activities during the Track Record Period is remote, and accordingly minimal.

Our Undertakings

We have undertaken to the Stock Exchange that, after the Listing, (1) we will not use the proceeds from the Global Offering, as well as any other funds raised through the Stock Exchange, whether directly or indirectly, to finance or facilitate any activities or businesses with, or for the benefit of, the Sanctioned Countries where this would be in breach of International Sanctions; (2) we will not enter into any sanctionable transactions that would expose our Group, the Stock Exchange, HKSCC, HKSCC Nominees or our Shareholders to any risk of being sanctioned; and (3) we will make timely disclosure on the Stock Exchange's website and our own website if we should believe that any of our business would put our Group or our Shareholders at risk of being sanctioned and in our annual reports or interim reports our efforts on monitoring our business exposure to sanctions risks and our business intention relating to Sanctioned Countries.

RISK MANAGEMENT AND INTERNAL CONTROL

Anti-corruption Measures

We are subject to anti-corruption laws and regulations, which expressly prohibit companies and their intermediaries from bribing, in whatever way, any public officials or other third parties, with an objective of obtaining improper benefits, trading opportunities or competitive advantages. In order to comply with the anti-corruption laws and regulations, we have formulated and implemented an anti-corruption policy to maintain ongoing compliance. We take a zero-tolerance approach to bribery and corruption. Highlights of our anti-corruption policy include the following:

- We have a whistleblowing and complaint handling process and an anti-corruption department, and we will conduct investigations for any suspected cases of bribery, corruption or other related misconducts. For cases where misconduct is found, we may take disciplinary actions as considered appropriate, including dismissal, reporting to the relevant regulatory authorities and/or initiating legal actions to recover any economic losses suffered by us as a result of such misconduct.

- Our business partners must comply with our anti-corruption policy by entering into anti-corruption contractual terms or agreements with us.

Anti-money Laundering Measures

In order to comply with the relevant laws and regulations for the prevention of money laundering and terrorist financing where applicable, we have formulated and implemented an anti-money laundering policy. Highlights of our anti-money laundering policy include the following:

- The Board takes the ultimate responsibility for the completeness and effectiveness of the anti-money laundering system. Our risk department is responsible for formulating our anti-money laundering policy, conducting an annual review of the implementation of our anti-money laundering measures, proposing further implementation and investigating any suspected money laundering incidents.

- We from time to time inspect and analyze client identities since clients establish business relationships with us. We have in place internal procedures for new customer acceptances, including conducting background searches on the prospective customers by, among others, reviewing official identification documents, licenses and business registration certificates. Also, we have implemented internal procedures for reporting suspicious transactions pursuant to the applicable laws, regulations and internal policies.

- We provide our employees with anti-money laundering "warning signs" to identify potential money laundering instances, including (i) whether the customer is a special designated national or its/his name appears on anti-money laundering blacklists; (ii) unnecessarily complex payment methods which do not reflect true commercial purpose; (iii) requests for monetary transfers through unrelated third parties or countries; (iv) non-existent contact addresses; and (v) reluctance or refusal to provide information or where information provided is incomplete, suspicious or fictitious.

- If we have reasonable grounds to suspect that any of our customers are engaging in money laundering activities, we will suspend or terminate our business relationship with that customer and promptly report to relevant authorities as required laws and regulations.

GDPR Compliance Measures

In order to comply with the requirements and procedures under the GDPR, Club Med has implemented GDPR compliance measures, highlights of which include the following:

- Club Med has appointed a Data Protection Officer at the group level of Club Med to ensure our compliance with GDPR;

- Club Med has implemented a risk-assessment tool to manage the mapping of personal data processing within the group of Club Med and to organize the protection of personal data by design. We intend to use this tool to evaluate our personal data processing, identify noncompliance and develop corrective measures;

- Club Med has conducted a data privacy impact assessment to assess risks from our personal data processing;

- Club Med has adopted a global data security policy for the group of Club Med;

- Club Med has updated its privacy notices to provide data subjects (clients/prospects, employees/candidates) with a clear and transparent information on how and why the group of Club Med is processing the personal data;

- Club Med has developed a consent management and reactivation plan as well as related guidelines and recommendations to confirm and update consents from clients and prospects;

- Club Med has set defined data retention periods for each category of personal data processed by the group of Club Med;

- Club Med has developed records of processing to comply with the accountability principle under the GDPR;

- Club Med has established internal procedures and standards for possible data access and data portability requests by individuals;

- Club Med has inserted standard clauses on personal data protection into our contracts with suppliers;

- Club Med has prepared best practices for the internal management of personal data processing as well as for external partners such as travel agencies; and

- Club Med has initiated a communication and awareness campaign including training sessions for staff.

Taxation Controls

We must comply with the tax laws of multiple jurisdictions by making tax filings and payments, responding to audits and requests for information by local tax authorities, engaging in negotiations, litigation and settlements over tax matters, and monitoring changes in local tax policies. Our business involves certain intra-group transactions among entities in different countries and regions (such as resorts offering vacation packages and sales offices buying those vacation packages and reselling them to customers), we have defined a transfer pricing policy based on which the transfer prices between the Group entities are assessed and measured. This transfer pricing policy has been reviewed by professional advisors and is based on the transfer pricing methods and guidelines set forth by the Organization for Economic Co-operation and Development ("**OECD**"), described *inter alia* in the "OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administration," which represents the prevailing views of the tax administration of OECD member countries and is referenced by numerous other countries.

Risk Management System

We have set up an internal control system, a risk management committee and an audit committee. Our internal control system is organized on a decentralized basis, underpinned by rules relating to organization, strategies, procedures and practices aimed at controlling risks that may have a material impact on our assets or on our ability to achieve our objectives. For more information on qualification and experiences of the members of our risk management committee and audit committee, see "Directors and Senior Management." Internal control procedures in each business unit extend to every level of the Group and are the responsibility of the operating and corporate departments.

Quality risk management

Improving quality has always been an essential concern for us. Our quality control process hinges on defining and tracking products and carefully assessing feedback from customers.

We have implemented a set of quality standards to ensure consistent levels of service over time and from one resort to another, and such standards are updated regularly based on feedbacks from the resorts and changes in the service. Resort managers and department heads are responsible for ensuring the implementation of quality standards in the resorts and supporting their teams in achieving them. During training, managers are systematically reminded to refer to these standards. Practical guidelines have also been drawn up for each profession in order to deliver the service quality that we demand and customers expect.

Customer satisfaction is assessed centrally through a detailed satisfaction survey sent to every customer. It is also evaluated through analysis of customer correspondences, daily contact between G.Os and customers, and continuous monitoring. Customer's feedbacks are analyzed and taken into account in the day-to-day management and also in selecting long-term strategic options. We also engage third parties to visit resorts, verify the implementation of quality standards and provide corrective action plan for the problems identified.

Information system risk management

Our information system is designed to meet requirements for security, reliability, availability and traceability of information. We have also set up procedures to ensure the security of the information system and the integrity of our data. These include periodic backups, automated controls to avert the introduction of erroneous data and archiving of information and data. In addition, the information system undergoes regular adjustments in order to adapt it to our changing needs, and the risk of an intruder hacking into the network and/or a centralized application is assessed and tested on a periodic basis.

Legal and compliance risk management

We have established local legal teams in all regions of our business operations to handle legal matters of different jurisdictions. Where necessary, we also seek advice from external counsel. To improve efficiency of legal management, the legal teams confer periodically to share information such as best practices and insights into newly promulgated laws which have impact on our operations, and the local legal teams are required to promptly notify the central legal department of sensitive matters, including but not limited to material legal proceedings, significant projects and projects involving legal risks.

In order to raise employees' compliance awareness, we drew up an employee manual that covers topics such as potential conflicts of interest, anti-corruption policy, use of confidential information, and compliance with applicable laws in our host countries. We have appointed a compliance officer in charge of implementing compliance policies.

Hedging measures

We operate business all over the world and are exposed to the risk of fluctuations in foreign exchange rates. To manage exposure to foreign exchange rate fluctuations, we engage in forward currency contracts and currency swaps with third parties to mitigate the transaction currency risk arising from future cash flows denominated in currencies other than their functional currencies. The balances of the forward currency contracts and currency swaps vary with the levels of expected foreign currency transactions and changes in foreign exchange forward rates of the major commercial currencies of customers. The terms of the above hedging instruments seek to match the forecast of transactions based on customer bookings. We also engage in currency swaps which are designated as hedging instruments in respect of the currency risk on intercompany financings denominated in a currency other than the functional currency of the lending entities within the Group.

To manage our exposure to the risk of changes in the market interest rates from primarily long-term debt obligations with floating interest rates, we carry out hedging activities by entering into interest rate swap on certain variable rate debts. For details, please refer to "Appendix I Accountants' Report — II. Notes to the Historical Financial Information — 30 Derivative Financial Instruments." Our management believes the risk of default under these hedging contracts is remote and, in any event, would not be material to the consolidated financial results. We do not utilize derivative financial instruments for speculative purposes.

GENERAL

The following table sets forth certain information concerning our Directors and senior management personnel:

Name	Age	Position	Time of joining our Group	Date of appointment as Director or senior management of the Group	Roles and Responsibilities
Directors					
Qian Jiannong (錢建農)	56	Chairman of the Board, executive Director, chief executive officer of our Company, and director of Club Med Holding, Club Med and Hainan Atlantis	October 2009	15 October 2009	Responsible for formulating business strategies and overall management of our Group
Henri Giscard d'Estaing	62	Vice chairman of the Board, executive Director, deputy chief executive officer, president of Club Med and director of Club Med Holding	July 1997	17 July 1997	Responsible for formulating business development plans, business strategies and major corporate decisions of the Group and overseeing the overall management and operations of Club Med
Wang Wenping (王文平)	41	Executive Director, vice president and chief financial officer	April 2017	24 April 2017	Responsible for formulating business plans, strategies and major decisions of the Group and overseeing the financial management of our Group

Name	Age	Position	Time of joining our Group	Date of appointment as Director or senior management of the Group	Roles and Responsibilities
Wang Can (王燦)	39	Non-executive Director	August 2018	2 August 2018	Responsible for formulating strategic directions and making recommendations on major operational and managerial matters of the Group
Allan Zeman (盛智文)	70	Independent non-executive Director	November 2018	19 November 2018	Responsible for supervising and providing independent judgment to the Board
Guo Yongqing (郭永清)	44	Independent non-executive Director	November 2018	19 November 2018	Responsible for supervising and providing independent judgment to the Board
Katherine Rong Xin	55	Independent non-executive Director	November 2018	19 November 2018	Responsible for supervising and providing independent judgment to the Board
Senior Management					
Michel Wolfovski	61	Deputy chief executive officer and chief financial officer of Club Med	March 1998	9 March 1998	Responsible for overseeing the operation, management and financial matters of Club Med

Name	Age	Position	Time of joining our Group	Date of appointment as Director or senior management of the Group	Roles and Responsibilities
Cao Ming Long (曹鳴龍)	54	Senior vice president, and president of Hainan Atlantis	November 2013	15 November 2013	Responsible for overseeing the construction, operation and development of Atlantis Sanya
Huang Minyu (黃旼宇)	49	Vice president, and chairman of Fosun Albion	January 2016	1 January 2016	Responsible for strategic planning and resources synergization of Albion
Xu Bingbin (徐秉璸)	37	Vice president and managing director of investment management, and director of Club Med and Kuyi	November 2009	1 April 2015	Responsible for driving strategic investment projects and further international investments
Wang Yuenan (王越男)	43	Vice president and general manager of human resources department	April 2017	24 April 2017	Responsible for the overall human resources strategic planning, organization design and development, leadership, talent acquisition and development

BOARD OF DIRECTORS

Our Board is responsible for, and has general powers over, the management and conduct of our business. It consists of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors.

Executive Directors

Mr. Qian Jiannong (錢建農), aged 56, was appointed as chief executive officer of the Group since the establishment of commercial business department in October 2009, and was appointed as the chairman of the Board on 30 September 2016 and re-designated as an executive Director on 17 August 2018. Mr. Qian is responsible for formulating business strategies and overall management of our Group. Mr. Qian has over 20 years of experience in the tourism and retail industries. He joined our Group in October 2009 and was primarily responsible for developing and implementing Fosun International's strategies, operation and management of business activities in the tourism sector. He has since led us in accomplishing a series of investments in the tourism industry, such as Club Med, Vigor and Thomas Cook. Mr. Qian currently serves as a global partner and the senior vice president of Fosun International, solely responsible for the operation of our Group. He has also been a director of Club Med since 2010 and Club Med Holding since February 2015, and was a director of Yuyuan from June 2010 to December 2013. Mr. Qian has been a director of Hainan Atlantis since May 2013 and primarily responsible for overall business direction of Hainan Atlantis. He was also a non-executive director of Folli Follie from May 2011 to June 2018. Mr. Qian served as a director of Grupo Osborne, S.A. from June 2014 to November 2016. From September 2006 to August 2009, Mr. Qian also served as the chief executive officer and the executive director of Nepstar Chain Drugstore Ltd. (中國海王星辰連鎖藥店股份有限公司).

Mr. Qian obtained a bachelor's degree in economics from Shandong University (山東大學) in July 1983. He received a master's degree in economics from the University of Essen (subsequently reorganized as the University of Duisburg-Essenin) in Germany in July 1992 and was enrolled in the doctoral program in economics in the University of Duisburg-Essen from 1993 to 1997.

Mr. Henri Giscard d'Estaing, aged 62, was appointed as deputy chief executive officer on 26 June 2018, a director and the vice chairman of the Board on 2 August 2018 and re-designated as an executive Director in 17 August 2018. He has also served as the director of Club Med Holding and president of Club Med since March 2015 and December 2002, respectively. Mr. Giscard d'Estaing is responsible for formulating business development plans, business strategies and major corporate decisions of the Group and overseeing the overall management and operations of Club Med. He has extensive experience in corporate strategy, organizational leadership, global brand management and international operations, and he has accumulated in-depth knowledge and experience in the global tourism market through his over 20-year career with Club Med. Mr. Giscard d'Estaing joined Club Med in July 1997 and successively served in various roles in Club Med, including, among other things, the chief operating officer in charge of finance, development and international relations from 1997 to 2001, the chief executive officer from 2001 to 2002, the chairman of the executive board from 2002 to 2005, and the chairman of the board and chief executive officer from 2005 to 2015, in which position he initiated and implemented the transformation of the Club Med resorts into a world-renowned provider of family-focused all-inclusive holiday experience. In addition, Mr. Giscard d'Estaing is also a global partner of Fosun International, which demonstrates the importance of our business within the Fosun International Group.

Prior to joining Club Med, Mr. Giscard d'Estaing joined the Danone group in 1987 and successively served as the head of development, chief executive officer of the British subsidiary HP Food Lea and Perrins, chief executive officer of Evian-Badoit and head of the mineral water division. From 1982 and 1987, he served as an associate director in Cofremca, specializing in the study of changes in food consumption patterns and their marketing and strategic impacts.

Mr. Giscard d'Estaing has also been censor of Casino, Guichard-Perrachon (Euronext Paris: CO) since May 2016 and was an administrator from April 2004 to May 2016. He has also been a member of the supervisory board of Randstad N.V. (Euronext Amsterdam: RAND) since April 2008, a member of the advisory board of BOAO Forum for Asia since April 2018 and has been the deputy chairman of World Tourism Alliance (WTA) since its establishment in 2017.

Mr. Giscard d'Estaing graduated from Institut d'Etudes Politiques de Paris in 1977 and also received a master's degree in economics from University Paris II Panthéon-Assas in July 1979.

Mr. Wang Wenping (王文平), aged 41, was appointed as a director on 2 August 2018 and re-designated as an executive Director on 17 August 2018. He became our vice president and chief financial officer when he joined our Group on 24 April 2017, responsible for formulating business plans, strategies and major decisions of the Group and overseeing the financial management of our Group. Mr. Wang has over 18 years of working experience in the auditing and finance industries. Before joining our Group, he served as the executive director, chief financial officer and company secretary at Something Big Technology Holdings Limited (大事科技控股有限公司) from January 2014 to April 2017. From July 2000 to December 2013, he worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP, where he last served as a senior audit manager.

Mr. Wang has been a non-practicing member of the Shanghai Institute of Certified Public Accountants (上海註冊會計師協會) since June 2015, and was also a practicing member from November 2002 to April 2015. He was also granted the qualification of Chartered Professional Accountant by the Chartered Professional Accountants of British Columbia in April 2015. Mr. Wang received a bachelor's degree majoring in accounting from Xiamen University (廈門大學) in July 2000.

Non-executive Director

Mr. Wang Can (王燦), aged 39, was appointed as a director on 2 August 2018 and re-designated as a non-executive Director on 17 August 2018 and is primarily responsible for formulating strategic directions and making recommendations on major operational and managerial matters of the Group. He joined the Fosun International Group in 2012 and currently holds several positions in the Remaining Fosun International Group, including, among others, as executive director, senior vice president and the chief financial officer of Fosun International, general manager of the investment management support center, and the co-director of Fosun Technology Innovation Center. Mr. Wang has also been the non-executive director of Fosun Pharma and the director of Shanghai Ganglian E-Commerce Holdings Co., Ltd. (上海鋼聯電子商務股份有限公司) (Shenzhen Stock Exchange: 300226) since June 2016 and May 2017, respectively.

Prior to joining the Fosun International Group, Mr. Wang served as the financial controller and strategic investment director of Huazhu Group Limited (華住酒店集團) (NASDAQ: HTHT) (formerly known as China Lodging Group) from 2009 to 2012. From 2007 to 2009, he worked at Standard Chartered Bank (China) Limited where he last served as the regional finance manager. From 2004 to 2007, Mr. Wang worked at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所有限公司) where he last served as the audit manager. Prior to that, he served as finance director of northern China in Kingdee Software (China) Co., Ltd. (金蝶軟件(中國)有限公司) from 2000 to 2004.

Mr. Wang has been a non-practicing member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since December 2000 and a member of the Association of International Accountants since November 2016. Mr. Wang graduated from Anhui University (安徽大學) in June 1997, and received an executive master of business administration degree from China Europe International Business School (中歐國際工商學院) in August 2014.

Independent Non-executive Directors

Dr. Allan Zeman (盛智文), aged 70, was appointed as an independent non-executive director of the Company on 19 November 2018 with effect from the Listing Date and is primarily responsible for supervising and providing independent judgment to the Board. Since July 1996, Dr. Zeman has been serving as the chairman of Lan Kwai Fong Group (蘭桂坊集團), a major property owner and developer in Hong Kong's Lan Kwai Fong Area, one of Hong Kong's most popular tourist and entertainment districts. Dr. Zeman has also been serving as an independent non-executive director of Sino Land Company Limited (信和置業有限公司) (Stock Exchange: 00083) since September 2004; an independent non-executive director of Tsim Sha Tsui Properties Limited (尖沙咀置業集團有限公司) (Stock Exchange: 00247) since September 2004; an independent non-executive director of Global Brands Group Holding Limited (利標品牌有限公司) (Stock Exchange: 00787) since June 2014; an independent non-executive director of Television Broadcasts Limited (電視廣播有限公司) (Stock Exchange: 00511) since April 2015; and the non-executive chairman and an independent non-executive director of Wynn Macau, Limited (永利澳門有限公司) (Stock Exchange: 01128) since February 2018 and March 2014, respectively. He is also a non-executive director of Pacific Century Premium Developments Limited (盈科大衍地產發展有限公司) (Stock Exchange: 00432) since June 2004 (being an independent non-executive director during the period from July 2006 to March 2018).

Dr. Zeman has been the chairman of Ocean Park from 2003 to 2014 and member of the board of West Kowloon Cultural District Authority from 2008 to 2016, and currently an honorary advisor of the Ocean Park and chairman of commercial letting panel of the West Kowloon Cultural District Authority since December 2016.

Dr. Zeman was appointed a Justice of the Peace in Hong Kong in 2001. Dr. Zeman was awarded the Gold Bauhinia Star in 2004 and the Grand Bauhinia Medal in 2011.

Dr. Zeman was awarded an Honorary Doctorate of Laws Degree from the University of Western Ontario, Canada in June 2004. In November 2012, he was also awarded Honorary Doctorate Degrees of Business Administration from City University of Hong Kong and the University of Science and Technology of Hong Kong.

Mr. Guo Yongqing (郭永清), aged 44, was appointed as an independent non-executive Director of the Company on 19 November 2018 with effect from the Listing Date and is primarily responsible for supervising and providing independent judgment to the Board. Mr. Guo has worked in Shanghai National Accounting Institute (上海國家會計學院) since May 2002 and currently serves as a professor of accounting. He has served as an independent director of Chongqing Brewery Co., Ltd. (重慶啤酒股份有限公司) (Shanghai Stock Exchange: 600132) and Huangshan Tourism Development Co., Ltd. (黃山旅遊發展股份有限公司) (Shanghai Stock Exchange: 600054 and 900942) since April 2013 and April 2018, respectively. Mr. Guo has also been an independent non-executive director of Tianjin Capital Environmental Protection Group Company Limited (天津創業環保集團股份有限公司), a company listed on the Shanghai Stock Exchange and the Stock Exchange under the stock codes 600874 and 1065, respectively, since December 2015. Mr. Guo has been and remains responsible for acting as a specialist or a member of audit committees of the aforementioned listed companies and is involved in their financial management, including periodic financial reviews and annual financial audits and reporting, in his capacity as a director of listed companies.

Mr. Guo has been a non-practicing member of the Chinese Institution of Certified Public Accountants (中國註冊會計師協會) since December 2009 and has also been a member of the Enterprise Accounting Standards Advisory Committee of the Ministry of Finance of China (中國財政部企業會計準則諮詢委員會) since July 2016. Mr. Guo was awarded the "Qingpu Leading Talent" (青浦領軍人才) by the Organization Department of CPC of Qingpu District, Shanghai (中共上海市青浦區委組織部) and the Bureau of Human Resources and Social Security of Qingpu District, Shanghai (上海市青浦區人力資源和社會保障局).

Mr. Guo graduated from Dongbei University of Finance and Economics (東北財經大學), majoring in accounting, and received a bachelor's degree in July 1996 and a master's degree in March 1999. He graduated from Shanghai University of Finance and Economics (上海財經大學) majoring in accounting with a doctor's degree in February 2002.

Ms. Katherine Rong Xin, aged 55, was appointed as an independent non-executive director of the Company on 19 November 2018 with effect from the Listing Date and is primarily responsible for supervising and providing independent judgment to the Board. Ms. Xin has been a management professor since September 2001 and the deputy provost since 2011 at the China Europe International Business School (中歐國際工商學院). Ms. Xin served as an independent director in Shanghai Blossom Hill Hotel Management Co. Ltd., (上海布洛斯酒店管理有限公司), a company mainly engaged in boutique hotel management in China under the *Blossom Hill* (花間堂) brand, from March 2012 to April 2017.

Ms. Xin was awarded Chinese Most Cited Researchers by Elsevier, a global provider of scientific, technical, and medical information, for four consecutive years from 2014 to 2017.

Ms. Xin graduated from Anhui University (安徽大學) in July 1984 with a bachelor's degree in English. She received a master's degree in applied linguistics from Graduate University of Chinese Academy of Sciences (中國科學院研究生院) in July 1986, and a master's degree in business administration from California State University in June 1991. She obtained a doctor's degree in business administration from the University of California in June 1995.

For details of our Directors' respective interests or short positions (if any) in our Shares, particulars of our Directors' service agreements and Directors' remuneration, please see "Appendix VI—Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders" in this prospectus.

Save as disclosed above, none of our Directors has any other directorships in listed companies during the three years immediately prior to the date of this prospectus.

Save as disclosed in this prospectus, each of our Directors has confirmed that there are no other matters relating to his/her appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

The executive Directors and members of our senior management are responsible for the day-to-day management and operation of our business, and participating in the formulation of a major decision of our Group. Details of our executive Directors are set out in "—Board of Directors—Executive Directors" in this section.

In addition to the executive Directors, the members of the senior management of our Group include the following:

Mr. Michel Wolfovski, age 61, joined Club Med in March 1998 as its chief financial officer and has been the deputy chief executive officer of Club Med since 16 March 2005. Mr. Wolfovski is primarily responsible for overseeing the operation, management and financial matters of Club Med, and moreover is the supervisor of Club Med's business in North and South America and operations in Europe-Africa. Being with Club Med for over 20 years, Mr. Wolfovski possessed extensive corporate strategy, financial and management experiences in the global tourism market, and successively served as various roles in Club Med, including the deputy managing director, executive vice president and a member of the board of directors.

Prior to joining Club Med, from 1985 to 1998, he worked at the Lagardère Group where he successively served as an auditor, the head of management control and accounting at Matra Manurhin Défense, vice president financial management at Fairchild Space and Defense Corporation in the U.S., and management finance Director at the Matra Communication group. Before that, Mr. Wolfovski served as an auditor at Ernst & Young from 1982 to 1985.

Mr. Wolfovski has been a member of the French Institute of Certified Public Accountants since December 1987. Mr. Wolfovski received his master's degree from Le Havre Business School, France, in July 1982.

Mr. Cao Ming Long (曹鳴龍), aged 54, was appointed as the senior vice president of our Group and president of Hainan Atlantis when he joined our Group in November 2013, and is primarily responsible for overseeing the construction, operation and development of Atlantis Sanya. He has over 17 years of working experience in the real estate and tourism industries. Prior to joining our group, Mr. Cao served as the chief operating officer of China real property division of Tuan Sing Group (傳慎集團) from May 2010 to November 2013 and was responsible for the management and development of its real estate business in China. From April 2007 to March 2010, Mr. Cao worked at WBL Properties (China) (Private) Ltd. (formerly known as Weames Development (Private) Ltd. — China property division) where he served as the deputy general manager and was mainly responsible for the operations and management of operating property business of its two subsidiaries. Prior to that, Mr. Cao worked as the operation director/deputy managing director in Asia Food and Properties Co., Ltd. (亞洲食品及不動產有限公司) China Division, from September 2001 to July 2005, where he was responsible for the operation and management of China business.

Mr. Cao obtained a bachelor's degree in medicine from the Second Military Medical University (第二軍醫大學) in July 1989, and obtained a master's degree in business administration from University of Leicester in July 1999.

Mr. Huang Minyu (黃旼宇), aged 49, joined our Group in January 2016 as the vice president of our Group, and was appointed as the chairman of Fosun Albion on 23 October 2018. He also served as the general manager of Fosun Albion from 11 May 2016 to 22 October 2018. He is primarily responsible for strategic planning and resources synergization of Albion. Mr. Huang has around 17 years of working experience in real estate and tourism industries. Prior to joining our Group, he successively worked at Shanghai Forte Land Co., Ltd. (復地(集團)股份有限公司), a subsidiary of Fosun International, from November 2015 to December 2015 as the general manager of the city company sector, and from December 2009 to March 2014 as the executive general manager of commercial business department. From April 2014 to November 2015, Mr. Huang served as the director and member of the investment decision-making committee of Huayin (International) Finance Holdings Group Co., Ltd. (中國華銀(國際)金融控股集團有限公司), and the president of Shanghai Xiande Real Estate Development Co., Ltd. (上海憲德地產開發有限公司) in charge of culture, tourism and the commerce department. From July 2004 to October 2009, Mr. Huang worked at Shanghai Lansheng Group (上海蘭生集團) and Shanghai New Century Exhibition Development Co., Ltd. (上海新世紀會展發展有限公司) as assistant general manager.

Mr. Huang received a certificate for completing junior college courses majoring in water quality stabilization from East China University of Science and Technology (華東理工大學) (formerly known as East China Institute of Chemical Engineering (華東化工學院)) in August 1991. He also obtained a master's degree in public administration from Northwest Normal University (西北師範大學) in June 2015.

Mr. Xu Bingbin (徐秉璸), aged 37, joined our Group in November 2009 and was responsible for implementation of investments in tourism sector of Fosun International. He was appointed as the managing director of our Group on 1 April 2015 and was successively appointed as the vice president and managing director of investment management of our Group on 6 June 2017. Currently Mr. Xu is primarily responsible for driving strategic investment projects such as Club Med, Vigor and Thomas Cook and further international investments. Mr. Xu has been the director of Club Med since March 2015 and participating in the formulation of business plans and strategies of Club Med. In addition, Mr. Xu has also served as a director of Vigor, a company based in Taiwan in which our Company holds approximately 18.68% equity interest as of the Latest Practicable Date (Taipei Exchange: 2733), since 2012, and a director of Kuyi since July 2015.

Prior to joining our Group, Mr. Xu served as the assistant general manager of China International Economic Consultants Co., Ltd. Shanghai Branch (中國國際經濟諮詢有限公司上海分公司) from March 2006 to October 2009, where he was mainly responsible for merger and acquisitions, investment and strategy consulting.

Mr. Xu obtained a bachelor's degree in economics from Shanghai University (上海大學) in July 2003. He also received a master's degree in international business from Monash University in Australia in November 2005.

Ms. Wang Yuenan (王越男), aged 43, was appointed as vice president and general manager of the human resources department when she joined our Group on 24 April 2017, and is primarily responsible for human resource strategic planning, organization design and development, leadership, talent acquisition and development. Ms. Wang has over 20 years of working experience, 13 years which focused on human resources management. Prior to joining our Group, she served as a human resources director of China, and an interim human resources leader of Asia Pacific and India of at Trane Air Conditioning System (China) Co., Ltd. (特靈空調系統(中國)有限公司), (also known as Ingersoll Rand HVAC and transportation division) from August 2015 to April 2017. From April 2011 to August 2015, Ms. Wang worked as human resources director of Grundfos Pumps (Shanghai) Co., Ltd. (格蘭富水泵(上海)有限公司) and was primarily responsible for overall human resources management of GRUNDFOS China, including human resources strategy, and leadership development. From March 2009 to April 2011, she worked at Mondelez Shanghai Food Corporate Management Co., Ltd. (億滋食品企業管理(上海)有限公司) (formerly known as Kraft Shanghai Food Corporate Management Co., Ltd. (卡夫食品企業管理(上海)有限公司), where she last served as the national human resources manager. Prior to that, Ms. Wang served as APAC organization development and learning leader in the Specialty Materials Business Group of Honeywell (China) Co., Ltd. from April 2007 to March 2009.

Ms. Wang obtained a bachelor's degree in economics from the East China Normal University (華東師範大學) in July 1997, and obtained a master's certificate in applied psychology from East China Normal University in June 2005. She also completed the Chief Human Resource Officer Executive Education Program held by Shanghai Jiao Tong University (上海交通大學) in April 2015.

To the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, save as disclosed above, none of the above members of senior management has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this prospectus.

COMPANY SECRETARY

Ms. Leung Wan Yi (梁韻兒), aged 35, is the company secretary of our Company and was appointed on 17 August 2018. Ms. Leung has over 10 years of experience in the company secretarial industry. Prior to joining our Group as the company secretary, Ms. Leung worked at Fosun International from March 2015 to August 2018, where she last served as the senior compliance director and was primarily responsible for secretarial work and compliance matters. From June 2012 to March 2015, Ms. Leung served as the company secretarial officer at Evergo Holdings Company Limited, a wholly-owned subsidiary of Chinese Estates Holdings Limited (Stock Exchange: 00127). From February 2008 to June 2012, Ms. Leung worked at Tricor Services Limited, a professional services provider specializing in corporate secretarial services, where she last served as the company secretarial supervisor in corporate service division.

Ms. Leung received a bachelor's degree in business administration from Hong Kong Shue Yan University in July 2007 and a master's degree in professional accounting and corporate governance from City University of Hong Kong in July 2010. Ms. Leung is a Fellow of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. She was awarded the Chartered Governance Professional qualification of The Institute of Chartered Secretarial and Administrators and The Hong Kong Institute of Chartered Secretaries on 30 September 2018.

AUDIT COMMITTEE

We have established an audit committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system of our Group, oversee the audit process, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by our Board.

The audit committee consists of three members, namely Mr. Guo Yongqing, Mr. Wang Can and Ms. Katherine Rong Xin. The chairman of the audit committee is Mr. Guo Yongqing, who is the independent non-executive Director with the appropriate accounting and related financial management expertise.

REMUNERATION COMMITTEE

We have established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration committee are to establish, review and make recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives.

The remuneration committee consists of three members, namely Ms. Katherine Rong Xin, Mr. Guo Yongqing and Mr. Wang Wenping. The chairman of the remuneration committee is Ms. Katherine Rong Xin.

NOMINATION COMMITTEE

We have established a nomination committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the nomination committee are to review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board, identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members, assess the independence of our independent non-executive Directors and make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

The nomination committee consists of three members, namely Mr. Qian Jiannong, Dr. Allan Zeman and Ms. Katherine Rong Xin. The chairman of the nomination committee is Mr. Qian Jiannong.

STRATEGY COMMITTEE

We have established a strategy committee with written terms of reference adopted on 19 November 2018 with effect from the Listing Date. The primary duties of the strategy committee are to consider and make recommendations on the Company's mid and long-term strategies, to consider and make recommendations to the Board on significant investments and financial proposals which are subject to the approval by the Board meeting or the shareholders' meeting pursuant to the Articles or other applicable laws, rules and regulations of the Company, to consider and make recommendations on other significant matters which will affect the development of the Company, to inspect ad evaluate the implementation of the above matters and to make timely recommendations for adjustment and to deal in any other matters delegated by the Board from time to time.

The strategy committee consists of three members, namely Mr. Qian Jiannong, Mr. Henri Giscard d'Estaing and Dr. Allan Zeman. The chairman of the strategy committee is Mr. Qian Jiannong.

CORPORATE GOVERNANCE

Our Company intends to comply with all code provisions under the Principles of Good Governance, Code Provisions and Recommended Best Practices in Appendix 14 to the Listing Rules (the "**Code**") after the Listing except for paragraph A.2.1 of the Code, which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Qian is the chairman of the Board and the chief executive officer of our Company. We consider that having Mr. Qian acting as both our chairman and chief executive officer will provide a strong and consistent leadership to our Company and allow for more effective planning and management which is in the best interests of our Company. Taking into account all the corporate governance measures that we are planning to implement upon Listing, our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively, which is beneficial to the business prospects of our Group. Therefore, our Company currently does not propose to separate the functions of chairman and chief executive officer. Our Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company at an appropriate time, taking into account the circumstances of our Group as a whole.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans.

We incurred expenses in relation to remuneration (including fees, salaries, contributions to pension schemes and social welfare, discretionary bonuses, housing and other allowances and other benefits in kind) for our Directors in aggregate for the three years ended 31 December 2015, 2016 and 2017, and six months ended 30 June 2018 of approximately nil, nil, nil and RMB18,445,000, respectively.

We incurred expenses in relation to remuneration (including fees, salaries, contributions to pension schemes and social welfare, discretionary bonuses, housing and other allowances and other benefits in kind) for our Group's five highest paid individuals (including our Directors) in aggregate for three years ended 31 December 2015, 2016 and 2017, and six months ended 30 June 2018 of approximately RMB19,744,000, RMB26,154,000, RMB32,620,000 and RMB29,651,000, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group.

None of our Directors had waived or agreed to waive any remuneration during the Track Record Period.

Pursuant to the existing arrangements that are currently in force as of the date of this prospectus, the amount of remuneration (including benefits in kind but excluding discretionary bonuses) payable to our Directors by our Group for the year ending 31 December 2018 is estimated to be approximately RMB6,351,000 in aggregate.

To incentivize our Directors, senior management and employees, our Company has adopted certain share incentive plans. Please see "Appendix VI—Statutory and General Information—E. Various Plans of Our Company and Club Med Holding" in this prospectus for further details.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the Listing, receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

Save as disclosed in this prospectus, no other payments had been made, or are payable, by any member of our Group to our Directors during the Track Record Period.

For additional information on our Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Notes 9 and 10 in the Accountants' Report set out in Appendix I to this prospectus.

COMPLIANCE ADVISOR

Our Company has appointed Guotai Junan Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules.

The material terms of the compliance advisor's agreement entered into between our Company and the compliance advisor are as follows:

(1) the compliance advisor shall provide our Company with services including guidance and advice as to compliance with the requirement of the Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Company to any meetings with the Stock Exchange;

(2) our Company may terminate the appointment of the compliance advisor by giving 14 days' prior written notice to the compliance advisor. Our Company will exercise such right in compliance with Rule 3A.26 of the Listing Rules. The compliance advisor will have the right to terminate its appointment as compliance advisor under certain specific circumstances and upon notification of the reason of its resignation to the Stock Exchange; and

(3) during the period of appointment, our Company must consult with, and if necessary, seek advice from the compliance advisor on a timely basis in the following circumstances:

   (a) before the publication of any regulatory announcement, circular or financial report;

   (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

   (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this prospectus; and

   (d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

DISCLOSURE REQUIRED UNDER RULE 13.51(2) OF THE LISTING RULES

Mr. Qian was a non-executive director of Folli Follie from May 2011 to June 2018. Fosun International is an indirect minority shareholder of Folli Follie and held at 16.37% of equity interest in Folli Follie as of the Latest Practicable Date.

On 4 May 2018, Quintessential Capital Management investigative research team published a report on Folli Follie. As a result of the aforementioned report, and further to significant fluctuations on Folli Follie's share price in the Athens Stock Exchange, the Hellenic Capital Market Commission (the "**HCMC**") announced that it had started the investigation of Folli Follie. On 25 May 2018, further to a voluntary request by Folli Follie, the HCMC decided the suspension of trading of Folli Follie shares in the Athens Stock Exchange. On 14 June 2018, the HCMC announced that it would file a submission to the competent court with a request for a special audit of Folli Follie. The court decision on HCMC's above request is pending. In the interim, Folli Follie appointed Ernst & Young LLP to perform a special audit of Folli Follie's selected financials for the 2017 financial year on 14 June 2018, and Alvarez & Marsal LLP to conduct a forensic investigation on 25 June 2018. The appointment of Ernst & Young LLP to perform such special audit was subsequently terminated on 19 September 2018 and Folli Follie will appoint another auditor to perform such special audit. On 2 August 2018, the HCMC imposed (1) fines amounting to a total of EUR3.78 million to Folli Follie and eight individuals (none being Mr. Qian) including its chairman, three executive directors, one non-executive director (being the then chairman of the audit committee of Folli Follie), chief executive officer, chief financial officer and the general manager of the finance department, for market manipulation and provision of false or misleading information as per the provisions of EU Regulation 596/2014, as Folli Follie and the aforementioned individuals failed to provide sufficient evidence to support the accuracy of the consolidated financial statements of Folli Follie for the year 2017, as well as infringements of laws relating to the provision of information requested by the HCMC; and (2) fines amounting to a total of EUR240,000 on Folli Follie and four individuals including the chief financial officer of Asia Pacific, chairman, chief executive officer and chief financial officer of Folli Follie, for failure to cooperate with HCMC's investigation and provide relevant materials (the "**Incident**"). Mr. Qian has not been penalized or accused by HCMC in respect of the Incident. On 26 September 2018, Folli Follie announced the preliminary report of Alvarez & Marsal LLP on preliminary restatement findings to Folli Follie's 2017 financial statements, which, if finalized by an auditor, will modify significantly Folli Follie's financial position for that year, and that no embezzlement of money or other misappropriation of company assets have been ascertained by Alvarez & Marsal LLP. The above report of Alvarez & Marsal LLP has been filed with the supervising authority in Greece. As of the Latest Practicable Date, the investigation of HCMC is still continuing.

Depending on HCMC's further investigation and the findings in the reports to be issued by Alvarez & Marsal LLP and the special audit performed by the auditors to be appointed by Folli Follie, it is likely that the Greek public prosecutor will engage in a thorough and extensive criminal investigation of the Incident.

The Company's Greek counsel advising on civil aspects, Koimtzoglou-Leventis & Associates Law Partnership, has advised that there is no historical evidence (a) that Mr. Qian has failed to discharge his statutory duties as a non-executive director of Folli Follie in an appropriate manner, or (b) that he has been challenged or sanctioned, either internally (by virtue of a board resolution) or externally (by virtue of any action of any Greek supervisory authority) for such alleged failure, and that the Incident currently does not restrict Mr. Qian from serving as a director of any Greek listed company.

The Company's Greek counsel advising on criminal aspects, Ovvadias S. Namias — Law Firm, has advised that the risk of Mr. Qian being convicted of any criminal offence, subject to the final reports of Alvarez & Marsal LLP and the special audit performed by the auditors to be appointed by Folli Follie, is very remote, given that Mr. Qian was only a non-executive director of Folli Follie representing Fosun International (among other things) from May 2011 to June 2018. The Company's Greek criminal counsel has also advised that even if further irregularities are discovered in the further investigation or the above reports, it is highly unlikely that Mr. Qian will be convicted of any criminal offense, provided that, among other things, he is not personally involved in such irregularities.

According to the announcement issued by Folli Follie on 6 November 2018, Folli Follie announced that the trustee of a EUR249.5 million 1.75 per cent. guaranteed exchangeable notes due 2019 issued by FF Group Finance Luxembourg S.A. ("**FF Luxembourg**"), a subsidiary of Folli Follie, and guaranteed by Folli Follie and its subsidiary, FF Group Finance Luxembourg II S.A. ("**FF Luxembourg II**"), issued a notice of acceleration on FF Luxembourg, and called on the guarantees provided by Folli Follie and FF Luxembourg II, under the terms of the notes. In addition, Folli Follie announced that a default has occurred under the terms and conditions of a CHF150 million 3.25 per cent. guaranteed notes due 2021 issued by FF Luxembourg II and guaranteed by Folli Follie, as a result of interest not being paid when due on 2 November 2018. According to the announcement, these events have triggered and will trigger a series of events of defaults of other notes, loans and other financial obligations of Folli Follie and its subsidiaries (the "**Defaults of Folli Follie**").

On 19 November 2018, a Greek court rejected the application made by Folli Follie jointly with approximately 400 employees for granting a provisional order for interim protective measures from its creditors. As a result, Folli Follie's creditors may accelerate enforcement proceedings to the extent that Folli Follie has defaulted on its obligations. On 21 November 2018, Folli Follie has publicly disclosed that a group of investors have obtained a provisional order against Folli Follie prohibiting the modification of the factual and legal status of the assets of Folli Follie for an amount of EUR 2,300,000.00. Such interim court order is valid until 22 January 2019. The Company's Greek counsel was not aware of any additional enforcement proceedings against Folli Follie officially disclosed to the public by Folli Follie or any public authority as of the Latest Practicable Date.

Mr. Qian was not a director of any of the subsidiaries of Folli Follie. Our Directors, including Mr. Qian, have confirmed that, as at the Latest Practicable Date, nothing has come to their attention that Mr. Qian is involved in any investigation, litigation, arbitration or other legal proceedings that is ongoing, pending, threatened or made against Mr. Qian in respect of the Defaults of Folli Follie. However, as Mr. Qian was one of the non-executive directors of Folli Follie until June 2018, our Directors cannot preclude the possibility that Mr. Qian might be investigated or sued as a result of the Defaults of Folli Follie.

Given that (1) Mr. Qian has not been penalized or accused by any Greek authority in the Incident and the Defaults of Folli Follie so far; (2) Mr. Qian was only a non-executive director of Folli Follie and was not involved in its day-to-day management and operation, which is in line with the director's statutory fiduciary duties under Greek law that a non-executive director does not exercise administrative duties according to the Company's Greek counsel; (3) the fines of HCMC were imposed on those who were directly involved in the preparation of the financial statements of Folli Follie; and (4) based on the opinions provided by the Company's Greek legal advisor and criminal counsel above, our Directors are of the view that the Incident and the Defaults of Folli Follie would not affect Mr. Qian's competence and suitability to act as our Director.

Based on the above, the information available to the Joint Sponsors and the independent due diligence work conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors to cause them to reasonably doubt Mr. Qian's suitability to be a director of the Company.

OVERVIEW

Prior to the Spin-off, our Company is a wholly-owned subsidiary of Fosun International. Immediately after the Spin-off, our Company will remain as a subsidiary of Fosun International. Mr. Guo Guangchang, FIHL, FHL and Fosun International, as a group of close associates, will constitute our Controlling Shareholders under the Listing Rules immediately following the Spin-off.

DELINEATION OF BUSINESS

Fosun International Group invests in, and operates a wide range of businesses globally, which divide into three ecosystems:

(a) Happiness Ecosystem

The happiness ecosystem consists of three major parts: (i) tourism and leisure, (ii) fashion and (iii) consumer and lifestyle.

The tourism and leisure businesses are operated mainly by our Group. The fashion businesses design, produce and sell fashion products through retail and wholesale channels and include brands such as Tom Tailor, Wolford and Lanvin. The consumer and lifestyle mainly include investments in and the operation of businesses in the areas of wholesale and retail of gold and jewelry, cosmetics and Tsingtao Brewery Company Limited.

(b) Health Ecosystem

The health ecosystem includes three major business lines: (i) pharmaceuticals, (ii) medical services and health management, and (iii) health products.

The pharmaceutical business is operated by Fosun Pharma, a leading healthcare company in China. The principal activities of Fosun Pharma and its subsidiaries consist of the manufacture and sale of pharmaceutical products and medical equipment and the provision of consulting and investment management services.

Medical services and health management include hospital operations, senior living communities, insurance and healthcare management products.

Health products include baby prams, travel accessories, safety seats, furniture, dairy products and other food products, and medical imaging products incorporating artificial intelligence. In addition, Fosun International indirectly holds a 74.76% equity interest in Sisram Medical Ltd ("**Sisram Medical**"), a global provider of medical aesthetic treatment systems that are used to perform non-invasive medical aesthetic treatments. Sisram Medical is listed on the Stock Exchange (stock code: 1696), having been spun-off by Fosun International and Fosun Pharma in September 2017.

(c) Wealth Ecosystem

The wealth ecosystem consists of three major segments: insurance and finance, investment and hive property.

The insurance and finance segment is composed primarily of insurance and banking businesses. Insurance businesses include the distribution of property, life and health insurance products in a variety of countries, as well as life and non-life reinsurance in Asia Pacific. Finance businesses include asset management, private banking, retail banking, corporate banking, investment banking and internet banking.

The investment segment consists of strategic investments, private equity investments, venture capital investments, capital contributions to the Fosun International Group's asset management business and secondary market investments.

The hive property segment consists primarily of property development and sales, as part of Fosun International's strategy to develop dynamic "Hive Cities," as well as the development of commercial real estate projects in China. The Fosun International Group has recently completed the reorganization to concentrate much of its real estate development and property management activities in its happiness ecosystem. For details, please see "—Existing interests in tourism related businesses" below in this section).

Following completion of the Spin-off, our Group will continue to concentrate on the tourism and leisure businesses as referred to in "Business—Overview" in this prospectus. In contrast, the Remaining Fosun International Group will be primarily engaged in the three ecosystems other than our Group's tourism and leisure businesses. Most of the principal business lines of our Group are readily distinguishable from the business of the Remaining Fosun International Group.

Our tourism destination business involves the development, management, and operation of tourism resources, tourism vacation facilities, and facilities directly and indirectly supporting tourism. Because the development of tourism destination businesses is often integrated with property development businesses, there might be some similarities between our tourism destination activities and certain activities of the Remaining Fosun International Group following the Spin-off.

Nevertheless, our business model for the development of tourism destinations is materially different from the commercial and residential property development business. For the commercial and residential property development business, the key revenue focus is property sale and letting. In comparison, the primary revenue stream over the long term for the tourism destination business is generated by the operations of tourism resources and tourism vacation facilities as well as by facilities directly supporting tourism. To the extent that facilities indirectly supporting tourism may be sold, such sales are an integral part of this business model to provide proceeds for our Group's core businesses, which are the development, management, and operation of tourism resources and tourism vacation facilities.

The Operating Principles

The board of directors of Fosun International has adopted the following operating principles (the "**Operating Principles**") to further ensure the delineation of business:

1) With respect to projects with tourism resources and tourism vacation facilities, facilities directly supporting tourism, and facilities indirectly supporting tourism, if the GFA of tourism resources and tourism vacation facilities, together with that of facilities directly supporting tourism, exceeds 50% of the total GFA, our Group has the discretion to develop the project on its own.

2) Where the GFA of tourism resources and tourism vacation facilities, together with that of facilities directly supporting tourism, is less than 50% of the total GFA, our Group has the discretion to develop the project, as well as the discretion to choose to form a joint venture established by our Group with any property development business unit of the Remaining Fosun International Group or any independent third party (mainly focusing on commercial and residential properties) (where our Group has the discretion to choose an independent third party or Fosun International as joint venture partner), and our Group can provide design, management, and operational services.

3) If a property project does not contain tourism-related features, our Group will not engage in the development of such property project.

Based on the Operating Principles, our Group held the following property development and property management businesses as of the Latest Practicable Date:

Property	Total GFA (sq.m.)	Tourism-related GFA (sq.m.)[4]	Percentage of Tourism-related GFA in total GFA	Principal Business
Atlantis[1]	502,133	341,050	67.9%	Tourism destination
Lijiang Project[2]............................	347,700	184,341	53.0%	Tourism destination
Taicang Project[3]...........................	1,283,746	719,590	56.1%	Tourism destination

Notes:

(1) GFA figures of Atlantis reflect the actual GFA of the project, and are subject to adjustments by regulatory authorities, if any, which, however, will not cause the percentage of tourism-related GFA in total GFA to fall below 50%.

(2) GFA figures of the Lijiang Project reflect the planned GFA and are subject to adjustments, which, however, will not cause the percentage of tourism-related GFA in total GFA to fall below 50% (if the termination of the Entrustment Arrangement, as defined below, is effected).

(3) GFA figures of the Taicang Project reflect the planned GFA based on the land which we had entered into agreements and paid up considerations for our acquisition of land use rights as of the Latest Practicable Date, and are subject to adjustments due to further acquisition of land and change of planning, if any, which, however, will not cause the percentage of tourism-related GFA in total GFA to fall below 50%.

(4) including GFA of tourism resources and tourism vacation facilities, together with that of facilities directly supporting tourism.

On the contrary, save as disclosed in this prospectus, the Remaining Fosun International Group did not operate any property development and property management businesses that have a percentage of tourism-related GFA to total GFA exceeding 50% or contain any tourism-related features as of the Latest Practicable Date.

Existing Interests in Tourism related Businesses

On 11 July 2018, Fosun International Group sold to Yuyuan various companies engaged in real estate development, property management and related activities for an increase of Fosun International's shareholding interest in Yuyuan from 26.45% to 68.49%. Upon completion, Yuyuan has become a subsidiary of the Remaining Fosun International Group ("**Yuyuan Reorganization**").

Yuyuan operates in a range of industries targeting emerging middle class consumption in China. These industries include wholesale and retail sales of gold and jewelry, catering, traditional Chinese brands and, following Yuyuan Reorganization, commercial and residential property development. Yuyuan is engaged in the following business activities and investments with tourism features:

(1) Yuyuan Tourist Mart, a retail shopping district in a historic area of Shanghai popular among tourists. This retail district mainly consists of commercial properties, which is operated under a different business model as compared to the tourism destination businesses conducted by our Group; and

(2) Yuyuan owns 100% interest in Hoshino Tomamu which owns a tourism destination including ski resorts and a ski slope in Hokkaido, Japan.

The principal assets of Hoshino Tomamu include two leisure resorts in Hokkaido, Japan, namely Hoshino Tomamu Resorts and Club Med Tomamu. Hoshino Tomamu Resorts are managed by Hoshino Resort Company, while Club Med Tomamu is managed by Club Med. Please refer to "Connected Transactions — Partially Exempt Continuing Connected Transactions — 2. Provision of Resort Management Services to Hoshino Tomamu" for details of the resort management services provided by Club Med to Hoshino Tomamu.

Hoshino Tomamu recorded a loss of RMB18.4 million in 2017, and its revenue in 2017 was less than 5% of our total revenue and less than 1% of that of the Remaining Fosun International Group in 2017. Less than 2% of Club Med's revenue was generated from the Hokkaido region in 2017.

There is also an equity entrustment arrangement pursuant to an agreement dated 20 November 2017 ("**Entrustment Arrangement**") under which we granted Yuyuan certain shareholding rights over our 67% shareholding interest in Lijiang Derun, and further shareholding interests in Lijiang Derun shall be subject to the Entrustment Arrangement as well. As Qijin Investment acquired the remaining 33% shareholding interests in Lijiang Derun from an independent third party on 29 November 2017, 100% shareholding interests in Lijiang Derun shall be subject to the Entrustment Arrangement. Lijiang Derun is the developer of the Lijiang Project, in which our Group plans to establish a tourism destination in Baisha town in Lijiang city. The Lijiang Project is positioned as a regional tourism hub as well as an international tourism destination targeting mid- to high-end customers. It is expected to combine various tourism features, such as sightseeing attractions, vacation resorts, leisure entertainment facilities, and customized vacation inns and residences.

The Lijiang Project was placed under the Entrustment Arrangement as it was originally planned to be a property development project, and according to the plan of Yuyuan Reorganization, which was planned and contemplated prior to the Spin-off of our Company, all property development businesses of the Remaining Fosun International Group should either be transferred to Yuyuan or managed by Yuyuan under an entrustment arrangement to the extent practicable. The Lijiang Project was re-designated from a property development project to a tourist destination project on 5 January 2018, when our Company, as part of its ordinary business review and planning, resolved to fine-tune the business focus of such project at an internal meeting, which was subsequently agreed by Fosun International. The change or adjustment of business planning for any project is in the ordinary course of our Company's business, and the re-designation of the core business of Lijiang Project is also in line with our Group's principal business. Under the Entrustment Arrangement, Yuyuan is granted certain shareholder rights of Lijiang Derun such as decision-making rights, voting rights and right to appoint directors (without stipulating the minimum extent of exercise by Yuyuan), but not the right of disposal of Lijiang Derun and the right to the income generated by Lijiang Derun (which remain with our Group). Qijin Investment, our indirect wholly owned subsidiary, will be fully entitled to the operating profits and proceeds from the disposal of Lijiang Derun and will be responsible for the operating loss (if any) of Lijiang Derun. Under the entrustment agreement, during the entrustment period, Qijin Investment undertakes not to exercise those shareholder rights being entrusted as mentioned above, and upon any instance involving such rights, Qijin Investment shall notify Yuyuan and act according to its instructions. Since the Entrustment Arrangement, the management team of Lijiang Derun, comprising one general manager and one deputy general manager appointed by our Group, has continued to manage the day-to-day operations of the Lijiang Project on the above basis. Under the entrustment agreement, Yuyuan has a right of first refusal if Qijin Investment offers to sell its interest in Lijiang Derun to an independent third party. Yuyuan also has the right to request Qijin Investment to sell its interest to Yuyuan, based on a valuation agreed by both parties.

In consideration for Yuyuan's entrustment service, Qijin Investment or Lijiang Derun will be responsible for the staff costs and related expenses incurred by Yuyuan or its designated subsidiary for managing, operating and developing the Lijiang Project and exercising the relevant shareholders' rights. From 11 May 2018 to the Latest Practicable Date, there have been no significant costs or expenses incurred by Yuyuan or its designated subsidiary.

The entrustment agreement has a term of two years from its effective date upon obtaining certain internal and external approvals, being 11 May 2018, unless it is automatically terminated if the equity interests of Lijiang Derun are transferred to Yuyuan or its designated subsidiary or an independent third party (as the case may be). Upon the expiry of the entrustment agreement on 11 May 2020, Yuyuan has the right to require us to renew it in which event we will seek to restructure the project as disclosed in the section headed "Relationship with our Controlling Shareholders — Deed of Non-Competition" in this prospectus and develop the project by way of a joint venture in accordance with Operating Principle 2). If Yuyuan does not require such renewal or acquire the Lijiang Project, our Group will be required to transfer the Lijiang Project to an independent third party pursuant to the terms of the entrustment agreement, and will be fully entitled to the sale proceeds.

Upon expiry of the Entrustment Agreement, Yuyuan is entitled to extend the term of such agreement. The Entrustment Agreement does not expressly stipulate any extension period thereunder. We plan to negotiate with Yuyuan at the time when appropriate and necessary.

Lijiang Derun has at all times remained within our Group and its financials have remained consolidated within our Group before and after the entering into the Entrustment Arrangement. The Lijiang Project did not generate any revenue or profit during the Track Record Period, and its contribution to our results of operations was insignificant. The Entrustment Arrangement constituted a continuing connected transaction. Please refer to the section headed "Connected Transactions — 5. Equity Entrustment Agreement" in this prospectus. To enhance business delineation, the Controlling Shareholders undertake to endeavor to terminate the Entrustment Arrangement, details of which have been set out in the paragraph headed "— Deed of Non-Competition" in this section.

As of the Latest Practicable Date, the Remaining Fosun International Group held approximately 7.23% shareholding interest in Thomas Cook through Fidelidade. Thomas Cook is one of the world's leading travel groups with sales of approximately GBP9 billion, supported by 22,000 colleagues and operating from 17 countries, according to Thomas Cook's 2017 annual report. Thomas Cook collaborates with Club Med for its product agency business and has established a joint venture with our Group to explore business opportunities in the PRC. Our Company currently holds approximately 6.04% shareholding interest in Thomas Cook as of the Latest Practicable Date, of which approximately 5.37% was acquired from Fosun International at a consideration of GBP89,562,597 on 29 June 2018.

Fosun International also holds non-controlling interests in companies operating businesses that may contain tourism features and thus may be similar to businesses currently conducted by our Group ("**Non-Controlling Interests**"). Details of the Non-Controlling Interests to be retained by the intermediate entity of Remaining Fosun International Group as of 30 June 2018 are set out below:

Non-Controlling Interests	Non-Controlling Interests effectively held by the intermediate entity of Remaining Fosun International Group	Business Description
Aiwan Information Technology (Shanghai) Co., Ltd.	18.31%	Platform for theme leisure tourism
Beijing He Hua Ming Cheng Industrial Company Limited	37.00%	JW Marriott Hotel Beijing
China Travel International Investment Hong Kong Limited	0.02%	Provider of a variety of services for theme parks, tourism destination, travel agency, hotels and transportation

Non-Controlling Interests	Non-Controlling Interests effectively held by the intermediate entity of Remaining Fosun International Group	Business Description
Cirque Du Soleil Holdings L.P.	24.65%	Creative content provider for shows and other projects
Fu Yang Fu Run Real Estate Company Limited	50.00%	Grand New Century Hotel Fu Yang
Jiangsu Jin Gang Culture and Technology Group Company Limited	2.95%	Provider of a variety of services for large-size high-tech amusement facilities of tourism destinations and theme parks
Key Milestones Limited	11.18%	Platform for tailor-made outbound self-guided tour services
Le Travenues Technology Pvt. Ltd.	9.84%	Website for travel search and planning through aggregating and comparing travel information
MakeMyTrip Ltd.	0.40%	Platform for air ticket booking, hotel booking, vacation products, domestic transportation booking and visa application agency services in India
Norwegian Cruise Holdings Ltd.	0.03%	Provider of cruise services
Phoenix JoongAng Co., Ltd.	2.05%	Owner of two resorts in South Korea
QIRR Holdings Inc.	15.15%	Website distributing discounted outbound self-guided tour products
Shanghai Li Xing Hotel Company Limited	20.00%	Andaz Xintiandi Shanghai Hotel

The Remaining Fosun International Group has confirmed that it does not exert significant influence over the board or management of the above companies where the Remaining Fosun International Group held the Non-Controlling Interests.

Fosun International will retain the above Non-Controlling Interests because they have one or more of the following characteristics (i) Fosun International holds a non-controlling financial interest, (ii) the Non-Controlling Interests are passive investments, (iii) the investments do not present a conflict of interest for Fosun International and/or there are legal, regulatory or contractual reasons that make a transfer of the Non-Controlling Interests impracticable.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that we are capable of carrying on our business independently from our Controlling Shareholders or their close associates after Listing for the following reasons:

Management Independence

Our Group and Fosun International have boards of directors that function independently of each other. The following table sets forth the details of the directorships and/or roles in our Group and in the Remaining Fosun International Group.

Name	Position in Our Group	Position in the Remaining Fosun International Group
Mr. Qian	Chairman of the Board, executive Director and chief executive officer	Senior vice president of Fosun International
Mr. Giscard d'Estaing	Vice chairman of the Board, executive Director, deputy chief executive officer, and director of Club Med Holding and president of Club Med	None
Mr. Wang Wenping (王文平)	Executive Director, vice president and chief financial officer	None
Mr. Wang Can (王燦)	Non-executive Director	(i) Executive director, senior vice president, and chief financial officer of Fosun International; (ii) non-executive director of Fosun Pharma; and (iii) general manager of Investment Management Support Center, co-president of Fosun Technology Innovation Center and directors of various companies within the Remaining Fosun International Group

Name	Position in Our Group	Position in the Remaining Fosun International Group
Dr. Allan Zeman (盛智文)	Independent non-executive Director	None
Mr. Guo Yongqing (郭永清)	Independent non-executive Director	None
Ms. Katherine Rong Xin	Independent non-executive Director	None

Our Board comprises seven Directors, including three executive Directors, one non-executive Director, and three independent non-executive Directors. For more details, please refer to the "Directors and Senior Management" section in this prospectus. None of our Directors is a Controlling Shareholder. Other than Mr. Qian and Mr. Wang Can, none of our other Directors holds directorships or senior management roles in the Remaining Fosun International Group.

Our Directors (including our independent non-executive Directors) are of the view that our Board as a whole, together with our management team, is able to perform the managerial role in our Company independently from the Remaining Fosun International Group for the following reasons:

1) Prior to the Spin-off, our Group's overlapping Directors have had dual roles in the Fosun International Group because our Group is a member of the Fosun International Group. However, our Group operates as an independent subsidiary of the Fosun International Group.

2) Our Group's executive Directors have a track record of devoting sufficient time and energy to discharging their duties as management of our Group.

   a) The daily operation of our Group is managed by an experienced senior management team and is overseen by Mr. Qian. Mr. Qian is a senior vice president of Fosun International, solely responsible for the operation of our Group, and has a track record of devoting sufficient time and energy to discharging his duties as executive Director of our Group. Mr. Qian will focus exclusively on our Group's business.

   b) Mr. Giscard d'Estaing, another executive Director and deputy chief executive officer, works closely with Mr. Qian and will continue to manage and develop the business of our Group, ensuring a seamless integration of the Club Med entities with the other operations of our Group. Mr. Giscard d'Estaing has been with Club Med for twenty years and has extensive experience in the leisure tourism industry.

   c) Mr. Wang Wenping, another executive Director, vice president and chief financial officer, will continue to manage and develop the business of our Group with his extensive experience in the finance industry.

3) Mr. Wang Can is a non-executive Director of our Company and is responsible for providing strategic advice and recommendations to the management of our Group, but is not involved in day-to-day management. Thus, his role in the Remaining Fosun International Group will not affect his ability to discharge his duties as a non-executive Director of our Company.

4) All of our three executive Directors and our three independent non-executive Directors of our Company do not and will not have any role in the daily management of operation in the Remaining Fosun International Group, and these Directors will be able to exercise independent judgment free of any conflict of interest. With these Directors comprising more than 50% of our Board, there will be sufficiently robust and independent voices on our Board to address any actual or potential conflicts of interest and to protect the interests of the minority shareholders of our Group. Our Directors will assess the particular circumstances of any future matter involving the Remaining Fosun International Group and determine whether they give rise to any material conflicts requiring any of our Directors to abstain from voting.

5) As disclosed in the "Directors and Senior Management" section of this prospectus, our independent non-executive Directors have substantial knowledge and experience in accounting, business administration and tourism matters respectively. Our Directors therefore believe that our independent non-executive Directors collectively have the relevant qualifications and experiences to provide the balanced skill, experience and diversity of perspectives for our Group's business operations.

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Group and in the Remaining Fosun International Group, our Board shall make decisions on, and for the purpose of carrying out, our Group's business operations independently.

Administrative Capabilities

Prior to the Spin-off, the Fosun International Group provided certain administrative services to our Group, such as systems supporting office administration, human resources, and financial record-keeping. Following the completion of the Spin-off, all essential administrative functions are carried out by our Group independently and without the support of the Remaining Fosun International Group. All other non-essential administrative services shared between the Remaining Fosun International Group and our Group will be on a cost basis.

Our Company entered into the Administrative Services Framework Agreement with Fosun International, details of which have been set out in "Connected Transactions—Fully-Exempt Continuing Connected Transactions" in this prospectus.

Connected Transactions with Our Controlling Shareholders

The section headed "Connected Transactions" in this prospectus sets out the continuing connected transactions between our Group and our Controlling Shareholders which will continue after the completion of the Spin-off. All such transactions are conducted after arm's length negotiation and are conducted on normal commercial terms.

Financial Independence

Our Group has sufficient capital to operate our business independently. In addition, we (i) terminated financial services provided by the Remaining Fosun International Group, (ii) reached arrangements regarding the outstanding onshore payables and offshore receivables, (iii) obtained firm offers from independent financial institutions to provide credit facilities, and (iv) had terminated guarantees provided by the Remaining Fosun International Group as of the Latest Practicable Date.

Financial Services

Members of the Remaining Fosun International Group formerly provided deposit services, settlement services, and other general supporting financial services to members of our Group. For the year ended 31 December 2015, 2016, 2017 and six months ended 30 June, 2018, the Remaining Fosun International Group provided deposit services with the maximum daily outstanding balance of deposits amounted to RMB1.36 million, RMB185.26 million, RMB81.27 million and RMB0.04 million, respectively. As of the Latest Practicable Date, the Remaining Fosun International Group has terminated these services, and we will obtain similar services from independent third parties.

Onshore Payables and Offshore Receivables

During the Track Record Period, Fosun International and our Group entered into financial transactions both domestically and overseas, and our Group held an offshore receivable balance of RMB1,898.4 million from the Remaining Fosun International Group (the "**Offshore Receivable**") as of 30 June 2018. We also recorded an onshore non-trade payable balance of RMB1,900.2 million to the Remaining Fosun International Group (the "**Onshore Payable**") and trade payable balance of RMB7.5 million, respectively, as of 30 June 2018. The table below sets out the details of the non-trade Onshore Payable as of 30 June 2018:

No.	Payor	Payee	Payables as of 30 June 2018	Description
			RMB million	
1	Fanyi Tourism	Fosun Commercial	648	Proceeds provided by Fosun International for business development costs and expenses of Fanyue (Taicang) Tourism and Culture Development Company Limited
2	Qijin Investment and Fosun FTD	Fosun Commercial	411	Unpaid consideration for the acquisition of Qijin Investment from the Remaining Fosun International Group and proceeds provided for our general operational expenses of Hainan Atlantis
3	Qijin Investment and Fosun FTM	Fosun Commercial	480	Proceeds provided by Fosun International to our Company for our acquisition of Lijiang Derun from an independent third party
4	Fosun FTM and Shanghai Fanyou	Fosun Commercial	361	Proceeds provided for our general operational expenses
	Total		**1,900**	

As of 30 June 2018, the difference between the Onshore Payable and the Offshore Receivable is limited to approximately RMB1.8 million, which was settled on 28 August 2018.

We have endeavored to settle the Onshore Payable and Offshore Receivable with the Remaining Fosun International Group. However, current restrictions on cross-border foreign-currency remittances imposed by SAFE restricted our ability to remit repayment proceeds from overseas that can be received from the Remaining Fosun International Group to repay the outstanding Onshore Payable. Specifically, our wholly-foreign-owned enterprise ("**WFOE**") in the PRC, along with our onshore subsidiaries, are prohibited from using funds in RMB converted from foreign currency under the capital account to repay intra-group borrowings and payables, and from using such funds for investing in equity in onshore entities, unless the scope of business of both the WFOE and the onshore entity that receives the funds includes equity investment.

We have explored several alternatives to settle the Onshore Payable, such as amending the scope of business of our existing onshore entities, and establishing a new WFOE with an expanded scope of business that includes equity investments. However, none of these options is allowed or practicable due to current practices and regulations in the PRC.

But for the SAFE restrictions, we would readily settle the Onshore Payable. Due to practical difficulties, we have decided to leave the Onshore Payable in place for a period of time after the Listing. In the meantime, we have formalized an agreement with Fosun International that Fosun International will maintain an offshore receivable balance in the amount equal to the Onshore Payable. We believe that in light of the regulatory restrictions, the current arrangement is in the best interests of both parties.

Notwithstanding the above, we believe that the Onshore Payable does not affect our financial independence from the Remaining Fosun International Group, and, as to its economic effect, does not constitute financial assistance, for the following reasons:

- *Net Effect.* As of 30 June 2018, the difference between the Onshore Payable and the Offshore Receivable is limited to approximately RMB1.8 million, which was settled on 28 August 2018.

- *Financial Sufficiency.* Club Med, our principal subsidiary and the primary contributor to our results of operations during the Track Record Period, has operated independently for nearly seventy years as a world-renowned company. Our Company is able to obtain financing without guarantee or other financial support from Fosun International. For details, please refer to "— Termination of Guarantees" in this section. Atlantis, currently the largest onshore operation of our Group in terms of assets, operates without financial support from Fosun International. We have also obtained firm offers from certain banks to provide committed credit facilities which exceed the amount of the Onshore Payable as of the Latest Practicable Date. For details, please refer to "—Credit Facilities" in this section.

- *Immaterial Amount.* The Onshore Payable constitutes an immaterial amount in light of our financial operations. As of 30 June 2018, the Onshore Payable accounted for approximately 6.68% of our total assets.

Credit Facilities

In addition, on a global basis, our financial position remains robust and the maintenance of the Onshore Payable does not affect the financial independence of our Group. In light of the Onshore Payable, we have obtained firm offers from Natixis, a French bank for the amount of GBP40 million and The Hongkong and Shanghai Banking Corporation Limited for the amount of HK$2 billion to provide credit facilities. The total amount of the committed credit facilities exceeded the amount of the Onshore Payable. The Natixis facility would be secured by certain of our securities and cash accounts. Fosun International is neither an obligor nor a guarantor under the credit facility arrangements.

Termination of Guarantees

Fosun High Technology provided full-recourse and full-amount joint guarantees for the benefit of our Group to a bank consortium with respect to a credit facility in an amount of up to RMB4.6 billion solely for the development of Hainan Atlantis. Such guarantees have been terminated as of the Latest Practicable Date, and therefore do not affect the financial independence of our Group.

Save as disclosed above, we have no other outstanding loans, advances, payables, or balances due to the Remaining Fosun International Group as of the Latest Practicable Date. As of such date, there were no guarantees provided by any member of the Remaining Fosun International Group regarding our borrowings that had not been fully released or discharged.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from the Remaining Fosun International Group.

DEED OF NON-COMPETITION

To ensure that competition does not develop between our Controlling Shareholders and our Group, Mr. Guo Guangchang, FIHL, FHL and Fosun International ("**Covenantors**") entered into Deed of Non-Competition in favor of our Group on 26 November 2018 to the effect that, from the Listing Date and the ending on the earlier of (1) the date when the Covenantors cease to hold, or otherwise be interested in, beneficially in aggregate, whether directly or indirectly, 30% or more of the issued share capital of our Company (or other such percentages of shares as stipulated in the Listing Rules to constitute a Controlling Shareholder); or (2) the date when our Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of our Shares), each of the Covenantors unconditionally and irrevocably undertakes to our Company (for itself and as trustees for the benefit of each of the members of our Group from time to time) that:

a) subject to applicable laws and regulations, stock exchange rules, and corporate governance requirements, the Covenantors shall endeavor to terminate the Entrustment Arrangement;

b) subject to applicable laws and regulations, stock exchange rules, and corporate governance requirements, the Covenantors shall endeavor to transfer or to cause Fidelidade to transfer its equity interest in Thomas Cook to our Company in due course;

c) the Covenantors may continue to hold the Non-Controlling Interests, provided that, subject to f) below, if in the future, the Covenantors have an opportunity for an additional interest regarding the Non-Controlling Interests ("**Additional Investment**"), the Covenantors shall refer (or procure the referral of) such opportunity to our Group; the Covenantors shall not proceed with the Additional Investment unless our Company, after seeking approval from our Directors without material interests in the matter and considering whether to pursue or decline the Additional Investment, among other things, has declined to pursue the Additional Investment;

d) subject to (e) below, apart from the Non-Controlling Interests, the Covenantors shall not and, subject to any applicable laws, regulations, or stock exchange rules, shall use their commercially reasonable efforts to procure those companies and other business entities which are primarily controlled by the relevant Covenantors ("**Controlled Companies**") not to, engage in, participate in, or otherwise hold interests in any Restricted Business (as defined below) unless our Company, among other things, after seeking approval from its Directors who do not have a material interest in the matter and considering whether to pursue or decline the opportunity, has declined to engage in, participate in, or otherwise hold interests in the particular Restricted Business. "**Restricted Business**" means any business that competes with the principal businesses of our Company other than the businesses currently conducted by the Covenantors;

e) any interest held by the Covenantors in any Restricted Business shall remain non-controlling and the Covenantors shall not be able to exert any significant influence on the board of directors and/or management of the Restricted Business;

f) where the Covenantors propose to sell or transfer all or part of a Non-Controlling Interest or an interest in any Restricted Business, our Company shall have a first right (but not the obligation) to acquire such Non-Controlling Interest or the interest in such Restricted Business on terms consistent with the relevant requirements of Chapter 14A of the Hong Kong Listing Rules; and

g) Fosun International will adhere to the Operating Principles.

The undertaking shall not apply to the purchase or ownership for investment purpose of less than 10% equity interest in other companies listed on the Stock Exchange or other stock exchange(s) and engaged in any Restricted Business, provided that the respective Covenantors are not able to control their respective board of directors.

As advised by our PRC Legal Advisor, the termination of the Entrustment Arrangement will be subject to the following (among other things): approval by the independent directors of Yuyuan, approval by the board of directors of Yuyuan (with the connected director(s) as defined under the listing rules of the Shanghai Stock Exchange abstaining from voting) and approval by Yuyuan's shareholders (with the connected shareholder(s) as defined under the listing rules of the Shanghai Stock Exchange abstaining from voting).

Our Company has been advised by our local counsel in relevant jurisdictions that there is no material legal impediment to (i) the termination of the Entrustment Arrangement on the basis that Lijiang Derun will proceed with the Lijiang Project, and (ii) the possible transfer of Fidelidade's equity interest in Thomas Cook to our Company.

If the Entrustment Arrangement is terminated, Fosun International will procure that our Group develop the land according to the current plan and strictly adhere to the Operating Principles that the GFA for tourism-related facilities remains over 50% of the total GFA. If the Entrustment Arrangement cannot be terminated, Fosun International will procure that the Lijiang Project be structured, consistent with the Operating Principles, so that the GFA for tourism-related facilities remains below 50% of the total GFA, provided that such GFA adjustment does not prejudice the interest of our Group and Yuyuan, and is in compliance with corporate governance requirements of our Group and Yuyuan and also subject to government applications and approvals, including the obtaining of relevant licenses and permits. According to the terms of the Entrustment Arrangement, if upon the expiry of the two-year entrustment period our Group has not transferred its interest in Lijiang Derun (the developer of the Lijiang Project) to Yuyuan at a mutually acceptable valuation, our Group will be obligated to transfer such interest to a third party independent of our Group. Under PRC law, our Group can transfer its shareholding interest in Lijiang Derun upon the expiry of the Entrustment Arrangement regardless of the development progress of the Lijiang Project, which only concerns any transfer of assets. Our PRC Legal Adviser is of the view that the equity transfer of Lijiang Derun shall not be regarded as a transfer of construction under the PRC law due to the following reasons: (i) no PRC law explicitly prohibits any equity transfer in a project company where such company has not completed 25% of the capital investment of any construction project such as Lijiang Project; (ii) our PRC Legal Adviser has consulted the land administrative authority in Lijiang, and the authority has confirmed that they would not restrict the transfer of equity in a project company under similar circumstance; (iii) Lijiang Derun has completed two equity transfers in the past three years (i.e. Qijin Investment obtained 100% equity interest of Lijiang Derun from an independent third party by way of two equity transfers), and the land administrative authority in Lijiang did not raise any objections; and (iv) Lijiang Derun has obtained a compliance letter covering the period from 1 January 2015 to 5 July 2018 from land administrative authority of Yulong Naxi Autonomous County. Our Group will not have the above obligation to transfer in the event of early termination of the Entrustment Arrangement mutually agreed by the parties. Early termination of the entrustment agreement will not require any governmental approval or filing.

Fidelidade is an insurance company based in Portugal. According to Fidelidade's bylaws, any decision to sell its 7.23% interest in Thomas Cook to our Group will be subject to the approval by at least 12 of its 14 directors, which is not within the control of Fosun International. Fidelidade, acting through its board of directors, will assess the commercial benefits of any possible sale of its 7.23% interest in Thomas Cook to our Group, including the timing and commercial terms, if at all. Any such sale will also be a connected transaction for our Company and subject to applicable requirements under Chapter 14A of the Listing Rules.

Under the Deed of Non-Competition, each of the Covenantors unconditionally and irrevocably undertakes to our Company (for itself and as trustee for the benefit of each of our subsidiaries from time to time) to procure that any investment or commercial opportunity relating to any Restricted

Business or Additional Investment ("**New Opportunity**") that it or any of its subsidiaries ("**Offeror**" as applicable) identifies or proposes, or that is offered or presented to it or any of its subsidiaries by a third party, shall be first referred to our Company (for itself and as trustee for the benefit of each of our subsidiaries from time to time) in the following manner:

1) As soon as practicable upon becoming aware of a New Opportunity, the Offeror shall give written notice ("**Offer Notice**") to our Company of the New Opportunity, identifying (1) the target company (if relevant), (2) the nature of the New Opportunity, and (3) all available information for our Company to consider whether to pursue—either solely or jointly with the Offeror—the New Opportunity. Details in the Offer Notice are to include details of investment and/or acquisition costs and the contact information of the third party offering, proposing, or presenting the New Opportunity to the Offeror.

2) Our Company shall as soon as practicable and, in any case, within fifteen (15) business days from the receipt of the Offer Notice (the "**Offer Notice Period**") notify the Offeror in writing of any decision taken to pursue (either solely or jointly with the Offeror) or decline the New Opportunity. The Offeror acknowledges that our Group may, during the Offer Notice Period, negotiate with the third party offering, proposing, or presenting the New Opportunity and shall endeavor to a commercially reasonable degree to assist our Company in obtaining such New Opportunity on the same or more favorable terms. The Offeror acknowledges that our Company will be required to seek approval from our Directors without a material interest in the matter, and that such Directors will consider whether to pursue or decline the New Opportunity, and that the appointment of an independent financial advisor to advise on the terms of the transaction in the subject New Opportunity may be required. The Offeror may, at its absolute discretion, consider extending the Offer Notice Period as appropriate.

3) The Offeror shall be entitled—but not be obliged to—carry on, engage, invest in, participate in or be interested (economically or otherwise) in the New Opportunity (whether individually or jointly with another person and whether directly or indirectly or on behalf of or to assist any other person) on the same, or less favorable, terms and conditions in all material respects as set out in the Offer Notice if:

    a) the Offeror has received written notice from our Company declining the New Opportunity; or

    b) the Offeror has not received written notice from our Company of our decision to pursue or decline the New Opportunity within the Offer Notice Period, or, if the Offeror has extended the Offer Notice Period pursuant to the discretionary option as above, within such other period as agreed by the Offeror, our Company shall be deemed to have declined the New Opportunity.

4) If there is a change in the nature or proposal of the New Opportunity pursued by the Offeror, the Offeror shall refer the New Opportunity as revised and shall provide details of all available information to our Company for consideration as to whether to pursue the New Opportunity as revised.

CORPORATE GOVERNANCE MEASURES

In addition to the measures to address potential competition and conflicts of interest as stated above, our Directors believe that there are also adequate corporate governance measures in place to manage potential conflicts of interest between our Controlling Shareholders and our Group, and to safeguard our Shareholders' interests collectively for the following reasons:

1) Unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates has a material interest.

2) We have appointed independent non-executive Directors who we believe possess sufficient experience and are free from any business or other relationships which could interfere materially with the exercise of their independent judgment. They will therefore be able to provide an impartial, external opinion to protect the interests of our public Shareholders.

3) Our independent non-executive Directors will review, on an annual basis, our Controlling Shareholders' compliance with the Deed of Non-Competition. Our Controlling Shareholders shall provide all information requested by our Company which is necessary for such annual review and the enforcement of the Deed of Non-Competition.

4) Our Controlling Shareholders will make annual statements regarding their compliance with the Deed of Non-Competition in our annual reports, which are consistent with the principle of making disclosure in the Corporate Governance section of the annual report.

We have entered into certain agreements with certain entities that will, upon Listing, become our connected persons (as defined under Chapter 14A of the Listing Rules). Following the Listing, the transactions contemplated under such agreements will constitute our continuing connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

The table below sets forth parties who will become our connected persons upon Listing and the nature of their relationship with our Group:

Connected Person	Connected Relationship
Fidelidade	a subsidiary of Fosun International and hence an associate of Fosun International
Fosun Foundation (復星藝術中心)	a not-for-profit organization promoted by an entity owned by Mr. Guo Guangchang as to 64.45% of the total equity, and hence an associate of Mr. Guo Guangchang
Fosun High Tech	a subsidiary of Fosun International and hence an associate of Fosun International
Fosun International	one of our Controlling Shareholders
Hoshino Tomamu	a wholly-owned subsidiary of Yuyuan and a subsidiary of Fosun International, and hence an associate of Fosun International
Shanghai Star-ehealth Health Management Co., Ltd. (上海星益健康管理有限公司)	an indirectly wholly-owned subsidiary of Fosun International, and hence an associate of Fosun International
Yuyuan	a subsidiary of Fosun International and hence an associate of Fosun International
Zendai Bund	a company in which Fosun International holds 50% of the equity interest and hence an associate of Fosun International

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

	Nature of Transactions	Applicable Listing Rules	Waiver Sought
	Fully-exempt Continuing Connected Transactions		
1.	Trademark Licensing Framework Agreement	14A.76(1)(a)	N/A
2.	Commercial Property Lease Agreements	14A.76(1)(a)	N/A
3.	Provision of Insurance Services by Fidelidade	14A.76(1)(a)	N/A
4.	Administrative Services Framework Agreement	14A.76(1)(a)	N/A
5.	Equity Entrustment Agreement	14A.76(1)(a)	N/A
6.	Tourism Product Agency Agreement	14A.76(1)(a)	N/A
7.	Overseas Physical Examination Service Product Agreement	14A.76(1)(a)	N/A
	Partially-exempt Continuing Connected Transactions		
1.	Office Property Lease and Management Services Framework Agreement	14A.76(2)(a)	announcement requirement
2.	Provision of Resort Management Services to Hoshino Tomamu	14A.76(2)(a)	announcement requirement

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Trademark Licensing Framework Agreement

Our Company, for itself and on behalf of its subsidiaries, entered into a trademark licensing framework agreement with Fosun High Tech on 14 August 2018 (the "**Trademark Licensing Framework Agreement**"), pursuant to which Fosun High Tech agreed to grant our Group licenses for the use on a royalty-free basis of certain trademarks that are either registered or for which registration applications have been filed in the PRC or Hong Kong by Fosun High Tech (the "**Licensed Trademarks**"). For details of the Licensed Trademarks, please see the section headed "Appendix VI—Statutory and General Information—B. Further Information about Our Business—2. Intellectual Property Rights of our Group."

The initial term of the Trademark Licensing Framework Agreement commenced from the execution date and will expire on 31 December 2028. Subject to compliance with the Listing Rules and other applicable laws and regulations, the Trademark Licensing Framework Agreement will be automatically renewed for a term of ten years upon its expiry.

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for a continuing connected transaction must not exceed three years, except where the nature of the transaction requires the agreement to be of a duration longer than three years. We are a subsidiary of Fosun International and our business falls into the happiness segment of the three ecosystems operated by Fosun International. We have been using the Licensed Trademarks, such as "復星旅文," "Fosun," and "復星," for the marketing of our business during the Track Record Period and therefore, it is inherently beneficial to us to maintain the consistency of our marketing practice. Our Directors are of the view that considering the nature of the Licensed Trademarks and their strategic importance to the stability of our Group's business and operations, entering into the Trademark Licensing Framework Agreement for a period of more than three years will avoid any unnecessary business interruption and is in line with normal business practice which is beneficial to our Shareholders as a whole. The Joint Sponsors agree with our Directors' view and concur that the more than three years' term is in line with normal business practice.

As the licenses to use the Licensed Trademarks are granted to us on a royalty-free basis, the transactions contemplated under the Trademark Licensing Framework Agreement will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Commercial Property Lease Agreements

Shanghai Fanyou entered into a commercial property lease agreement with Zendai Bund on 7 December 2017, pursuant to which Zendai Bund agreed to lease certain commercial properties located at Unit S319, 3/F, No. 588 Zhongshan East 2nd Road, Huangpu District, Shanghai, the PRC with a gross floor area of 1,755 sq.m. and provide relevant property management services to Shanghai Fanyou for the purpose of operating Miniversity learning and playing clubs for children. On 16 April 2018, the two parties entered into a supplemental agreement to the commercial property lease agreement with Shanghai Miniversity, a subsidiary of Shanghai Fanyou, pursuant to which Shanghai Fanyou assigned its rights and obligations under the commercial property lease agreement to Shanghai Miniversity (the commercial property lease agreement together with the supplemental agreement thereto, collectively, the "**Commercial Property Lease Agreements**").

The Commercial Property Lease Agreements were agreed upon on normal commercial terms after arm's length negotiations between the parties thereto, and the rents and property management fees were determined based on the prevailing market rates of properties of comparable size and quality in the vicinity which are available to independent third parties. JLL, an independent property valuer, has confirmed that the rents payable by our Group under the Commercial Property Lease Agreements are fair, reasonable and no less favorable to our Group than those offered by independent third parties.

The initial term of the Commercial Property Lease Agreements is for a period of eight years from 9 April 2018 to 8 April 2026.

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for a continuing connected transaction must not exceed three years, except where the nature of the transaction requires the agreement to be of a duration longer than three years. Our Directors are of the view that such a longer lease term is necessary for the operations of our Miniversity because it would enable the Group to secure locations for its business operations at fair market price and to prevent unnecessary cost, time and interruption of business caused by relocation in case of a short-term lease. Moreover, we need to make substantial capital commitment, time and management efforts to operate our Miniversity and to establish a stable base of customers, which makes it commercially desirable for our Group to have a sufficiently long term use of the leased properties to capture the benefits arising from our efforts made and to be made. As such, entering into the Commercial Property Lease Agreement for a period of more than three years promote stability and continuity in operations and is beneficial to our Shareholders as a whole. The Joint Sponsors agree with our Directors' view and concur that the more than three years' term is in line with normal business practice.

As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the transactions contemplated under the Commercial Property Lease Agreement is expected to be, on an annual basis, less than 0.1% and it is on normal commercial terms or better, these transactions will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Provision of Insurance Services by Fidelidade

Club Med has been obtaining insurance services from Fidelidade historically, which cover professional liability and civil liability of Club Med in its capacity as operator of establishments for physical and sports activities. Club Med and Fidelidade have entered into an insurance contract with a term of one year which is automatically extended for an additional year unless otherwise agreed by the parties. The term of the currently effective insurance contract is from 1 November 2017 to 31 October 2018 and such contract has been extended to 31 December 2018 under the same terms. The insurance premium under the insurance contract is determined with reference to the fee quotes offered by a third party insurance broker after consulting the insurer market.

As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the insurance services provided by Fidelidade to Club Med is expected to be, on an annual basis, less than 0.1% and it is on normal commercial terms or better, these transactions will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. Administrative Services Framework Agreement

Our Group has been obtaining various non-essential administrative services from the Remaining Fosun International Group historically. In anticipation of the Listing, our Company, for itself and on behalf of its subsidiaries, entered into an administrative services framework agreement with Fosun International, for itself and on behalf of other members of the Remaining Fosun International Group, on 19 November 2018 (the "**Administrative Services Framework Agreement**"), pursuant to which the Remaining Fosun International Group agreed to provide certain non-essential administrative services, such as expense review and tax advice services, IT services and other supportive services, at a prevailing market price to our Group.

The Administrative Services Framework Agreement is for a term commencing on the Listing Date until 31 December 2020 and is renewable for a term of three years upon mutual consents and subject to the requirements under the Listing Rules and other applicable laws and regulations.

As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the transactions contemplated under the Administrative Services Framework Agreement is expected to be, on an annual basis, less than 0.1% and it is on normal commercial terms or better, these transactions will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. Equity Entrustment Agreement

Qijin Investment, our subsidiary and the sole shareholder of Lijiang Derun, entered into an equity entrustment agreement with Yuyuan on 20 November 2017 (the "**Equity Entrustment Agreement**"), pursuant to which, Qijin Investment will entrust Yuyuan or its designated subsidiary to manage the Lijiang Project. For reasons for entering into the Equity Entrustment Agreement, please see "Relationship with Our Controlling Shareholders—Existing Interests in Tourism related Businesses".

For details of the Equity Entrustment Agreement, please refer to the section headed "Relationship with our Controlling Shareholders — Existing Interests in Tourism related Business" of this prospectus.

As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the transactions contemplated under the Equity Entrustment Agreement is expected to be, on an annual basis, less than 0.1% and it is on normal commercial terms or better, these transactions will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. Tourism Product Agency Agreement

On 1 August 2018, Zhongshang Travel entered into a tourism product agency agreement with Fosun Foundation (the "**Tourism Product Agency Agreement**"), pursuant to which, Zhongshang Travel agreed to sell the tickets of Fosun Foundation through our FOLIDAY platform. The tickets of Fosun Foundation will be sold at its face value, whilst Zhongshang Travel shall enjoy approximately 21% discount on the settlement price.

The Tourism Product Agency Agreement has a term commencing on 1 August 2018 until 30 July 2019, and is renewable for a term of one year upon mutual consents and subject to the requirements under the Listing Rules and other applicable laws and regulations.

As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the transactions contemplated under the Tourism Product Agency Agreement is expected to be, on an annual basis, less than 0.1% and it is on normal commercial terms or better, these transactions will be fully exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

7. Overseas Physical Examination Service Product Agreement

On 1 May 2018, Zhongshang Travel entered into an overseas physical examination service product agreement with Shanghai Star-ehealth Health Management Co., Ltd. (上海星益健康管理有限公司, "**Star-ehealth**") (the "**Overseas Physical Examination Service Product Agreement**"), pursuant to which, Star-ehealth agreed to provide overseas physical examination service packages in Japan, whilst Zhongshan Travel agreed to sell such packages to its customers.

The Overseas Physical Examination Service Product Agreement has a term commencing on 1 May 2018 until 30 April 2019, and is renewable for a term of one year upon mutual consents and subject to the requirements under the Listing Rules and other applicable laws and regulations. The Overseas Physical Examination Service Product Agreement can be renewed continuously until a party rescinds the agreement pursuant to relevant provisions in the agreement.

As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the transactions contemplated under the Overseas Physical Examination Service Product Agreement is expected to be, on an annual basis, less than 0.1% and it is on normal commercial terms or better, these transactions will be fully exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Office Property Lease and Management Services Framework Agreement

Principal terms

Our Company, for itself and on behalf of its subsidiaries, entered into a property lease and management services framework agreement with Fosun International, for itself and on behalf of other members of the Remaining Fosun International Group, on 19 November 2018 (the "**Office Property Lease and Management Services Framework Agreement**"), pursuant to which the Remaining Fosun International Group agreed to lease properties, including but not limited to the properties of the Remaining Fosun International Group in Beijing and Shanghai, for office use and provide related property management services, where applicable, to our Group.

The Office Property Lease and Management Services Framework Agreement is for a term commencing on the Listing Date until 31 December 2020 and is renewable for a term of three years upon mutual consents and subject to the requirements under the Listing Rules and other applicable laws and regulations. The parties will enter into separate agreements setting out the specific terms and conditions (including property rents, payment methods and other usage fees) in respect of the relevant leased property based on the principles, and within the parameters provided, under the Office Property Lease and Management Services Framework Agreement.

Reasons for the transactions

Members of our Group have historically leased properties as offices from, and shared offices with, the Remaining Fosun International Group. Certain leased properties are also managed by the

Remaining Fosun International Group. The continuation of these arrangements will avoid unnecessary disruptions and costs to our business that might be caused by relocation, and will ensure continuity of our operations. Therefore, our Directors are of the view that it is in the interest of our Group in terms of cost, time and stability to enter into the Office Property Lease and Management Services Framework Agreement instead of finding and relocating to alternative properties.

Pricing policy

The annual rents and property management fees under the Office Property Lease and Management Services Framework Agreement are determined on normal commercial terms after arm's length negotiations between the parties thereto, and shall be in line with or no more than the prevailing market rates of properties of comparable size and quality in the vicinity which are available to independent third parties. JLL, an independent property valuer, has confirmed that the rents payable by our Group under the Office Property Lease and Management Services Framework Agreement are fair, reasonable and no less favorable to our Group than those offered by independent third parties.

For new or renewal of separate agreement under the Office Property Lease and Management Services Framework Agreement, our Group will solicit a quotation from the members of the Remaining Fosun International Group. Our Group will also request independent third parties to provide quotations of two or more similar comparable properties owned and managed by independent third parties in the vicinity. Our Group will compare such information to decide whether the quotation offered by the Remaining Fosun International Group is no less favorable to our Group than those offered by independent third parties and whether the terms are fair and reasonable.

Historical amounts

The Remaining Fosun International Group did not charge us any fees for some of the offices shared with the Remaining Fosun International Group during the Track Record Period.

The total amount of rents and property management fees in relation to the lease of office properties paid by us to the Remaining Fosun International Group for each of the three years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 was approximately RMB0.6 million, RMB0.9 million, RMB5.6 million and RMB3.9 million, respectively.

Annual caps

The maximum total amount of rents and property management fees payable by us to the Remaining Fosun International Group under the Office Property Lease and Management Services Framework Agreement for each of the three years ending 31 December 2018, 2019 and 2020 shall not exceed the caps set out below:

	Proposed annual caps for the years ending 31 December		
	2018	**2019**	**2020**
	(RMB in millions)	*(RMB in millions)*	*(RMB in millions)*
Total rents and property management fees	9.5	15.0	17.2

When estimating the annual caps, the Directors have taken into account the following key factors:

- the historical transaction amounts;

- the transaction amount as agreed under the existing office property lease agreements and property management services agreements (where applicable). The existing lease arrangements of our various offices, mainly include: (i) the new lease for our headquarters in Shanghai in October 2018 after the expiry of charge-free office sharing arrangement in September 2018, (ii) the lease of our Luxembourg branch since January 2018, (iii) the new lease of our office in Hong Kong in July 2018, (iv) the lease for Shanghai Club Med since 2016, the rental of which was substantially increased in the third quarter of 2017 upon the completion of renovation and refurbishment of the premises and (v) the lease for Atlantis Hainan renewed in January 2017;

- an estimated 15% increase in 2020 annual cap in relation to the potential expansion of the area underlying the existing leased office premises and additional office space that may be leased from the Remaining Fosun International Group, considering an anticipated increase in our business scale and staff and the increase of rents and management service fees; and

- the potential fluctuation of the prevailing market rate of the same or similar properties in the vicinity in the next three years.

Listing Rules Implications

As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of the transactions contemplated under the Office Property Lease and Management Services Framework Agreement is expected to be, on an annual basis, exceeding 0.1% but less than 5%, and they are on normal commercial terms, these transactions will be subject to the reporting, annual review and announcement requirements, but will be exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, out of an abundance of caution, even aggregating with the transactions contemplated under the Commercial Property Lease Agreements pursuant to Rule 14A.81 of the Listing Rules, the highest applicable percentage ratio (other than the profit ratio) is still expected to be significantly less than 5%.

2. Provision of Resort Management Services to Hoshino Tomamu

Club Med undertakes the management, marketing and distribution of the Club Med Tomamu Resort, which is owned by Hoshino Tomamu, a member of the Remaining Fosun International Group, under Club Med's management contract operating model. For details of the management contract operating model, please see "Business—Our Principal Business Activities—Resorts—Resorts Operating Model—Management contract operating model of our resort".

Principal terms

SCM Corporation, a subsidiary of Club Med, entered into a management agreement covering Club Med Tomamu Resort with Hoshino Tomamu on 20 June 2016, as amended on 8 December 2017 (collectively, the "**Tomamu Resort Management Agreement**"), pursuant to which SCM Corporation, as the manager, agreed to provide management service for the Club Med Tomamu Resort. On 16 May 2017, Hoshino Tomamu, SCM Corporation and CMJ Management Corporation (a subsidiary of Club Med) entered into an assignment agreement pursuant to which SCM Corporation assigned all of its rights and obligations and contractual status under the Tomamu Resort Management Agreement to CMJ Management Corporation. On 20 June 2016, Club Med entered into a sales and marketing agreement with Hoshino Tomamu covering the same resort, as amended on 20 June 2016 (collectively, the "**Tomamu Resort Sales and Marketing Agreement**"), pursuant to which Club Med agreed to act as the exclusive and sole agent to promote, sell and market the Club Med Tomamu Resort as a Club Med product in accordance with the Club Med system. Under the Tomamu Resort Management Agreement, Hoshino Tomamu is granted until the termination of such agreement a non-exclusive, non-assignable and non-transferable license to use Club Med's names and trademarks as necessary for the resort's operation and promotion.

Each of the Tomamu Resort Management Agreement and the Tomamu Resort Sales and Marketing Agreement has a term of ten years commencing from 1 December 2017, the soft opening date of Club Med Tomamu Resort. As required by Rule 14A.52 of the Listing Rules, the period for the agreement for a continuing connected transaction must not exceed three years, except where the nature of the transaction requires the agreement to be of a duration longer than three years. Under Club Med's management contract operating model, Club Med usually enters into a long-term management and sales and marketing agreement 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 management agreements which could result in disruptions to operations. It also takes time to find new places and properties that are suitable to be managed and marketed under the Club Med brand. As such, a longer duration gives Club Med longer term visibility on its costs of operations and allows Club Med to share the future growth of the resort and boost its revenue. Our Directors are of the view that entering into the Tomamu Resort Management Agreement and the Tomamu Resort Sales and Marketing Agreement for a period of more than three years is in line with normal business practice and is in the interests of the Company and Shareholders as a whole. The Joint Sponsors agree with our Directors' view and concur that the more than three years' term is in line with normal business practice.

Reasons for the transactions

We are primarily engaged in, among others, the development, management and operation of premium leisure resorts. In respect of our resorts, they are operated under three operating models, one of which is the management contract operating model. Our provision of the management services under the Tomamu Resort Management Agreement and the Tomamu Resort Sales and Marketing Agreement are consistent with Club Med's business practices as Club Med Tomamu Resort, located at a land parcel in Tomamu, Hokkaido Prefecture, Japan, is well located for developing a Club Med ski and mountain resort. Our Directors believe that it is in our interest, and in line with Club Med's business strategy, to leverage our expertise and experience in the management of premium leisure resorts and partner with Hoshino Tomamu to expand our geographic coverage in Japan and improve our brand awareness for skiing and mountain resorts in Asian markets.

Pricing policy

Under the Tomamu Resort Management Agreement and the Tomamu Resort Sales and Marketing Agreement, Hoshino Tomamu shall pay us (i) a total amount of fees equal to approximately 33% of the revenue of Club Med Tomamu Resort in consideration of the management and sales and marketing services provided by us, and (ii) an annual incentive fee equal to a certain percentage (which varies from 0% to 14%) of the annual gross operating profit depending on the level of the annual gross operating profit of the resort.

Historical amounts

As the Club Med Tomamu Resort's soft opening was in December 2017, no historical amounts were incurred during the two years ended 31 December 2016. For the year ended 31 December 2017 and the six months ended 30 June 2018, consideration paid by Hoshino Tomamu to us under the Tomamu Resort Management Agreement and the Tomamu Resort Sales and Marketing Agreement were approximately RMB6.9 million and RMB44.7 million, respectively.

Annual caps

The maximum total amount of fees payable by Hoshino Tomamu to us under the Tomamu Resort Management Agreement and the Tomamu Resort Sales and Marketing Agreement for each of the three years ending 31 December 2018, 2019 and 2020 should not exceed the caps set out below:

	Proposed annual caps for the years ending 31 December		
	2018	**2019**	**2020**
		(RMB in millions)	
Total amount of fees payable under the Tomamu Resort Management Agreement	16.3	23.9	29.3
Total amount of fees payable under the Tomamu Resort Sales and Marketing Agreement	98.3	115.6	137.8

As the amount payable under the Tomamu Resort Management Agreement and Tomamu Resort Sales and Marketing Agreement is calculated based on the percentage of the revenue of Club Med Tomamu Resort, the proposed annual caps are determined primarily by the expected growth of revenue of Club Med Tomamu Resort, taking into account the incentive fees which range from 0% to 14%.

When estimating the expected revenue of Club Med Tomamu Resort, our Directors have taken into account primarily the estimated gradual increase of capacity and revenue per bed based on the occupancy rate of 90% during the relevant period which is estimated by referring to historical operating data, expected customer number and its seasonal impact.

Listing Rules Implications

As the Tomamu Resort Management Agreement and the Tomamu Resort Sales and Marketing Agreement were both entered into by our Group with Hoshino Tomamu in respect of the management of Club Med Tomamu Resort, such continuing connected transactions thereunder have been aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of these transactions is expected to be, on an annual basis, exceed 0.1% but less than 5%, and they are on normal commercial terms or better, the transactions will be subject to the reporting, annual review and announcement requirements, but will be exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVER APPLICATION FOR PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The transactions described under the sub-section headed "—Partially-exempt Continuing Connected Transaction" will constitute our continuing connected transactions which are subject to the reporting, annual review and announcement requirements, but will be exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the partially-exempt continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver from the strict compliance with the announcement requirements for the transactions contemplated under the Office Property Lease and Management Services Framework Agreement and in respect of the provision of resort management services to Hoshino Tomamu subject to the condition that the annual caps stated above are not exceeded.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this prospectus, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that (i) the continuing connected transactions as set out above have been and will be entered into during our ordinary and usual course of business on normal commercial terms or better, and are fair and reasonable and in the interest of us and our Shareholders as a whole; and (ii) the proposed annual caps (if any) for these transactions are fair and reasonable and in the interest of us and our Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

Based on the documentation and data provided by us and participation in the due diligence and discussion with us, the Joint Sponsors believe that the aforesaid partially-exempt continuing connected transactions have been entered into in the ordinary and usual course of business of our Company on normal commercial terms or better which are fair and reasonable, and in the interests of our Company and our Shareholders as a whole, and the proposed annual caps in respect of the partially-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options granted under the Pre-IPO Share Option Scheme and upon the vesting of the share units granted under the Pre-IPO Free Share Award Plan), the following persons are expected to have an interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of shareholding in our Company(1)
Fosun International	Beneficial owner	1,000,000,002	81.76%
FHL(2)	Interest in controlled corporation	1,000,000,002	81.76%
FIHL(3)	Interest in controlled corporation	1,000,000,002	81.76%
Mr. Guo Guangchang(4)	Interest in controlled corporation	1,000,000,002	81.76%

Notes:

(1) The calculation is based on the total number of 1,223,120,863 Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options granted under the Pre-IPO Share Option Scheme and upon the vesting of the share units granted under the Pre-IPO Free Share Award Plan).

(2) FHL holds approximately 72.03% equity interest in Fosun International, and is therefore deemed to be interested in the Shares directly held by Fosun International.

(3) FIHL holds 100% equity interest in FHL, and is therefore deemed to be interested in the Shares which FHL is interested in as referred to in Note (2) above.

(4) Mr. Guo Guangchang holds 64.45% equity interest in FIHL, and is therefore deemed to be interested in the Shares which FIHL is interested in as referred to in Note (3) above.

Save as disclosed above and in the section "Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholder" in Appendix VI to this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options granted under the Pre-IPO Share Option Scheme and upon the vesting of the share units granted under the Pre-IPO Free Share Award Plan), have an interest or short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following the completion of the Global Offering.

Authorized Share Capital

		Aggregate par value
10,000,000,000	Shares of EUR0.0001 each	EUR1,000,000

Issued Share Capital

Issued and to be issued, fully paid or credited as fully paid immediately upon the completion of the Global Offering		**Aggregate par value**	**% of the issued share capital**
1,008,920,863	Shares in issue as of the date of this prospectus	EUR100,892.0863	82.49%
214,200,000	Shares to be issued pursuant to the Global Offering	EUR21,420.0000	17.51%
1,223,120,863	**Total**	**EUR122,312.0863**	**100.00%**

ASSUMPTION

The above table assumes that the Global Offering has become unconditional. It takes no account of any Shares (a) which may be issued pursuant to the exercise of the Over-allotment Option; or (b) which may be allotted and issued upon the exercise of share options granted under the Pre-IPO Share Option Scheme and upon the vesting of the share units granted under the Pre-IPO Free Share Award Plan; or (c) which may be allotted and repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below or otherwise.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank *pari passu* in all respects with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid after the date of this prospectus.

VARIOUS PLANS OF OUR COMPANY AND CLUB MED HOLDING

We have adopted the Pre-IPO Share Option Scheme, the Pre-IPO Share Ownership Plan and the Pre-IPO Free Share Award Plan. Please see the section headed "Appendix VI—Statutory and General Information—E. Various Plans of Our Company and Club Med Holding" in this prospectus for further details.

Club Med Holding has adopted the Management Equity Plan. Please see "Statutory and General Information—E. Various Plans of Our Company and Club Med Holding—4. the Management Equity Plan of Club Med Holding" in Appendix VI to this prospectus for further details.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Our Company has only one class of Shares, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Companies Law and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. Please see the section headed "Summary of the Articles of Association of the Company and Cayman Companies Law" in Appendix V to this prospectus for further details.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed the sum of:

(i) 20% of the aggregate nominal value of the share capital of the Company in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option, share options which have been granted under the Pre-IPO Share Option Scheme or share units which have been granted under the Pre-IPO Free Share Award Plan); and

(ii) the nominal amount of our share capital repurchased by the Company (if any) pursuant to the repurchase mandate (as mentioned below).

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by our Shareholders.

This mandate to issue Shares will remain in effect until the earliest of:

(i) the conclusion of our next annual general meeting; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) the date on which it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

For further details of this general mandate, please see "Appendix VI—Statutory and General Information—A. Further information about our Company and our Subsidiaries" in this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option, share options which have been granted under the Pre-IPO Share Option Scheme or share units which have been granted under the Pre-IPO Free Share Award Plan).

This mandate relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information—7. Repurchase of Shares by our Company" in Appendix VI to this prospectus.

This general mandate to repurchase Shares will remain in effect until the earliest of:

(i) the conclusion of our next annual general meeting; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) the date on which it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

For further details of this general mandate, please see the section headed "Statutory and General Information—A. Further information about our Company and our Subsidiaries" in Appendix VI to this prospectus.

You should read the following discussion and analysis in conjunction with our Company's audited consolidated financial statements as of and for each of the years ended 31 December 2015, 2016 and 2017, and for the six months ended 30 June 2018, together with the accompanying notes, as set forth in the Accountants' Report in Appendix I to this document. The audited consolidated financial statements of the Company have been prepared in accordance with IFRS. Any discrepancies in any table or elsewhere in this prospectus between totals and sums of amounts are due to rounding.

The following discussion and analysis contain certain forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from those suggested in the forward looking statements in evaluating our business. You should consider the information provided in the sections headed "Risk Factors" and "Forward-looking Statements" in this prospectus.

OVERVIEW

We are one of the world's leading leisure-focused integrated tourism groups, and the largest leisure tourism resorts group worldwide, in terms of revenue in 2017 according to Frost & Sullivan. 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, which covers a wide spectrum of tourism- and leisure-related services. We either own or have strategic partnerships with a portfolio of world-renowned brands, including Club Med, Atlantis and Thomas Cook, and pride ourselves on our abundant tourism resources and our diverse selection of destinations that we believe have scarcity value. Our principal business activities are:

- Resorts, which we operate through Club Med and Club Med Joyview;
- Tourism destinations that we develop, operate and manage, including our Atlantis Sanya, which officially opened in April 2018; other tourism destinations that have started design; and destinations we manage for other parties; and
- Services and solutions in various tourism and leisure settings such as (i) entertainment, other tourism- and culture-related services; and (ii) a platform for family-focused tourism- and leisure-related offerings.

We are a subsidiary of Fosun International Limited (Stock Code: 656), a company listed on the Stock Exchange. Fosun International operates three core ecosystems: health, happiness and wealth. Our Group constitutes the tourism and leisure arm of the happiness ecosystem. Through the Listing, we will be spun off from Fosun International. See "History, Reorganization and Corporate Structure" and "Relationship with Our Controlling Shareholders."

For the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2017 and 2018, our gross profit was RMB2,067.9 million, RMB2,540.8 million, RMB2,830.3 million, RMB1,601.5 million and RMB1,798.5 million, respectively. Our Adjusted EBITDA for the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2017 and 2018 was RMB182.1 million, RMB630.3 million, RMB746.3 million, RMB490.0 million and RMB425.0 million, respectively.

BASIS OF PRESENTATION AND PREPARATION

Pursuant to the Reorganization, as explained in "Reorganization" in the section headed "History, Reorganization and Corporate Structure" of this prospectus, our Company, which was incorporated in September 2016, acquired the relevant subsidiaries now comprising the Group in 2017 from the Controlling Shareholders of the Company and became the holding company of the subsidiaries now comprising the Group. The subsidiaries acquired by the Company were under the common control of the Controlling Shareholders before and after the Reorganization. Accordingly, the historical financial information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Track Record Period.

We prepare our historical financial information in accordance with IFRS issued by the International Accounting Standards Board ("**IASB**"). The consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of Fosun International, where this is a shorter period. The consolidated statements of financial position of our Group as of 31 December 2015, 2016 and 2017 and 30 June 2018 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the perspective of Fosun International. No adjustments have been made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization. All intra-group transactions and balances have been eliminated on consolidation.

All IFRSs effective for the accounting period commencing from 1 January 2018, including IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and amendments to IFRS 15 Clarification to IFRS 15 Revenue from Contracts with Customers, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the historical financial information throughout the Track Record Period and in the period covered by the interim comparative financial information.

The Group has performed an internal assessment of the early adoption of IFRS 15 and IFRS 9 compared with IAS 18 and IAS 39. The major impacts to the Group as set out as followings:

IFRS 15

(i) Revenue recognition: Revenue is recognized when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the asset.

(ii) Cost incurred to obtain the contract: Under HKFRS 15, incremental costs incurred to obtain a contract are eligible to be capitalized and recognized within contract assets if the Group expects to recover such costs, and subsequently amortized when the related revenue is recognized.

(iii) Significant financing component: IFRS 15 requires to account for a financing component in a contract separately from revenue if the financing effects are significant, subject to a practical expedient condition where the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. The amount of the significant financing component is estimated at contract inception by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. Interest expense is recognized only to the extent that a contract liability (receipts in advance) is recognized in accounting for the contract with the customer.

Based on the assessment of the Group, we consider that the impact on our financial position and performance would be insignificant if IAS 18 instead of IFRS 15 had been applied.

IFRS 9

IFRS 9 replaces IAS 39 and introduces new requirements for classification and measurement and impairment. Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: (i) the Group's business model for managing the assets; and (ii) whether the instrument's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the "SPPI" criterion).

Equity instruments would generally be measured at fair value through profit or loss unless the Group elects to measure at FVOCI (without recycling, i.e. any gain/loss will be recorded in other comprehensive income and will not be reclassified to profit or loss, while the dividend is recognized through profit or loss) for equity investments that are not held for trading.

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

Based on the assessment of the Group, we consider that the impact on our financial position and performance would be insignificant if IAS 39 instead of IFRS 9 had been applied.

We established Club Med Holding with other non-controlling shareholders to acquire 100% equity interest of Club Med SAS Group at a consideration based on the fair value of approximately EUR916 million (RMB6,348.5 million) in February 2015. The financial information of Club Med has been consolidated into our Group since February 2015. Club Med recorded revenue of RMB1,090.9 million, operating profit of RMB126.2 million, and net profit of RMB110.7 million, for the month ended 31 January 2015, which were prepared in accordance with IFRS as adopted by the European Union. For more information about our acquisition of the controlling interest in Club Med, see "History, Reorganization and Corporate Structure—Acquisition of Club Med by Tender Offer."

KEY FACTORS AFFECTING OUR GROUP'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been and will continue to be affected by a number of factors, including the following:

Global and regional trends driving the tourism and leisure industry

We serve individual consumers of tourism and leisure services from around the world. As demand for these services depends on economic conditions, consumer confidence and availability of discretionary spending, the results of our operations and prospects for our expansion are impacted by the state of the global economy as well as regional economies, particularly in our key markets in EMEA, and Asia Pacific, especially China. According to Frost & Sullivan, revenue generated by the global leisure tourism market is expected to accelerate from a CAGR of 5.7% from 2013 to 2017 to a CAGR of 8.8% from 2017 to 2022, and we expect to harness this growth for our business expansion. In addition, the revenue of leisure tourism market in China reached RMB2,485.9 billion in 2017, representing a CAGR of 15.8% from 2013, and is expected to further increase to RMB4,549.0 billion in 2022, representing a CAGR of 12.8% from 2017.

Our global operations are also affected by non-economic factors such as political and social conditions in the regions we operate including civil strife, war and terrorism as well as climate conditions and natural events. For more on the impact of such factors on our business operations, see "Risk factors—Geopolitics, natural disasters or other catastrophic events or outbreak of severe contagious diseases may severely disrupt our business and operations and may have a material adverse effect on our business, financial condition and results of operations" and "—Acts or threats of terrorism, of wars or of any other unfavorable political occurrence have adversely affected the tourism and leisure industry generally and these adverse effects may continue or worsen." Our operation in China are also affected by general factors affecting the Chinese tourism and leisure market, including the development of the tourism and leisure industry in China such as rising disposable income and government policies favoring tourism consumption. See also "Industry Overview— Leisure Tourism Market in China." We have sought to manage, diffuse or offset the risks to the global tourism and leisure industry and Chinese leisure tourism market through insurance, geographic diversification of our operations and the expansion of our product and service offerings.

Any of the foregoing factors could affect demand for our services and materially affect our results of operations.

Ability to attract and retain our target customers

Our target consumer demographic encompasses families, couples and millennials from around the world who demand premium tourism and leisure experiences. Families, couples and millennials already comprise a large proportion of our existing customer base. From Europe and North America where Club Med has traditionally enjoyed strong brand recognition and customer loyalty, we have expanded into the Americas and Asia Pacific. We have directed marketing efforts to acculturate consumers in new markets to our product concepts, for example, by using the 2022 Winter Olympics in Beijing to boost interest of Chinese consumers in vacations at our mountain resorts in China, Japan, and Europe. To attract and empower consumers, we are developing mobile and web-based digital platforms to help consumers customize, personalize and simplify the planning and purchase of their bookings.

In addition, we target corporate customers with premium MICE service offerings at our resorts and tourism destinations. We also provide resort and destination management services for resort owners, as well as construction services for certain property owners for the resorts prior to our management of such resorts.

We believe Capacity of Resorts and Revenue per Bed are meaningful indicators of the performance of our resorts. For details of the discussion of our resorts business and these indicators, please refer to "Business—Our Principal Business Activities—Resorts."

Expansion of product and service offerings

Throughout the Track Record Period, we have been expanding the scale and variety of our product and service offerings for our customers' evolving preferences and needs. We launched Club Med Joyview resorts in 2018 to specifically target the fast-growing Chinese market by providing Chinese customers an opportunity to experience resorts located within two to three hours driving distance from urban areas. In our Atlantis Sanya, we offer not only premium accommodations, but also the natural seawater Aquarium, the Waterpark and high-quality food and beverage offerings. We also established the FOLIDAY platform and developed services and solutions in various tourism and leisure settings such as entertainment and cultural-related services through Fanxiu and Miniversity play-learning centers.

Our financial performance will be affected by the different revenue and fee models across our services and product and different mix as well as our ongoing efforts to expand our product and service offerings.

Relationship with key third party partners

Our business performance depends on our long-term relationships with key third parties such as owners of the resorts under the lease and management structure, Kerzner, the manager for Atlantis Sanya, our business venture partners such as Thomas Cook and Mattel, airlines and other transportation service providers, key suppliers of food and beverage, and third party sales and marketing channels. These third parties may bring knowledge of particular markets, expertise in certain areas of operation, recognized brands that are attractive to customers, and economies of scale in delivering certain products and services. Over time, stable and productive relationships with key partners can lead to greater operational stability and efficiency and generate new opportunities for collaboration and business growth. We strive to maintain strategic relationships with a diverse group of partners so as not to be unduly dependent upon any particular partner.

Operational efficiency

Our ability to realize efficiency gains from centralizing procurement and other business functions, utilizing more cost-effective sales channels, and controlling labor costs can improve our operational efficiency and profitability. Through digitalization efforts, we are exploring technology-based solutions that have potential to help us realize efficiency gains in operations.

- ***Centralized business functions across global operations:*** By centralizing business functions such as booking and management systems, procurement, supply chains, standard control procedures and policies and sharing successes from local practices across regions, we can achieve efficiency gains from the scale of our global operations.

- ***Sales channel and marketing efficiency:*** We have a direct network of sales operations both online and offline throughout the world, from which we generated over 60% of the sales of all-inclusive packages and transportation services. Other than the direct sales channels of Club Med, we also have extensive indirect sales channels and our FOLIDAY platform, including Foryou Travel and Kuyi. Our success will depend on our ability to efficiently leverage sales channel and enhance sales efficiency.

- ***Labor cost management*:** The tourism and leisure business is labor intensive. Our results of operations are impacted by our ability to control costs of operations, especially labor and labor-related costs. We have managed the increase in labor costs in part by using digital solutions to improve efficiency across a broad array of functions including human resource management, procurement, sales and marketing, customer service and resort maintenance.

Our ability to maintain our cost structure and manage our operations efficiently will affect our results of operations and profitability.

Seasonality

Our results of operation are affected by the seasonal nature of the tourism and leisure industry and can vary widely during the course of a year. For our Club Med operations, the high season has traditionally been December to March, when skiing is in season and tropical resorts are most attractive to holidaymakers from Europe and North America, and in July and August, the summer vacation months of the northern hemisphere school year. Similarly, Atlantis Sanya is also subject to the seasonal impact with better performance expected in the summer and winter months during school vacation periods and during certain holidays, such as the National Day Golden Week in October and the Lunar New Year in China. We have sought to increase low-season demand by drawing more visitors from other parts of the world with different vacation calendars and developing summer usage for mountain resorts, introducing more MICE business, arranging for shorter weekend stays, organizing more events and activities in the resort, including children's camps and activities and integrating other tourism and leisure services and solutions in tourism destinations. We have also closed some of our older seasonal resorts and opened more year-round resorts, which can generate greater revenue through longer periods of operation. These efforts can help offset some of the seasonal variations in our financial results and improve profitability. For more information about seasonal nature of our resort operations, see "Business—Seasonality" and "Risk Factors—Risks Relating to Our Business—Our results of operations may fluctuate due to seasonal and other factors."

Competition

Our resorts and tourism destinations face local competitors in nearly every location where we operate. Competition is particularly intense in China where the rapidly growing demand for upscale leisure tourism is being met with numerous competitive offerings and where, unlike more established and mature markets, consumer preferences are evolving quickly. For more information about the competition we face, see "Business—Competition." The increase in competition or failure to meet evolving consumer preferences may have an adverse impact on our results of operations. For more on the risks posed by competition, see "Risk Factors—We face intense competition that could adversely affect our business, financial condition and results of operations."

Exchange Rate Fluctuations and Taxation

As a global company, our financial results are subject to translation and transaction effects of currency exchange rate fluctuations and taxation in multiple jurisdictions.

Currency fluctuation effects on transactions

We have resorts and commercial operations in over 40 countries and regions and each of our subsidiaries uses its local functional currency when preparing its stand-alone accounts. They record their transactions denominated in currencies other than their functional currencies according to the prevailing exchange rates at the time of the transactions. Club Med subsidiaries engage in foreign currency transactions involving markets where resort vacations are sold and where resort services are provided. Such transactions give rise to foreign exchange gains and losses at a subsidiary level. We engage in hedging transactions to limit the impact of exchange movements on our commercial transactions. The foreign currency gains and losses are recorded in our consolidated statement of profit or loss under "net exchange gain or loss" within other (expenses)/income and gains, net. For the years ended 31 December 2015, 2016 and 2017, and the six months ended 30 June 2017 and 2018, we recorded exchange gain/(loss) of RMB(74.2) million, RMB35.8 million, RMB(5.3) million, RMB(5.1) million and RMB32.3 million. Major currencies for our commercial transactions include the Euro, U.S. dollar, British Pound, Hong Kong dollar and Canadian dollar.

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 the RMB. The assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the period. Fluctuations in the value of the exchange rates of our subsidiaries from one year to the next affect our consolidated results of operations. Exchange differences on translation of foreign operations are recognized in our exchange fluctuation reserve, the movement of which is recorded in other comprehensive income. For the years ended 31 December 2015, 2016 and 2017, and the six months ended 30 June 2017 and 2018, the exchange differences arising from translation were loss of RMB222.0 million, gain of RMB58.2 million, loss of RMB396.4 million, loss of RMB227.2 million and loss of RMB138.1 million, respectively, which mainly comes from the translation of foreign operations in Europe, U.S., Brazil, Mexico and the Dominican Republic.

Taxation

Our operating subsidiaries around the world are subject to local taxation and are affected by changes in local tax policies and regulations. Taxation and tax policies in the jurisdictions we operate and the results of local tax litigation may have a significant impact on the results of our operations.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Critical accounting policies and estimates are those that require our management to exercise judgment and make estimates that would yield materially different results if our management were to apply different assumptions or make different estimates. Our financial information has been prepared in accordance with IFRS.

The preparation of the financial information in conformity with IFRS requires our management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of such estimates and assumptions form the basis for making judgments regarding the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from the estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revisions and future periods if the revisions affect both current and future periods. During the Track Record Period, we did not have material changes in our estimates or underlying assumptions. Our Directors do not anticipate making any material changes to our estimates or underlying assumptions in the foreseeable future.

Below is a summary of the accounting policies in accordance with IFRS that we believe are both important to the preparation and presentation of our financial results and require us to make judgments, estimates and assumptions about the effect of matters that are inherently uncertain. We also have other policies that we consider to be significant accounting policies which are set out in detail in Note 2.4 to "Appendix I—Accountants' Report."

Revenue from contracts with customers

We applied IFRS 15 and its amendments ("IFRS 15"), governing the recognition of revenue from contracts with customers, to our consolidated financial statements for the years ended 31 December 2015, 2016, and 2017 and six months ended 30 June 2018. Our revenue is measured at the fair value of the consideration received or receivable for services provided and for the sales of properties in the ordinary course of business. Revenue is shown, net of taxes.

Resorts and destination operations

Resorts and destination operations mainly includes the operation of resorts and the provision of tourism destination design, operation and management services. The revenue is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Tourism and leisure services and solutions

Tourism and leisure services and solutions mainly includes the provision of travel and transportation solutions, entertainment and other services. The revenue is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Tourism-related property sales and construction services

Revenue is recognized when or as the control of the property is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the property may transfer over time or at a point in time. Control of the property is transferred over time if the performance:

- creates and enhances an asset that the purchaser controls as the we perform the contract; or

- does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If control of the property transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the property. The progress towards complete satisfaction of the performance obligation is measured based on our efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognized when the customer obtains the physical possession of the completed property, we have the present right to payment and the collection of the consideration is probable.

Customer loyalty programs

For our customer loyalty programs, the Club Med Great Member loyalty program and Foryou Club loyalty program, a performance obligation is identified only if the option to acquire additional goods and services provides a material right to the customer and the customer would not receive such right entering into a contract. For such contracts, we allocate the contract price to separate performance obligations attributed to the benefits granted to the customers under the two loyalty programs. A portion of the contract price attributable to the benefits granted is recognized as a reduction of revenue in deferred revenue and is recognized in revenue when the benefits are exercised or when the benefits expire. The revenue allocated to each performance obligation is calculated based on the relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using other suitable methods. The likelihood that the benefits will be exercised is assessed and adjusted in the estimation of the standalone selling price.

Significant financing component

In determining the transaction price, we adjust the promised amount of consideration for the effect of a financing component if it is significant. Using the practical expedient in IFRS 15, we do not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or service to the customer and when the customer pays for that goods or service will be one year or less.

Long-term operating leases

We are a long-term lessee of various properties, which are currently classified as long-term operating leases as substantially all the rewards and risks of ownership of assets remain with the lessor. Accordingly, rent payable under operating leases net of any incentives from the lessor is charged to profit or loss on the straight line basis over the lease terms when incurred and future operating lease commitments are not reflected in the consolidated balance sheet.

Commencing on 1 January 2019, we will adopt IFRS 16, which requires all long-term leases, including future operating lease commitments, to be recognized in the form of an asset (representing the right of use) during the lease term and a financial liability (representing the discounted payment obligation). Leases of low-value assets and short term leases are exempt from IFRS 16. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses. The lease liability is increased to reflect interest on the lease liability and reduced by lease payments. We must recognize separately the interest expense on the lease liability and the depreciation expense on the right-of-use asset in the consolidated statements of financial position. Upon the occurrence of certain events, such as a change in the lease term, we must remeasure the lease liability. As of 30 June 2018, our total non-cancellable, non-discounted operating lease commitments amounted to RMB12,968.5 million. We are evaluating the impact of IFRS 16 and do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in any significant impact on the total expense to be recognized over the entire lease period or total cash flow in respect of the lease. The expenses to be recognized in each period will be different based on the recognition of the interest expense and depreciation expense.

Property, plant and equipment and depreciation

Our property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the components and each component is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end. The principal annual rates used for this purpose are as follows:

Buildings and leasehold improvement	2% - 50%
Machinery	5% - 33%
Furniture, fixture and other equipment	3% - 32%
Others	20% - 33%
Freehold land	Not depreciated
Construction in progress	Not depreciated

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets other than goodwill

Our intangible assets mainly include trademarks and patents, leasehold rights, software and others. Our intangible assets acquired separately are measured on initial recognition at cost or fair value if acquired in a business combination. The Club Med trademark and leasehold rights in France have been classified as assets with an indefinite useful life. They are not amortized but tested for impairment annually either individually or at the cash-generating unit level. The useful lives of such intangible assets are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis. Our brand concession right represents the right to use the brand "Atlantis" in the sales of properties of the Group in Hainan province, PRC. This intangible asset is stated at cost less any impairment losses and are amortized over the time from the initial recognition of the right to the delivery of the property. Software and others are qualified as having finite life and are stated at cost less any impairment losses and are amortized on the straight-line basis over the respective estimated useful lives.

Properties under development and completed for sales

Properties under development, which mainly include the property development of Tang Residence of Atlantis Sanya, are stated at cost which includes all development expenditures, including land costs, construction costs, borrowing costs and other costs directly attributable to such properties. They are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle and are valued at the lower of cost and net realizable value at the end of the reporting period. Any excess of cost over the net realizable value of an individual item of properties under development is accounted for as a provision. Net realizable value is based on estimated selling prices in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs. Completed properties for sale are recognized in the consolidated statement of financial position at the lower of cost and net realizable value. Any excess of cost over the net realizable value of an individual item of completed properties for sale is accounted for as a provision.

Business combination, goodwill and impairment testing

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by us, liabilities assumed by us from the former owners of the acquiree, the equity interests issued to us in exchange for control of the acquiree and the consideration paid. For each business combination, we elect whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

We recorded goodwill acquired through business combination in the acquisition of Club Med and its subsidiaries in February 2015. Goodwill acquired through business combination is initially measured at cost, equal to the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of our Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. Goodwill, after the initial recognition, is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As of 31 December 2015, 2016 and 2017 and 30 June 2018, the carrying amounts of our goodwill were RMB1,570.8 million, RMB1,617.7 million, RMB1,727.4 million and RMB1,694.0 million, respectively, with the period-to-period attributable solely to foreign exchange differences. No impairment losses have been recorded as a result of impairment testing.

Goodwill testing requires an estimation of the recoverable amount (value in use) of the cash-generating units, or CGUs (or groups of CGUs) to which the goodwill is allocated. When the recoverable amount of the CGUs is less than the carrying amount of goodwill, an impairment loss is recognized. Value in use is estimated by discounting to the present value the future cash flows expected from the CGUs. Our impairment test estimates future cash flows from Club Med's CGUs using cash flow projections from our operational plans for up to the first three years, then applying an annual cash flow growth rate of 2.5% for the next 2 years, and then extrapolating subsequent cash flows using an annual growth rate of 1.9%, which is also an estimate of long-term inflation. We have applied the tax discount rate of 8.1% (which for each of the years ended 31 December 2015, 2016 and 2017 corresponds to pre-tax rates of 12.35%, 12.50% and 12.09%, respectively), to the projected cash flows in our impairment test.

The estimations in our impairment test contain uncertainties as they require our management to make assumptions and to apply judgment to estimate future cash flows and, if necessary, the fair value of a CGU's assets and liabilities. Key assumptions include:

- Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

- Long-term growth rate — The basis used to determine the value assigned to long-term growth rate is the forecast price indices during the budget year from where the main accommodations are located.

The values assigned to the key assumptions on market development of the tourism industry, discount rates and consumer price index are based on the long-term growth rates in the industry and our historical experience. Further, our ability to realize the projected future cash flows is affected by factors such as changes in economic conditions, changes in our operating performance, and changes in our business strategies. As we periodically reassess our assumptions and judgments, including estimated future cash flows, changes in our estimates may cause us to realize impairment losses in the future.

Income tax and deferred tax assets

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted by the end of each relevant period, taking into consideration interpretations and practices prevailing in the jurisdictions in which we operate. Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted by the end of the reporting period. Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses and are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized or when existing deferred tax liabilities are reversed in the same period. We consider the likely timing and level of future taxable profits, the legal implication and limits on the use of the loss carryforward and our future business development in the evaluation of the deferred tax assets. The carrying values of deferred tax assets were RMB125.1 million, RMB136.4 million, RMB259.5 million and RMB351.9 million as of 31 December 2015, 2016 and 2017 and 30 June 2018, respectively. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Equity-settled share-based payments

Under our Group's share option scheme and share ownership plan eligible participants who contribute to the success of the Group's operations, the cost of equity-settled transactions with employees for grants of options and shares is measured by reference to the fair value at the date at which they are granted. The fair value of options under the share option scheme is determined by management using a binomial model. The fair value of restricted shares and free share units under the share ownership plan is determined by management using the market approach and income approach. See Note 44 to "Appendix I — Accountants' Report" to this prospectus, for further details.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Non-IFRS Measures

We supplement the presentation of our historical financial information with certain non-IFRS accounting measures including EBITDA, Adjusted EBITDA, and Adjusted Net Profit/(Loss). We calculate EBITDA by adding depreciation, amortization and finance costs to profit or loss before tax. We adjust EBITDA and net profit/(loss) to eliminate the effect of certain non-cash items and one-time events including the costs related to acquisition of Club Med, 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.

EBITDA is not a line item stated in the our consolidated statements of profit or loss and should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. The use of Adjusted EBITDA, and Adjusted Net Profit/(Loss) have material limitations as analytical tools, as these adjusted non-IFRS measures do not account for all items that impact our profit or loss for the relevant periods. The items eliminated from such non-IFRS measures may be significant to understanding and assessing our operating and financial performance. The specific definition and calculation of EBITDA and the other Non-IFRS accounting measures can differ for other companies, so such measures presented herein may not be comparable to similarly named measures presented by other companies.

EBITDA

	For the year ended 31 December			For the six months ended 30 June	
	2015[1]	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss before income tax	(798,355)	(445,349)	(377,515)	(124,724)	(186,084)
Add:					
Depreciation	314,749	494,537	521,801	259,123	303,115
Amortization	59,898	83,925	168,935	105,683	58,072
Finance costs	426,145	497,165	433,092	249,964	198,818
EBITDA (unaudited)	**2,437**	**630,278**	**746,313**	**490,046**	**373,921**

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the results of Club Med for the 11 months ended 31 December 2015.

Adjusted EBITDA

	For the year ended 31 December			For the six months ended 30 June	
	2015[1]	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
EBITDA	2,437	630,278	746,313	490,046	373,921
Add:					
Costs related to acquisition of Club Med	179,669	—	—	—	—
Equity-settled share-based payments	—	—	—	—	34,044
Listing expenses	—	—	—	—	17,062
Adjusted EBITDA[2] (unaudited)	182,106	630,278	746,313	490,046	425,027

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the results of Club Med for the 11 months ended 31 December 2015.

(2) The preparation and operation costs of Atlantis Sanya for the year ended 31 December 2016 and 2017 and six months ended 30 June 2017 and 2018, before the official opening in April 2018, were RMB26.8 million, RMB155.8 million, RMB36.3 million and RMB187.2 million, respectively.

Adjusted Net Loss

	For the year ended 31 December			For the six months ended 30 June	
	2015[1]	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Net loss	(953,699)	(472,557)	(294,996)	(189,065)	(134,614)
Add:					
Costs related to acquisition of Club Med	179,669	—	—	—	—
Interest to related companies prior to the reorganization[2]	222,420	249,475	105,901	58,582	30,190
Equity-settled share-based payments	—	—	—	—	34,044
Listing expenses	—	—	—	—	17,062
Adjusted Net Loss[3]	(551,610)	(223,082)	(189,095)	(130,483)	(53,318)

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the results of Club Med for the 11 months ended 31 December 2015.

(2) Interest to related companies includes the interest on loans with Fosun Industrial and Fosun Property which were settled upon reorganization in May 2017 and the interest on convertible bonds and convertible redeemable preferred shares of Fidelidade which was settled in May 2018.

(3) The preparation and operation costs of Atlantis Sanya for the year ended 31 December 2016 and 2017 and six months ended 30 June 2017 and 2018, before the official opening in April 2018, were RMB26.8 million, RMB155.8 million, RMB36.3 million and RMB187.2 million, respectively.

DESCRIPTION OF PRINCIPAL INCOME STATEMENT ITEMS

The following table sets forth selected items of our consolidated statements of profit or loss for the periods indicated. This information should be read together with our consolidated financial information and related notes, which have been prepared in accordance with IFRS and set out in "Appendix I—Accountants' Report" to this prospectus. Our results of operations in any period are not necessarily indicative of results that may be expected for any future period.

Selected Items of Consolidated Statements of Profit or Loss

	For the year ended 31 December			For the six months ended 30 June	
	2015[(1)]	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	8,902,569	10,782,975	11,799,394	6,184,649	6,667,416
Cost of revenue	(6,834,697)	(8,242,177)	(8,969,045)	(4,583,175)	(4,868,914)
Gross profit	2,067,872	2,540,798	2,830,349	1,601,474	1,798,502
Other (expenses) / income and gains, net	(322,663)	26,308	208,510	16,308	39,530
Selling and marketing expenses	(1,622,303)	(1,904,861)	(2,170,996)	(1,147,916)	(1,167,730)
General and administrative expenses	(499,112)	(599,115)	(794,474)	(336,845)	(655,740)
Operating (loss) / profit	**(376,206)**	**63,130**	**73,389**	**133,021**	**14,562**
Finance costs	(426,145)	(497,165)	(433,092)	(249,964)	(198,818)
Share of profits and losses of:					
Joint ventures	(491)	(9,934)	(19,290)	(8,635)	(3,435)
Associates	4,487	(1,380)	1,478	854	1,607
LOSS BEFORE INCOME TAX	**(798,355)**	**(445,349)**	**(377,515)**	**(124,724)**	**(186,084)**
Income tax (expense) / credit	(155,344)	(27,208)	82,519	(64,341)	51,470
LOSS FOR THE YEAR/PERIOD	**(953,699)**	**(472,557)**	**(294,996)**	**(189,065)**	**(134,614)**

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the results of Club Med for the 11 months ended 31 December 2015.

Revenue

Our revenue during the Track Record Period may be categorized by our Company's three business segments or our three main business functions.

Revenue by business segment

The following table sets out our revenue by business segments during the Track Record Period:

	For the year ended 31 December						For the six months ended 30 June			
	2015[1]		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Revenue										
Resorts	8,902,569	100.0%	10,779,686	100.0%	11,758,411	99.7%	6,174,491	99.8%	6,368,570	95.5%
Tourism Destinations	—	—	393	0.0%	13,939	0.1%	3,530	0.1%	216,557	3.3%
Services and solutions in various tourism and leisure settings	—	—	2,896	0.0%	27,044	0.2%	6,628	0.1%	82,289	1.2%
Total	**8,902,569**	**100.0%**	**10,782,975**	**100.0%**	**11,799,394**	**100.0%**	**6,184,649**	**100.0%**	**6,667,416**	**100.0%**

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the results of Club Med for the 11 months ended 31 December 2015.

- ***Resorts:*** revenue from the resorts segment was generated exclusively by Club Med during the Track Record Period.

(i) Resort operations generate revenue from all-inclusive resort services, sales of souvenirs and add-on options, Club Med membership fees, travel-related insurance and cancellation fees; resort management and consulting fees from managed resorts; and MICE services.

(ii) Resorts-related property sales and construction services generate revenue from construction services for resorts and the development and sale of tourism-related properties near resorts such as vacation villas and chalet-apartments. During the Track Record Period, we provided construction services for the Samoëns resort in France, which was completed in 2017, and developed villas near the Plantation d'Albion resort in Mauritius and chalet-apartment near the Valmorel and Samoëns resorts in France for sale.

(iii) Resorts-related travel services generate revenue from transportation services arranged by Club Med and sold to resort customers. The transportation services are generally sourced from airlines, ground and marine transportation operators.

- ***Tourism Destinations***: during the Track Record Period, revenue from the tourism destinations segment was generated by Atlantis Sanya and Albion.

(i) Destination operations include revenue generated by the Atlantis Sanya destination zone, primarily from accommodations, food and attractions, and from Albion's design, operation and management of tourism destinations.

(ii) Tourism-related property development generates revenue through the development and sale of residential properties near tourism destinations. We develop, manage and operate tourism assets including vacation facilities and other facilities within the destination zone that directly or indirectly support our tourism destinations. To the extent such facilities that indirectly support our tourism destinations may be sold, such sale is an integral part of our business. As of 30 June 2018, we had contract liabilities of RMB6,988.8 million from property sales contracts of Tang Residence which is expected to be recognized as revenue upon the transfer of control of the properties to their buyers starting from the second half of 2018.

- ***Services and solutions in various tourism and leisure settings***: revenue from this segment includes entertainment, other tourism- and culture-related services provided through Fanxiu and Miniversity and tourism and leisure services provided by our Foliday platform.

Revenue by business function

The following table sets out our revenue by business function during the Track Record Period:

	For the year ended 31 December						For the six months ended 30 June			
	2015[(1)]		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Revenue										
Resorts and destination operations	6,917,211	77.7%	8,357,195	77.5%	9,096,180	77.1%	4,865,586	78.7%	5,396,340	80.9%
Tourism-related property sales and construction services	69,657	0.8%	345,846	3.2%	492,178	4.2%	215,671	3.5%	18,730	0.3%
Tourism and leisure services and solutions	1,915,701	21.5%	2,079,934	19.3%	2,211,036	18.7%	1,103,392	17.8%	1,252,346	18.8%
Total	**8,902,569**	**100.0%**	**10,782,975**	**100.0%**	**11,799,394**	**100.0%**	**6,184,649**	**100.0%**	**6,667,416**	**100.0%**

Note:

(1) The 2015 figures consist only of the results of Club Med for the 11 months ended 31 December 2015.

- ***Resorts and destination operations***:

Revenue from resorts and destination operations includes:

(i) Resorts operations of Club Med.

(ii) Destination operations of Atlantis Sanya, which had its soft opening in February 2018 and official opening in April 2018. For the six months ended 30 June 2018, the revenue generated from Atlantis Sanya operation was approximately RMB204.9 million.

(iii) Albion's design, operation and management of tourism destinations.

- ***Tourism-related property sales and construction services***:

Revenue from tourism-related property development and construction services consisted of revenue from resorts-related property development and construction services during the Track Record Period. When physical possession of the pre-sold Tang Residence units are transferred to their buyers starting from the second half of 2018, revenue from tourism-related property development at tourism destinations will be recognized.

- ***Tourism and leisure services and solutions***:

Revenue from tourism and leisure services and solutions include:

(i) Transportation services of Club Med.

(ii) Provision of tourism and leisure-related booking and services.

(iii) Provision of entertainment and other culture-related services, including performance shows and children's activities.

Revenue by geography

We have an increasingly global customer base from EMEA, the Americas and Asia Pacific over the Track Record Period as we pursued our globalization strategy. We expect the customers from China will further increase with our development and operation of tourism destination in China, including Atlantis Sanya.

The following table sets out a breakdown of our revenue by region where the travel booking was made, which generally corresponds to the home location of the customer, instead of the region to be visited.

	For the year ended 31 December						For the six months ended 30 June			
	2015[(1)]		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Revenue based on location of customers										
EMEA	6,139,259	69.0%	7,312,691	67.8%	7,923,809	67.1%	4,010,182	64.8%	4,218,995	63.3%
Americas	1,403,749	15.8%	1,797,836	16.7%	2,085,801	17.7%	1,277,594	20.7%	1,275,640	19.1%
Asia Pacific	1,359,561	15.2%	1,672,448	15.5%	1,789,784	15.2%	896,873	14.5%	1,172,781	17.6%
Total	**8,902,569**	**100.0%**	**10,782,975**	**100.0%**	**11,799,394**	**100.0%**	**6,184,649**	**100.0%**	**6,667,416**	**100.0%**

Notes:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the results of Club Med for the 11 months ended 31 December 2015.

The following table sets out a breakdown of our revenue by country where the travel booking was made, which generally corresponds to the home location of the customer, instead of the region to be visited.

	For the year ended 31 December						For the six months ended 30 June			
	2015[(1)]		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
France	3,946,710	44.3%	4,826,799	44.8%	5,276,167	44.7%	2,567,274	41.5%	2,665,506	40.0%
China	348,581	3.9%	401,519	3.7%	460,909	3.9%	238,056	3.8%	509,650	7.6%
United States	668,389	7.5%	757,196	7.0%	775,618	6.6%	467,131	7.6%	474,785	7.1%
Belgium	649,156	7.3%	720,590	6.7%	770,694	6.5%	396,526	6.4%	402,156	6.0%
Brazil	238,566	2.7%	410,505	3.8%	599,640	5.1%	358,317	5.8%	348,811	5.2%
Others	3,051,167	34.3%	3,666,366	34.0%	3,916,366	33.2%	2,157,345	34.9%	2,266,508	34.1%
Total	**8,902,569**	**100.0%**	**10,782,975**	**100.0%**	**11,799,394**	**100.0%**	**6,184,649**	**100.0%**	**6,667,416**	**100.0%**

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the figures of Club Med for the 11 months ended to 31 December 2015.

Cost of revenue

The following table sets out our cost of revenue by business function during the Track Record Period:

	For the year ended 31 December						For the six months ended 30 June			
	2015[(1)]		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Cost of revenue										
Resorts and destination operations	5,115,792	74.9%	6,142,071	74.5%	6,618,689	73.8%	3,430,163	74.9%	3,741,764	76.9%
Tourism-related property sales and construction services	50,023	0.7%	331,758	4.0%	462,619	5.2%	207,879	4.5%	14,894	0.3%
Tourism and leisure services and solutions	1,668,882	24.4%	1,768,348	21.5%	1,887,737	21.0%	945,133	20.6%	1,112,256	22.8%
Total	**6,834,697**	**100.0%**	**8,242,177**	**100.0%**	**8,969,045**	**100.0%**	**4,583,175**	**100.0%**	**4,868,914**	**100.0%**

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the results of Club Med for the 11 months ended 31 December 2015.

The following table sets out a breakdown of our cost of revenue by nature during the Track Record Period:

	For the year ended 31 December						For the six months ended 30 June			
	2015[1]		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Cost of revenue										
Fixed operation costs of resorts and destination:	2,697,566	39.5%	3,249,460	39.4%	3,481,366	38.8%	1,829,548	39.9%	2,063,993	42.4%
Wages, salaries and employee benefits	1,448,432	21.2%	1,759,093	21.3%	1,920,424	21.4%	989,134	21.6%	1,119,723	23.0%
Facilities and maintenance	629,863	9.2%	758,676	9.2%	767,683	8.6%	429,784	9.4%	456,013	9.4%
Utilities	256,587	3.8%	293,050	3.6%	321,232	3.6%	165,098	3.6%	203,205	4.2%
Taxes and Insurance	140,373	2.1%	169,872	2.1%	174,901	2.0%	92,255	2.0%	93,920	1.9%
Others	222,311	3.2%	268,769	3.2%	297,126	3.2%	153,277	3.3%	191,132	3.9%
Variables operation costs of resorts and destination	1,162,687	17.0%	1,390,086	16.9%	1,505,321	16.8%	805,737	17.6%	833,337	17.1%
Food & Beverage	509,314	7.5%	620,110	7.5%	695,750	7.8%	360,079	7.9%	385,384	7.9%
Excursion and related	327,072	4.8%	363,817	4.4%	368,268	4.1%	193,482	4.2%	194,057	4.0%
Ski lift passes and classes	61,655	0.9%	82,446	1.0%	83,618	0.9%	69,611	1.5%	69,363	1.4%
Consumables and outsourced services	142,201	2.1%	171,024	2.1%	185,393	2.1%	94,480	2.1%	95,718	2.0%
Others	122,445	1.7%	152,689	1.9%	172,292	1.9%	88,085	1.9%	88,815	1.8%
Depreciation and lease expenses of resorts and destinations	1,255,539	18.4%	1,502,525	18.3%	1,632,003	18.2%	794,878	17.4%	844,435	17.3%
Cost of property-sales and constructions services	50,023	0.7%	331,758	4.0%	462,618	5.2%	207,881	4.5%	14,893	0.3%
Cost of transportation services	1,668,882	24.4%	1,765,764	21.4%	1,861,508	20.7%	939,079	20.5%	1,001,048	20.6%
Others	—	—	2,584	0.0%	26,229	0.3%	6,052	0.1%	111,208	2.3%
Total	**6,834,697**	**100.0%**	**8,242,177**	**100.0%**	**8,969,045**	**100.0%**	**4,583,175**	**100.0%**	**4,868,914**	**100.0%**

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the results of Club Med for the 11 months ended 31 December 2015.

Our cost of revenue consists of:

- ***Resorts and destination operations*:**

  (i) The fixed operation costs of resorts and destinations mainly include wages, salaries and benefit costs, and the cost of facility maintenance, utilities, taxes and insurance.

  (ii) The variable operation costs of resorts and destinations mainly include the cost of food and beverages, excursions, souvenirs and activities not included in all-inclusive resort packages, ski lift passes and training classes, consumable supplies and subcontracted services such as for laundry and housekeeping.

(iii) The depreciation and lease expenses of resorts and destinations mainly include depreciation of buildings, certain leasehold improvements, machinery, furniture, fixture and equipment, and lease expenses.

- ***Tourism-related property sales and construction services***:

The cost of revenue from tourism-related property sales and construction services during the Track Record Period primarily consisted of costs under construction service contracts for the Samoëns resort and costs of sales of Club Med's villas and chalet-apartments for sale near the Plantation d'Albion and Valmorel resorts. When revenue from the sale of tourism-related properties such as the sales of Tang Residence units is recognized, the cost of revenue will be the cost of developing and building the properties to be sold.

- ***Tourism and leisure services and solutions*:**

(i) The cost of transportation services mainly includes airfare and ground transportation services purchased by Club Med for resort customers.

(ii) Other cost of revenue mainly includes the cost of providing tourism and leisure services and solutions through travel platforms and entertainment services.

Gross profit and gross profit margin

Our gross profit was RMB2,067.9 million, RMB2,540.8 million, RMB2,830.3 million, RMB1,601.5 million and RMB1,798.5 million, and our gross profit margin was 23.2%, 23.6%, 24.0%, 25.9% and 27.0% for each of the years ended 31 December 2015, 2016, and 2017 and six months ended 30 June 2017 and 2018, respectively.

The following table sets out our gross profit by business function during the Track Record Period:

	For the year ended 31 December						For the six months ended 30 June			
	2015[1]		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Gross profit										
Resorts and destination operations	1,801,419	87.1%	2,215,124	87.2%	2,477,490	87.5%	1,435,423	89.6%	1,654,575	92.0%
Tourism-related property sales and construction services	19,634	1.0%	14,088	0.5%	29,560	1.1%	7,790	0.5%	3,837	0.2%
Tourism and leisure services and solutions	246,819	11.9%	311,586	12.3%	323,299	11.4%	158,261	9.9%	140,090	7.8%
Total	**2,067,872**	**100.0%**	**2,540,798**	**100.0%**	**2,830,349**	**100.0%**	**1,601,474**	**100.0%**	**1,798,502**	**100.0%**

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the results of Club Med for the 11 months ended 31 December 2015.

The following table sets out our gross profit margin by business function during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June	
	2015(1)	2016	2017	2017	2018
	%	%	%	%	%
Gross Profit Margin					
Resorts and destination operations	26.0%	26.5%	27.2%	29.5%	30.7%
Tourism-related property sales and Construction services	28.2%	4.1%	6.0%	3.6%	20.5%
Tourism and leisure services and solutions	12.9%	15.0%	14.6%	14.3%	11.2%
Overall	**23.2%**	**23.6%**	**24.0%**	**25.9%**	**27.0%**

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the results of Club Med for the 11 months ended 31 December 2015.

For a discussion of our gross profit and gross profit margin, please see the section headed "—Period to Period Comparison of Results of Operations" in this prospectus.

Other (expenses) / income and gains, net

Our other income, gains and other expenses are presented as other (expenses) / income and gains, net. For the years ended 31 December 2015, 2016, 2017 and for the six months ended 30 June 2017 and 2018, our net gains or losses from other income, gains and other expenses were net loss of RMB322.7 million, net gain of RMB26.3 million, net gain of RMB208.5 million, net gain of RMB16.3 million and net gain of RMB39.5 million, respectively.

	For the year ended 31 December			For the six months ended 30 June	
	2015(1)	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Other income					
Interest income	23,561	16,207	33,403	13,794	12,615
Government grants	25,875	18,868	27,182	13,111	2,690
Compensation and indemnity	26,068	48,191	58,467	17,037	7,904
Others	21,389	24,853	26,935	8,012	1,625
Gains					
Gain on disposal of equity investments	—	63,029	192,549	—	—
Gain on disposal of items of property, plant and equipment	—	17,525	91,566	26,792	25,830
Gain on fair value change of investments measured at fair value through profit or loss	—	—	—	—	7,868
Gain on reversal of provisions	—	3,737	41,919	8,301	60,758
Exchange gain, net	—	35,788	—	—	32,318
Other income and gains subtotal	**96,893**	**228,198**	**472,021**	**87,047**	**151,608**

	For the year ended 31 December			For the six months ended 30 June	
	2015[1]	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Other expenses					
Restructuring costs relating to employees	(61,490)	(61,898)	(77,459)	(36,041)	(39,699)
Provisions	(53,688)	(48,908)	(115,693)	(18,709)	(19,071)
Loss on the fair value change of investments measured at fair value through profit or loss	—	(10,073)	(7,918)	—	—
Losses on disposal and write-off of receivables	(22,850)	(33,640)	—	—	—
Costs relating to the acquisition of Club Med	(179,669)	—	—	—	—
Impairment losses	(1,792)	(6,455)	(48,039)	(5,183)	(41,214)
Exchange losses, net	(74,246)	—	(5,303)	(5,130)	—
Others	(25,821)	(40,916)	(9,099)	(5,676)	(12,094)
Other expenses subtotal	**(419,556)**	**(201,890)**	**(263,511)**	**(70,739)**	**(112,078)**
Other (expenses)/income and gains, net	**(322,663)**	**26,308**	**208,510**	**16,308**	**39,530**

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the performance results of Club Med for the 11 months ended 31 December 2015.

Other income primarily includes (i) interest income, (ii) grants received from local governments in jurisdictions where we operate resorts and tourism destinations, (iii) indemnity proceeds from business interruption insurance to compensate for loss of revenue, for example, when a resort is forced to be closed by hurricane; and (iv) compensation for the early termination of contracts.

Gains primarily include (i) gains on disposal of equity investments such as the investments in a subsidiary and associates of Club Med and gains on fair value of investments measured at fair value through profit or loss; (ii) gains from disposals of property, plant and equipment, including disposals under sale-and-leaseback arrangements of Club Med; (iii) gains from reversal of provisions for resort closures, commercial claims and litigation; (iv) and net exchange gains from foreign currency transactions. Gains from reversal of litigation and commercial claims generally occur when litigation and disputes are resolved in our favor such that our exposure to potential liability is reduced or eliminated. Gains from reversal of resort closures are made when the actual costs relating to closure of resorts are lower than the anticipated costs which had been provided for such as the early termination of leases that result in rent savings.

Other expenses primarily include (i) restructuring costs relating to employees, such as compensation for departing employees; (ii) provisions for resort closures, commercial claims, and litigation; (iii) loss on fair value change of investments measured at fair value through profit or loss; (iv) losses on disposal and write-off of receivables; (v) costs relating to the acquisition of Club Med; (vi) impairment losses of intangible assets such as leasehold rights and of property, plant and equipment incurred, and (vii) net exchange losses from foreign currency transactions.

Selling and marketing expenses

For the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2017 and 2018, our selling and marketing expenses were RMB1,622.3 million, RMB1,904.9 million, RMB2,171.0 million, RMB1,147.9 million and RMB1,167.7 million, respectively. For the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2017 and 2018, our selling expenses represented 18.2%, 17.7%, 18.4%, 18.6%, and 17.5% of our revenue, respectively. The following table sets out a breakdown of our selling expenses for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2015[(1)]		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Selling and marketing expenses										
Wages, salaries and employee benefits....	472,254	29.1%	532,081	27.9%	613,868	28.3%	309,410	27.0%	303,968	26.0%
Advertising and promotion...............	386,971	23.9%	470,434	24.7%	501,432	23.1%	262,085	22.8%	317,774	27.2%
Sales commission	356,821	22.0%	423,125	22.2%	463,660	21.3%	251,890	21.9%	272,418	23.3%
Depreciation and lease expense	118,396	7.3%	127,768	6.7%	132,677	6.1%	67,363	5.9%	64,703	5.5%
Credit card service charges	80,680	5.0%	85,803	4.5%	89,497	4.1%	43,981	3.8%	50,293	4.3%
Consulting services	36,079	2.2%	41,209	2.2%	49,276	2.3%	26,314	2.3%	24,229	2.1%
IT-related expenses	31,204	1.9%	36,102	1.9%	40,831	1.9%	22,103	1.9%	21,826	1.9%
Travel expenses...........	29,109	1.8%	35,747	1.9%	39,372	1.8%	19,534	1.7%	20,236	1.7%
Brand royalty	—	0.0%	—	0.0%	77,785	3.6%	61,460	5.4%	6,460	0.6%
Others	110,789	6.8%	152,592	8.0%	162,598	7.5%	83,776	7.3%	85,823	7.4%
Total	**1,622,303**	**100.0%**	**1,904,861**	**100.0%**	**2,170,996**	**100.0%**	**1,147,916**	**100.0%**	**1,167,730**	**100.0%**

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the profit or loss of Club Med for the 11 months ended 31 December 2015.

Under selling and marketing expenses, wages, salaries and employee benefit expenses consist primarily of wages, salaries, health insurance, and housing and pension contributions to our staff engaged in sales and marketing functions. Advertising and promotion expenses primarily consist of online and offline promotional expenses, sponsorship of events and exhibitions and the cost of hosting the opening ceremony of Atlantis Sanya. Sales commissions are paid to third party sales agents. Depreciation and rental expenses include rent on leased properties, depreciation of owned properties. Credit card service charges are paid to credit card companies. Consulting service fees are for third-party market research and professional advisory services. IT-related expenses refer to expenditures on digital technology relating to sales and marketing. Travel expenses relate to the sales and marketing functions. Brand royalty is the brand-licensing fee payable to Kerzner under a residential license agreement in connection with our promotion and sales of tourism-related residential units at Atlantis Sanya. Others are miscellaneous expenses.

General and administrative expenses

Our general and administrative expenses primarily consist of costs related to our management and administrative functions. For the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2017 and 2018, our general and administrative expenses were RMB499.1 million, RMB599.1 million, RMB794.5 million, RMB336.8 million and RMB655.7 million, respectively. For the years ended 31 December 2015, 2016, and 2017 and the six months ended 30 June 2017 and 2018, our general and administrative expenses represented approximately 5.6%, 5.6%, 6.7%, 5.4% and 9.8% of our revenue, respectively.

	For the year ended 31 December						For the six months ended 30 June			
	2015(1)		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
General and administrative expenses										
Wages, salaries and employee benefits....	191,948	38.4%	275,070	45.9%	373,100	47.0%	162,792	48.3%	289,203	44.1%
Depreciation and lease expenses.................	101,606	20.4%	123,737	20.7%	138,727	17.5%	65,634	19.5%	60,413	9.2%
Digital solutions and IT services	66,923	13.4%	69,462	11.6%	72,194	9.1%	33,949	10.1%	45,812	7.0%
Tax	16,390	3.3%	16,555	2.8%	28,967	3.6%	11,999	3.6%	24,951	3.8%
Preparation and organization expenses.................	—	—	71	0.0%	34,260	4.3%	730	0.2%	67,277	10.3%
Equity-settled share-based payments................	—	—	—	—	—	—	—	—	34,044	5.2%
Listing expenses...........	—	—	—	—	—	—	—	—	17,062	2.6%
Resort planning............	43,492	8.7%	44,586	7.4%	40,334	5.1%	22,865	6.8%	29,293	4.5%
Others.........................	78,753	15.8%	69,634	11.6%	106,892	13.4%	38,876	11.5%	87,685	13.4%
Total...........................	**499,112**	**100.0%**	**599,115**	**100.0%**	**794,474**	**100.0%**	**336,845**	**100.0%**	**655,740**	**100.0%**

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the profit or loss of Club Med for the 11 months ended 31 December 2015.

Under general and administrative expenses, wages, salaries, and employee benefits include health insurance and housing and pension contributions for managers and administrative personnel at operating subsidiaries, regional and company headquarters. Depreciation and lease expenses primarily include depreciation expenses of administrative building facilities and office equipment and amortization of computer software and prepaid lease expenses. Digital solutions and IT services refer to expenses incurred in the development of digital solutions. Taxes include certain stamp duties, land use taxes and other taxes categorized in general and administrative expenses under local accounting rules. Preparation and organization expenses were incurred prior to the official opening of Atlantis Sanya in April 2018. Other expenses primarily include fees for the retention of professional consultants and advisors, and the management fees of Kerzner. General and administrative expenses also include equity-settled share-based payments, and listing expenses.

Finance costs

Our finance costs include interest on bank borrowings, interest-bearing loans from related company, convertible bonds, convertible redeemable preferred shares, and finance leases plus bank charges, other financial costs and the significant financing component of contract liabilities. Interest on loans for construction in progress and properties under development are capitalized and deducted from financing costs. Our finance costs net of capitalized interest were RMB426.1 million, RMB497.2 million, RMB433.1 million, RMB250.0 million and RMB198.8 million for the years ended 31 December 2015, 2016, 2017 and for the six months ended 30 June 2017 and 2018, respectively.

	For the year ended 31 December			For the six months ended 30 June	
	2015[(1)]	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest on bank borrowings	200,319	288,663	368,781	208,295	154,373
Interest on loans from related companies	161,344	168,766	15,267	15,082	180
Interest from significant financing component of contract liabilities	—	4,168	134,016	51,658	88,553
Interest on convertible bonds	58,335	80,625	87,834	42,143	33,065
Interest on convertible redeemable preferred shares	30,923	39,550	44,550	21,100	16,249
Interest on finance leases	1,222	1,813	1,706	862	1,876
Bank charges and other financial costs	3,081	5,767	3,461	1,403	3,991
Subtotal	**455,224**	**589,352**	**655,615**	**340,543**	**298,287**
Less: interest capitalized	29,079	92,187	222,523	90,579	99,469
Total finance costs	**426,145**	**497,165**	**433,092**	**249,964**	**198,818**

Note:

(1) As we acquired Club Med in February 2015, the 2015 figures consist only of the profit or loss of Club Med for the 11 months ended 31 December 2015.

The significant financing component of contract liabilities recorded as a finance cost will be recognized as revenue when contract liabilities are settled upon transfer of the pre-sold Tang Residence units to the possession of their buyers starting from the second half of 2018.

A significant portion of interest expenses on bank borrowings pertains to the Debt Financing for the acquisition of Club Med in February 2015. In addition, the issuance of convertible bonds and convertible redeemable preferred shares and nearly all of our interest-bearing loans from related parties were used to finance the Club Med acquisition. Interest accrued on such debt instruments were not repaid but compounded and contributed to the increase in our financing costs from 2015 to 2017. Most of our interest-bearing related party loans were settled in 2017. The majority of our convertible bonds and convertible redeemable preferred shares have been repurchased by our Group in the first half of 2018. As a result, our financing costs decreased substantially toward the end of the Track Record Period. For more information on the acquisitions of equity interest in Club Med Holding in the first half of 2018, see "History, Reorganization and Corporate Structure—Reorganization—Offshore Reorganization—(c) Acquisition of the Interests in Club Med Holding by Our Group."

Share of profits and losses of joint ventures

Our share of results of Kuyi, our joint venture with Thomas Cook in China, were losses of RMB0.5 million, RMB9.9 million, RMB19.3 million, RMB8.6 million and RMB3.4 million for the years ended 31 December 2015, 2016, 2017 and for the six months ended 30 June 2017 and 2018, respectively.

Share of profits and losses of associates

Our share of results of associates, primarily from associates of Club Med, were a gain of RMB4.5 million, a loss of RMB1.4 million, a gain of RMB1.5 million, a gain of RMB0.9 million and a gain of RMB1.6 million for the years ended 31 December 2015, 2016, 2017 and for the six months ended 30 June 2017 and 2018, respectively

Income tax expense / credit

We are subject to income tax on profits arising in or derived from jurisdictions in which our subsidiaries are domiciled or have operations.

During the Track Record Period, the corporate income tax rate for Club Med and its subsidiaries incorporated in France was 38% until the end of October 2016. From November 2016 through the six months ended 30 June 2018, the applicable tax rate decreased to 34.43% because of a change in the tax regulation in France. Under the PRC Corporate Income Tax Law, the statutory rate applicable to assessable profits of our operations in China is 25%. For details regarding the corporate income tax rate, see Note 11 of the Accountants' Report set out in Appendix I to this prospectus. For intra-group cross-border transactions, we follow our transfer pricing policy for our entities in various jurisdictions involved in such transactions. For more information about our transfer pricing policy, see "Business—Risk Management and Internal Control—Taxation Controls."

For the years ended 31 December 2015 and 2016, and the six months ended 30 June 2017, our income tax expenses were RMB155.3 million, RMB27.2 million and RMB64.3 million, respectively. For the year ended 31 December 2017 and for the six months ended 30 June 2018, our income tax credits were RMB82.5 million and RMB51.5 million, respectively.

Loss for the Year/Period

For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 and 2018, the loss for the year or period was, respectively, RMB953.7 million, RMB472.6 million, RMB295.0 million, RMB189.1 million and RMB134.6 million.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended 30 June 2017 Compared to Six Months Ended 30 June 2018

Revenue

Our revenue increased by 7.8% from RMB6,184.6 million for the six months ended 30 June 2017 to RMB6,667.4 million for the six months ended 30 June 2018.

Resorts and destination operations: Revenue increased by 10.9% from RMB4,865.6 million for the six months ended 30 June 2017 to RMB5,396.3 million for the six months ended 30 June 2018. The increase was primarily due to revenue contribution from the growth of Club Med's resort business and Atlantis Sanya tourism destination in Hainan province, China, which opened in the first half of 2018.

The increase in revenue from resort operations in the first half of 2018 was primarily due to higher Revenue per Bed from resorts in Europe and also from increased capacity. Overall Revenue per Bed growth was driven by strong demand from mature markets such as France and the United Kingdom. In addition, resort capacity expanded with the opening of several new resorts since the second half of 2017 including the Samoëns resort in France, Tomamu resort in Japan, Golden Coast Joyview resort near Beijing, China and Anji Joyview resort near Shanghai, China. Revenue growth from these openings was partially offset by the closure of one resort, as well as the adverse impact of a volcanic eruption on the Bali resort in Indonesia and a political crisis on resorts in the Maldives.

The opening of Atlantis Sanya generated revenue from accommodations, food and beverage, marine and water park attractions, among other sources of revenue.

Tourism-related property sales and construction services: Revenue decreased by 91.3% from RMB215.7 million for the six months ended 30 June 2017 to RMB18.7 million for the six months ended 30 June 2018, primarily due to the completion of construction services for the Samoëns resort.

Tourism and leisure services and solutions: Revenue increased by 13.5% from RMB1,103.4 million for the six months ended 30 June 2017 to RMB1,252.3 million for the six months ended 30 June 2018 due to (i) incremental volume growth in Club Med's transportation services in line with resort operation revenue growth, (ii) expansion of our tourism- and leisure-related booking and services and (iii) entertainment, other tourism and culture-related services.

Cost of revenue

Our cost of revenue increased by 6.2% from RMB4,583.2 million for the six months ended 30 June 2017 to RMB4,868.9 million for the six months ended 30 June 2018. Over the same periods, cost of revenue as a percentage of revenue declined slightly from 74.1% to 73.0%.

Resorts and destination operations: Cost of revenue increased by 9.1% from RMB3,430.2 million for the six months ended 30 June 2017 to RMB3,741.8 million for the six months ended 30 June 2018. The increase was primarily due to (i) the cost of revenue from the newly-opened Atlantis Sanya destination, (ii) the volume effect of Club Med serving more customers, and (iii) the increase in Club Med's fixed costs mainly due to the opening resorts since the second half of 2017.

Tourism-related property sales and construction services: Cost of revenue decreased by 92.8% from RMB207.9 million for the six months ended 30 June 2017 to RMB14.9 million for the six months ended 30 June 2018 primarily due to the completion of the construction of the Samoëns resort.

Tourism and leisure services and solutions: Cost of revenue increased by 17.7% from RMB945.1 million for the six months ended 30 June 2017 to RMB1,112.3 million for the six months ended 30 June 2018 primarily due to the ramping up of the entertainment and tourism-related business.

Gross profit and gross profit margin

Our gross profit increased by 12.3% from RMB1,601.5 million for the six months ended 30 June 2017 to RMB1,798.5 million for the six months ended 30 June 2018. Our gross profit margin increased from 25.9% for the six months ended 30 June 2017 to 27.0% for the six months ended 30 June 2018.

Resorts and destination operations: Gross profit increased by 15.3% from RMB1,435.4 million for the six months ended 30 June 2017 to RMB1,654.6 million for the six months ended 30 June 2018 reflecting profit growth from the increase in Revenue per Bed of resorts and capacity expansion. Gross profit margins increased slightly from 29.5% to 30.7%, reflecting higher Revenue per Bed.

Tourism-related property sales and construction services: Gross profit decreased by 50.7% from RMB7.8 million for the six months ended 30 June 2017 to RMB3.8 million for the six months ended 30 June 2018 and gross profit margin increased from 3.6% to 20.5% due to the completion of lower-margin construction services for the Samoëns resort which contributed lower-margin revenue in 2017.

Tourism and leisure services and solutions: Gross profit decreased by 11.5% from RMB158.3 million for the six months ended 30 June 2017 to RMB140.1 million for the six months ended 30 June 2018 and gross profit margin declined from 14.3% to 11.2% due to the ramping-up of entertainment and tourism-related businesses, which just commenced operations in the first half of 2018.

Other (expenses)/income and gains, net

Other (expenses)/income and gains, net was a net gain of RMB16.3 million for the six months ended 30 June 2017 and a net gain of RMB39.5 million for the six months ended 30 June 2018. The change was primarily due to gains from the reversal of provisions for litigation and resort closure costs and net foreign exchange gain, which were offset by impairment losses of items of property, plant and equipment and decreased compensation and indemnity. The reversal of provisions for village closure was due to savings from anticipated costs for the planned closure of two villages including rent savings from early termination of leases. The reversal of provisions for litigation was made due to favorable rulings ending litigation in two matters with provisions made.

Selling and marketing expenses

Our selling and marketing expenses increased by 1.7% from RMB1,147.9 million for the six months ended 30 June 2017 to RMB1,167.7 million for the six months ended 30 June 2018 attributable to an increase in advertising and promotion expenses for Atlantis Sanya, including the opening ceremony expenses.

General and administrative expenses

General and administrative expenses increased by 94.7% from RMB336.8 million for the six months ended 30 June 2017 to RMB655.7 million for the six months ended 30 June 2018. The increase of RMB318.9 million was primarily due to (i) the increase in wages, salaries and employee benefits of RMB126.4 million, largely from the period before the official opening of Atlantis Sanya, (ii) the preparation and organization expenses related to the official opening of Atlantis Sanya of RMB67.3 million, (iii) equity-settled share-based payments of RMB34.0 million, and (iv) expenses related to this listing of RMB17.1 million.

Finance costs

Our finance expenses decreased by 20.5% from RMB250.0 million for the six months ended 30 June 2017 to RMB198.8 million for the six months ended 30 June 2018. The decrease was primarily due to repayment of bank borrowings by Club Med and the repurchase of outstanding convertible bonds and convertible redeemable preferred shares in the first half of 2018 which lowered our finance costs. The decrease was partially offset by interest on (i) bank loans relating to Atlantis Sanya, which were no longer capitalized after the opening of that tourism destination in the first half of 2018 and (ii) the significant financing component of contract liabilities increasing in the first half of 2018 due to the accumulation of contract liabilities prior to the delivery of Tang Residence units to their buyers.

Share of profits and losses of joint ventures

Our share of losses from the Kuyi joint venture decreased by 60.2% from a loss of RMB8.6 million for the six months ended 30 June 2017 to a loss of RMB3.4 million for the six months ended 30 June 2018.

Share of profits and losses of associates

Our share of profits and losses of associates increased from a gain of RMB0.9 million for the six months ended 30 June 2017 to a gain of RMB1.6 million for the six months ended 30 June 2018.

Income tax expense / credit

Our income tax expenses was an expense of RMB64.3 million for the six months ended 30 June 2017 and a credit of RMB51.5 million for the six months ended 30 June 2018. The change was primarily due to the recognition of the deferred tax assets related to Atlantis Sanya in 2018 which we believe will generate future taxable profits as a result of the pre-sale of Tang Residence and commencement of its destination operation business in the first half of 2018.

Loss for the period / Adjusted Net Loss

As a result of the foregoing, our loss for the period decreased by 28.8% from RMB189.1 million for the six months ended 30 June 2017 to RMB134.6 million for the six months ended 30 June 2018. Our Adjusted Net Loss decreased by 59.1% from RMB130.5 million for the six months ended 30 June 2017 to RMB53.3 million for the six months ended 30 June 2018.

EBITDA / Adjusted EBITDA

Our EBITDA decreased by 23.7% from RMB490.0 million for the six months ended 30 June 2017 to RMB373.9 million for the six months ended 30 June 2018, and our EBITDA margin decreased from 7.9% for the six months ended 30 June 2017 to 5.6% for the six months ended 30 June 2018. This was primarily due to the increase in pre-opening expenses of Atlantis Sanya during the six months ended 30 June 2018 along with the equity-settled share-based payments and listing expenses. The pre-opening expenses of Atlantis Sanya were the preparation and operation costs from before the official opening in April 2018, which were RMB36.3 million and RMB187.2 million, respectively, for the six months ended 30 June 2017 and 30 June 2018.

Our Adjusted EBITDA decreased by 13.3% from RMB490.0 million for the six months ended 30 June 2017 to RMB425.0 million for the six months ended 30 June 2018, and our Adjusted EBITDA margin decreased from 7.9% for the six months ended 30 June 2017 to 6.4% for the six months ended 30 June 2018.

Year ended 31 December 2016 compared to year ended 31 December 2017

Revenue

Our revenue increased by 9.4% from RMB10,783.0 million in 2016 to RMB11,799.4 million in 2017.

Resorts and destination operations: Revenue increased by 8.8% from RMB8,357.2 million in 2016 to RMB9,096.2 million in 2017, primarily due to the growth of Club Med's resort business in South America as a result of increased capacity. Overall Revenue per Bed at resorts rose, reflecting higher revenue generation from the growing proportion of Club Med's more upscale resorts, strong growth in demand in France and other mature markets, and a rebound in revenue from resorts in North Africa. The increased capacity is related to the 2017 full-year operation of Lake Paradise resort in Brazil, which opened in August 2016, and the expansion of the Rio das Pedras resort in Brazil.

Tourism-related property development and construction services: Revenue increased by 42.3% from RMB345.8 million in 2016 to RMB492.2 million in 2017 primarily due to provision of construction services for the Club Med Samoëns resort in France, which opened in December 2017.

Tourism and leisure services and solutions: Revenue increased by 6.3% from RMB2,079.9 million in 2016 to RMB2,211.0 million in 2017, driven primarily by revenue increase from transportation services of Club Med.

Cost of revenue

Our cost of revenue increased by 8.8% from RMB8,242.2 million in 2016 to RMB8,969.0 million in 2017, in line with revenue growth. Cost of revenue as a percentage of revenue declined slightly from 76.4% in 2016 to 76.0% in 2017.

Resorts and destination operations: Cost of revenue increased by 7.8% from RMB6,142.1 million in 2016 to RMB6,618.7 million in 2017. The increase was primarily due to the increase in costs related to the operation of the Lake Paradise, the increased expenses related to the renewal of resort lease contracts and the conversion of a managed resort to a leased resort in 2016.

Tourism-related property development and construction services: Cost of revenue increased by 39.4% from RMB331.8 million in 2016 to RMB462.6 million in 2017 primarily due to cost of construction services for the Samoëns resort.

Tourism and leisure services and solutions: Cost of revenue increased by 6.8% from RMB1,768.3 million in 2016 to RMB1,887.7 million in 2017, mainly reflecting the increase in transportation purchase costs of Club Med.

Gross profit and gross profit margin

Our gross profit increased by 11.4% from RMB2,540.8 million in 2016 to RMB2,830.3 million in 2017. Our overall gross profit margin largely remained stable from 23.6% in 2016 to 24.0% in 2017.

Resorts and destination operations: Gross profit increased by 11.8% from RMB2,215.1 million in 2016 to RMB2,477.5 million in 2017 primarily reflecting from the expansion of resorts. Gross profit margin increased slightly from 26.5% to 27.2%.

Tourism-related property development and construction services: Gross profit increased by 109.9% from RMB14.1 million in 2016 to RMB29.6 million in 2017 primarily due to the construction services for Samoëns. Gross profit margin increased from 4.1% to 6.0%.

Tourism and leisure services and solutions: Gross profit increased by 3.8% from RMB311.6 million in 2016 to RMB323.3 million in 2017 primarily from the increase in sales of transportation services of Club Med. Gross profit margin remained stable from 15.0% to 14.6%.

Other (expenses)/income and gains, net

We had a net gain of RMB26.3 million in 2016 and a net gain of RMB208.5 million in 2017. The increase was primarily due to (i) gain on the disposal of a certain subsidiary of RMB192.5 million, (ii) gains from disposals of property, plant and equipment of RMB91.6 million, mainly from the sale-and-leaseback of a resort, (iii) compensation and indemnity of RMB58.5 million and gain on reversal of provisions of RMB41.9 million, which were partially offset by the loss from impairment of property, plant and equipment of RMB37.4 million mainly related to a resort in Brazil. The reversal of provision was made in due to the settlement of a commercial dispute and favorable rulings in two commercial litigation matters.

Selling and marketing expenses

Our selling and marketing expenses grew by 14.0% from RMB1,904.9 million in 2016 to RMB2,171.0 million in 2017. This increase of RMB266.1 million was mainly due to (i) increase in wages, salaries and employee benefits of RMB81.8 million, mainly from expanded sales and marketing efforts of both Club Med and Atlantis Sanya, (ii) amortized brand royalty fee of RMB77.8 million in connection with the promotion and sales of the tourism-related residential units at Atlantis Sanya and (iii) increase in sales commission of RMB40.5 million in line with revenue growth.

General and administrative expenses

General and administrative expenses increased by 32.6% from RMB599.1 million in 2016 to RMB794.5 million in 2017. The increase of RMB195.4 million was primarily due to (i) an increase in wages, salaries and employee benefits of RMB98.0 million, largely reflecting the hiring of administrative and managerial personnel by Atlantis Sanya, (ii) an increase in other expenses of RMB37.3 million mainly related to the launch of new businesses and (iii) an increase in preparation and organization expenses of RMB34.2 million, mainly from the purchase of consumption goods before the opening of Atlantis Sanya.

Finance costs

Our finance costs decreased by 12.9% from RMB497.2 million in 2016 to RMB433.1 million in 2017, primarily due to the settlement of related company loans, which was partially offset by the increase in significant financing component of contract liabilities related to the pre-sale of Tang Residence, net of capitalization.

Share of profits and losses of joint ventures

Our share of losses from Kuyi, the joint venture, increased from a loss of RMB9.9 million in 2016 to a loss of RMB19.3 million in 2017, an increase of 94.2%, primarily due to the ramping up of its China business.

Share of profits and losses of associates

We shared losses from associates of RMB1.4 million in 2016 and a gain of RMB1.5 million in 2017. The increase was primarily due to the disposal of equity interest in an associate in France, which had contributed the loss in 2016, and improved results from an associate in Tunisia as the local resort business rebounded in 2017.

Income tax expense / credit

Our tax expenses increased from an expense of RMB27.2 million in 2016 to a tax credit of RMB82.5 million in 2017, primarily due to the recognition of the deferred tax assets related to Atlantis Sanya which we believe will generate future taxable profits as a result of the pre-sale of Tang Residence and commencement of its destination operation business in the first half of 2018.

Loss for the year / Adjusted Net Loss

As a result of the foregoing, our loss for the year decreased by 37.6% from RMB472.6 million in 2016 to RMB295.0 million in 2017. Our Adjusted Net Loss decreased by 15.2% from RMB223.1 million in 2016 to RMB189.1 million in 2017.

EBITDA / Adjusted EBITDA

Our EBITDA increased by 18.4% from RMB630.3 million in 2016 to RMB746.3 million in 2017, and our EBITDA margin increased from 5.8% in 2016 to 6.3% in 2017. This increase largely reflects the continued improvements in the operating results and asset optimization strategy of Club Med after our acquisition, which was partially offset by the pre-opening expenses of Atlantis Sanya.

Our Adjusted EBITDA increased by 18.4% from RMB630.3 million in 2016 to RMB746.3 million in 2017, and our Adjusted EBITDA margin increased from 5.8% in 2016 to 6.3% in 2017.

Year ended 31 December 2015 compared with year ended 31 December 2016

Club Med, our largest operating subsidiary, and the only subsidiary to generate revenue in fiscal year 2015 was consolidated into our results of operation in February 2015, so our consolidated statement of profit and loss for the fiscal year ended 31 December 2015 contains 11 months of Club Med's results, which generally impact all comparisons of operating results from the year ended 31 December 2015 with the year ended 31 December 2016.

Revenue

Our revenue increased by 21.1% from RMB8,902.6 million in 2015 to RMB10,783.0 million in 2016.

Resorts and destination operations: Revenue increased by 20.8% from RMB6,917.2 million in 2015 to RMB8,357.2 million in 2016 reflecting the growth of Club Med's resorts business, primarily due to increased capacity. The increase in capacity was primarily attributable to the opening of the Club Med Sanya resort in China and the Lake Paradise resort in Brazil, and the 2016 full-year contribution of the Kani Finolhu resort in the Maldives, which opened in 2015. The impact of the increased capacity partially offset the impact of regional political strife in Turkey and the closure of the Wengen resort in Switzerland in 2016.

Tourism-related property development and construction services: Revenue increased by 396.5% from RMB69.7 million in 2015 to RMB345.8 million in 2016, mainly due to revenue from provision of construction services for the Samoëns resort.

Tourism and leisure services and solutions: Revenue increased by 8.6% from RMB1,915.7 million in 2015 to RMB2,079.9 million in 2016, primarily driven by revenue increase from transportation services of Club Med.

Cost of revenue

Our cost of revenue increased by 20.6% from RMB6,834.7 million in 2015 to RMB8,242.2 million in 2016, in line with revenue growth. As a percentage of revenue, cost of revenue remained stable, from 76.8% in 2015 to 76.4% in 2016.

Resorts and destination operations: Cost of revenue increased by 20.1% from RMB5,115.8 million in 2015 to RMB6,142.1 million in 2016, largely in line with revenue growth from Club Med's resort operations. This increase was primarily due to the opening of the leased resort Lake Paradise in Brazil, the full-year impact of the leased resort Kani Finolhu in the Maldives which opened in 2015, and the conversion of a managed resort to a leased resort in 2016.

Tourism-related property development and construction services: Cost of revenue increased by 563.2% from RMB50.0 million in 2015 to RMB331.8 million in 2016 primarily due to the cost of construction services for the Samoëns resort.

Tourism and leisure services and solutions: Cost of revenue increased by 6.0% from RMB1,668.9 million in 2015 to RMB1,768.3 million in 2016, which was in line with the revenue growth.

Gross profit and gross profit margin

Our gross profit increased from RMB2,067.9 million in 2015 to RMB2,540.8 million in 2016, an increase of 22.9%. Our gross profit margin remained largely stable, from 23.2% in 2015 to 23.6% in 2016.

Resorts and destination operations: Gross profit increased by 23.0% from RMB1,801.4 million in 2015 to RMB2,215.1 million in 2016, reflecting profit growth from the expansion of the resorts business. Gross profit margins remained stable from 26.0% in 2015 to 26.5% in 2016.

Tourism-related property development: Gross profit decreased by 28.2% from RMB19.6 million in 2015 to RMB14.1 million in 2016. Gross profit margin decreased from 28.2% to 4.1%, these decreases were mainly due to the impact of lower-margin construction services of the Samoëns resort in 2016.

Tourism and leisure services and solutions: Gross profit increased by 26.2% from RMB246.8 million in 2015 to RMB311.6 million in 2016, reflecting the overall growth of transportation services. Gross profit margins slightly increased from 12.9% to 15.0%, mainly due to the lower purchase cost of transportation as a result of the impact of regional political strife in Turkey in 2016.

Other (expenses) / income and gains, net

Our other (expenses)/income and gains, net was a net gain of RMB26.3 million in 2016 compared to a net loss of RMB322.7 million in 2015. The improvement was primarily due to (i) costs relating to the acquisition of Club Med in 2015 of RMB179.7 million; and (ii) gain in 2016 from the disposal of investment in an associate in France of RMB63.0 million.

Selling and marketing expenses

Our selling and marketing expenses increased by 17.4% from RMB1,622.3 million in 2015 to RMB1,904.9 million in 2016. The increase of RMB282.6 million was mainly driven by increases of (i) RMB83.5 million in advertising expenses primarily from the sales and marketing efforts to promote the pre-sale of Tang Residence, (ii) RMB66.3 million in sales commission which were in line with the revenue growth, and (iii) RMB59.8 million in wages and salaries.

General and administrative expenses

Our general and administrative expenses increased 20.0% from RMB499.1 million in 2015 to RMB599.1 million in 2016. The RMB100.0 million increase was mainly driven by the RMB83.1 million increase in wages, salaries and employee benefits, primarily attributable to the hiring of managerial and administrative staff at Atlantis Sanya and increased staff costs of Club Med.

Finance costs

Our finance costs increased from RMB426.1 million in 2015 to RMB497.2 million in 2016, an increase of 16.7%. The increase was primarily due to the impact of compounding interest on preferred shares and convertible bonds.

Share of profits and losses in a joint venture

Our share of losses in the Kuyi joint venture increased from a loss of RMB0.5 million in 2015 to a loss of RMB9.9 million in 2016, as the joint venture was ramping up operations.

Share of profits and losses of associates

Our share of results of associates decreased from a gain of RMB4.5 million in 2015 to a loss of RMB1.4 million in 2016. The decrease was primarily due to a decline in the results of an associate as the resorts business in Tunisia slowed in 2016.

Income tax expense / credit

Our tax expense decreased by 82.5% from RMB155.3 million in 2015 to RMB27.2 million in 2016. This decrease was due to the impact of a change in the French corporate income tax rate on the value of deferred tax liabilities and certain Club Med subsidiaries becoming likely to generate future taxable profits and thereby able to recognize previously unrecognized temporary differences and losses as deferred tax assets.

Loss for the year / Adjusted Net Loss

As a result of the foregoing, our loss for the year decreased by 50.5% from RMB953.7 million in 2015 to RMB472.6 million in 2016. Our Adjusted Net Loss decreased by 59.6% from RMB551.6 million in 2015 to RMB223.1 million in 2016.

EBITDA / Adjusted EBITDA

Our EBITDA increased from RMB2.4 million in 2015 to RMB630.3 million in 2016, and our EBITDA margin increased from 0.03% in 2015 to 5.8% in 2016.

Our Adjusted EBITDA increased from RMB182.1 million in 2015 to RMB630.3 million in 2016, and our Adjusted EBITDA margin increased from 2.0% in 2015 to 5.8 % in 2016. The increases reflect the impact of the costs related to acquisition of Club Med in 2015 and the improvements in the operating results of Club Med under our management in the year after the acquisition.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we funded our investments and operations principally with cash generated from our operations, bank and other borrowings, related party borrowings and capital investments by our Controlling Shareholders. In the future, we believe that our liquidity requirements will be satisfied through a combination of cash flows generated from our operating activities, bank loans and other borrowings, and other funds raised from the capital markets from time to time. Any significant decrease in the demand for, or pricing of, our products and services, or a significant decrease in the availability of bank loans may adversely impact our liquidity.

Cash flow

As of 31 December 2015, 2016 and 2017 and 30 June 2018, we had cash and cash equivalents of approximately RMB525.1 million, RMB1,323.5 million, RMB989.7 million and RMB1,393.7 million, respectively. The following table sets out our cash flows for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Net cash flows generated from operating activities	117,900	1,315,476	3,327,560	2,543,797	198,057
Net cash flows used in investing activities	(5,738,916)	(1,402,750)	(2,257,436)	(963,581)	(497,141)
Net cash flows from / (used in) financing activities	2,211,194	870,356	(1,445,874)	(1,972,105)	715,997
Cash and cash equivalents at end of the year/period	525,106	1,323,469	989,723	965,848	1,393,667

Cash flows generated from operating activities

Our net cash generated from operating activities of RMB198.1 million for the six months ended 30 June 2018, reflects our loss before income tax of RMB186.1 million, as adjusted by (A) the adding back of certain non-cash or non-operating items such as depreciation of RMB303.1 million and interest expenses of RMB198.8 million; (B) changes in working capital including (i) an increase in contract liabilities of RMB1,003.9 million, mainly from the pre-sale of Tang Residence units, and (ii) a decrease in properties under development of RMB709.3 million, mainly due to the completion of Tang Residence units for sale, which were partially offset by (i) an increase in completed properties for sale of RMB1,036.1 million, mainly reflecting the completion of Tang Residence units previously under development, and (ii) an increase in prepayments, deposits and other receivables of RMB782.5 million, primarily from the prepayment of land usage rights in the Taicang Project; and (C) income tax paid of RMB346.7 million.

Our net cash generated from operating activities of RMB3,327.6 million for the year ended 31 December 2017 reflects our loss before income tax of RMB377.5 million, as adjusted by (A) the adding back of certain non-cash or non-operating items such as depreciation of RMB521.8 million and interest expenses of RMB433.1 million; (B) changes in working capital including an increase in contract liabilities of RMB4,719.4 million, mainly from the pre-sale of Tang Residence units, which was partially offset by (i) an increase in properties under development of RMB642.6 million from the development of Tang Residence units and the tourism-related residential properties of Club Med for sale, (ii) an increase in prepayments, deposits and other receivables of RMB537.4 million, primarily from the payment of VAT to be deducted by Atlantis Sanya, and (iii) an increase in trade receivable of RMB513.6 million, primarily from amounts billed to buyers of Tang Residence under pre-sale contracts; and (C) income tax paid of RMB282.9 million.

Our net cash generated from operating activities of RMB1,315.5 million for the year ended 31 December 2016 reflects our loss before income tax of RMB445.3 million, as adjusted by (A) the adding back of certain non-cash or non-operating items such as depreciation of RMB494.5 million and interest expenses of RMB497.2 million; (B) movements in working capital including an increase in contract liabilities of RMB1,210.7 million, mainly due to the pre-sale of Tang Residence units, which was partially offset by (i) an increase in restricted cash of RMB274.1 million, mainly due to regulation requiring certain bank deposits in support of the construction of Atlantis Sanya and Tang Residence, and (ii) an increase in properties under development of RMB209.4 million, mainly from the development of Tang Residence units and tourism-related residential properties of Club Med for sale; and (C) income tax paid of RMB123.0 million.

Our net cash generated from operating activities of RMB117.9 million for the year ended 31 December 2015 reflects our loss before income tax of RMB798.4 million, as adjusted by the adding back of certain non-cash or non-operating items such as depreciation of RMB314.7 million and interest expenses of RMB426.1 million; (B) changes in working capital including (i) increases of RMB251.2 million in other payables and accruals and RMB187.6 million in contract liabilities, mainly from resort reservation advance payments of Club Med customers, and (ii) a RMB160.5 million increase in trade receivables of Club Med that are attributable to the improvement in operating results, and (C) income tax paid of RMB148.9 million.

Cash flows used in investing activities

For the six months ended 30 June 2018, our net cash used in investing activities of RMB497.1 million, primarily reflects RMB594.2 million in purchases of property, plant, and equipment items, mainly for Atlantis Sanya and Club Med resorts under renovation and RMB119.2 million in purchases of intangible assets, mainly for investments in software and IT solutions, which were partially offset by (i) RMB141.4 million in proceeds from disposals of an investment measured at fair value, primarily related to a fixed income investment product, and (ii) RMB67.7 million in proceeds from disposal of items of property, plant and equipment.

For the year ended 31 December 2017, our net cash used in investing activities of RMB2,257.4 million, primarily reflects RMB2,004.0 million in purchases of property, plant, and equipment items, mainly for Atlantis Sanya and Club Med resorts under expansion or renovation and RMB411.3 million for the acquisition of the Lijiang Derun subsidiary, which were partially offset by RMB255.8 million in proceeds from the disposals of property, plant and equipment from the sale-and-leaseback of a resort and RMB155.9 million from Club Med's disposal of its equity interest in a subsidiary.

For the year ended 31 December 2016, our net cash used in investing activities of RMB1,402.8 million, primarily reflects RMB1,593.9 million for the purchases of property, plant, and equipment items, mainly for Atlantis Sanya and Club Med resorts under construction or renovation which was partially offset by RMB224.1 million in proceeds from disposals of property, plant and equipment from the sale and leaseback of a resort in Sicily, Italy and disposal of a resort in Greece.

For the year ended 31 December 2015, our net cash used in investing activities of RMB5,738.9 million, primarily reflects RMB4,801.8 million for the acquisition of the controlling equity interest in Club Med and RMB845.5 million in purchases of property, plant, and equipment items, mainly for the construction of Atlantis Sanya and construction or renovation of Club Med resorts.

Cash flows generated from financing activities

For the six months ended 30 June 2018, our net cash generated from financing activities of RMB716.0 million, primarily reflects funding from related companies of RMB3,414.3 million, including RMB2,348.3 million received and then was paid to another related party and RMB960.0 million from Fosun Commercial for the acquisition of land use right in the Taicang project and other operating costs and expenses, which were partially offset by (i) interest payment of RMB158.7 million and (ii) redemption of convertible bonds and convertible redeemable preferred shares from third parties of RMB109.1 million.

For the year ended 31 December 2017, our net cash used in financing activities of RMB1,445.9 million, primarily reflects (i) funding repaid or provided to related companies of RMB2,194.4 million, mainly to Fosun Commercial, (ii) repayment of bank and other borrowings of RMB581.2 million by Club Med and Atlantis Sanya and (iii) interest paid of RMB370.3 million, which were partially offset by (i) new bank and other borrowings of RMB1,194.2 million mainly to fund the development of Atlantis Sanya including Tang Residence.

For the year ended 31 December 2016, our net cash generated from financing activities of RMB870.4 million, primarily reflects new bank and other borrowings of RMB1,715.0 million, mainly to fund the development of Atlantis Sanya including Tang Residence, which was partially offset by repayment of bank and other borrowings of RMB547.0 million, mainly by Club Med, and interest paid of RMB292.4 million.

For the year ended 31 December 2015, our net cash generated from financing activities of RMB2,211.2 million, primarily reflects (i) new bank and other borrowings of RMB2,912.9 million; (ii) proceeds from the issuance of convertible bonds of RMB841.0 million; and (iii) proceeds from the issuance of preference shares of RMB415.6 million, all of which were primarily used to fund the acquisition of our equity interest of Club Med and which were partially offset by (i) funds repaid to related companies of RMB1,575.1 million, (ii) repayment of short-term bank and other borrowings of RMB474.9 million, mainly by Atlantis Sanya, and (iii) interest paid of RMB202.8 million.

DESCRIPTION OF PRINCIPAL CONSOLIDATED BALANCE SHEET ITEMS

Net current assets (liabilities)

The following table sets out details of our current assets and current liabilities as of the dates indicated:

	As of 31 December			As of 30 June	As of 30 September
	2015	2016	2017	2018	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
CURRENT ASSETS					
Inventories	143,635	143,337	151,099	145,606	136,582
Completed properties for sale	26,919	49,781	27,581	1,296,964	1,303,416
Properties under development	1,434,369	1,709,717	2,433,876	1,899,214	1,914,247
Trade receivables	446,891	489,410	989,937	833,185	758,922
Contract assets	—	10,498	103,201	122,801	128,069
Prepayments, deposits and other receivables	1,344,472	1,514,818	2,364,453	2,630,783	2,641,491
Amounts due from related companies	21,591	200,761	5,029,720	1,937,758	1,942,873
Derivative financial instruments	33,447	40,611	35,181	38,403	54,411
Short-term investments measured at fair value	—	—	130,000	—	23,911
Restricted cash	149	274,213	640,450	328,468	144,576
Cash and cash equivalents	525,106	1,323,469	989,723	1,393,667	1,768,123
	3,956,579	5,756,615	12,895,221	10,626,849	10,816,621
Non-current assets held for sale	59,529	—	—		—
Total current assets	4,036,108	5,756,615	12,895,221	10,626,849	10,816,621
CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	409,429	532,159	712,283	674,814	2,485,622
Contract liabilities	504,994	1,719,908	6,573,325	7,665,802	7,456,950
Trade payables	978,166	1,135,167	1,244,064	1,669,942	1,514,087
Accrued liabilities and other payables	2,933,986	3,463,600	4,457,659	4,388,489	4,572,654
Tax payable	57,010	88,336	286,111	55,899	52,934
Finance lease payables	2,398	4,260	6,312	6,320	6,617
Due to related companies	3,428,368	1,337,686	3,348,278	1,931,023	1,934,234
Derivative financial instruments	37,378	69,780	78,109	49,857	48,427
Total current liabilities	8,351,729	8,350,896	16,706,141	16,442,146	18,071,525
NET CURRENT LIABILITIES	**(4,315,621)**	**(2,594,281)**	**(3,810,920)**	**(5,815,297)**	**(7,254,904)**

As of 31 December 2015, 2016, 2017, and 30 June 2018, we recorded net current liabilities of RMB4,315.6 million, RMB2,594.3 million, RMB3,810.9 million, and RMB5,815.3 million, respectively. Our current assets consist principally of properties under development and completed properties for sale; prepayments, deposits and other receivables; cash and cash equivalents; and amounts due from related companies. The key components of our current liabilities are contract liabilities, accrued liabilities and other payables, trade payables, and amounts due to related companies.

As of 30 September 2018, our net current liabilities was RMB7,254.9 million. The increase in net current liabilities from 30 June 2018 was primarily due to our acquisition of long-term assets, such as the prepayment for land use rights in the Taicang Project, using short-term borrowings.

The increase in net current liabilities in the six months ended 30 June 2018 was primarily the result of: (i) the amounts due from and due to related parties decreasing by RMB3,092.0 million and RMB1,417.3 million, respectively. The amount due from Fosun International was reduced by the consideration of Fosun International's transfer of equity interest in Thomas Cook to us. In addition, we received amounts due from a related party of approximately RMB2,348.3 million and repaid the same amount due to a related party, and we incurred additional payable to a related party of approximately RMB960.0 million for the acquisition of land use right in the Taicang project and other operating costs and expenses, and (ii) contract liabilities increasing by RMB1,092.5 million, mainly from the pre-sale of Tang Residence units, offset by a net increase of RMB734.7 million in properties under development and completed properties for sale.

The increase in net current liabilities in 2017 was primarily the result of: (i) contract liabilities increasing by RMB4,853.4 million, mainly from the pre-sale of Tang Residence units, and (ii) accrued liabilities and other payables increased by RMB994.1 million from purchases of property, plant and equipment and growing payroll from the development of Atlantis Sanya and Club Med resorts and increase in advances from Club Med customers. Such increases in current liability were partially offset by (i) amounts due from related companies increasing by RMB4,829.0 million and amounts due to related parties increasing by RMB2,010.6 million, and (ii) properties under development increasing by RMB724.2 million, mainly from the development of Tang Residence. The increase in amount due to a related party is mainly due to unpaid consideration on reorganization regarding Qijin Investment and Shanghai Fanyou. The increase in amount due from related parties is mainly attributable to RMB2,670.0 million due from our Controlling Shareholder in the form of unpaid consideration from its subscription of our share issuance in 2017 and RMB2,170.2 million in funding we provided to a related company.

The decrease in net current liabilities in 2016 was primarily the result of: (i) amounts due to related companies decreasing by RMB2,090.7 million as certain amounts owed to Fosun Commercial was converted into equity of our subsidiaries Qijin Investment and Shanghai Fanyou, and (ii) cash and cash equivalents increasing by RMB798.4 million, mainly from proceeds collected relating to the pre-sale of Tang Residence units, and offset by an increase of RMB1,214.9 million in contract liabilities, mainly from the contracts for the pre-sale of Tang Residence. For more information about the amounts due to and due from our related companies, see "— Material Related Party Transactions."

Our net current liabilities during the Track Record Period were mainly the result of the pre-sale of Tang Residence units, which generated large amounts of current liabilities in the form of contract liabilities. When physical possession of the pre-sold Tang Residence units are transferred to their buyers beginning from the second half of 2018, the corresponding contract liabilities will be fully satisfied. The satisfaction of such contract liabilities does not require payment of cash by us.

We believe we have sufficient resources to fund future business such as bank facilities and cash generated from operations.

Working capital

During the Track Record Period, we met our working capital needs mainly from our cash and cash equivalents, cash flows generated from operations, bank borrowings, and related party payables. We manage our cash flow and working capital by closely monitoring and managing, among other things, (i) the level of our trade payables and receivables and (ii) our ability to obtain external financing. We constantly review and estimate future cash flow requirements, assess our ability to meet debt repayment schedules and adjust our investment and financing plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations and expansion plans.

We have maintained strong and long-term relationships with major commercial banks and financial institutions in EMEA, the Americas and Asia Pacific including China. During the Track Record Period, we made interest and principal payments on our bank loans in a timely manner and we have been able to renew or roll over our bank loans at maturity as required. We do not foresee any immediate repayment requirement for our bank loans or withdrawal or reduction in banking facilities on short notice that could have a material adverse effect on our liquidity position. Our Directors also confirm that we had no material defaults in payment of trade and other payables and bank borrowings or breaches of material covenants during the Track Record Period.

Based on the foregoing and taking into account the financial resources available to us, including our cash and cash equivalents, cash flow generated from operations, available banking facilities and the net proceeds from this offering, our Directors are of the opinion that we have sufficient working capital required for our operations at present and for at least the next 12 months from the date of this listing document.

Inventories

During the Track Record Period, our inventories consisted primarily of (i) consumable goods and supplies including food and beverage stock as well as raw materials and parts for maintenance and repair, and (ii) goods for resale such as clothing, other wearable products and merchandise for sale at our resorts and retail shops of tourism destinations. The following table sets out our inventories as of the dates indicated:

	As of 31 December			As of 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Goods for resale	77,571	69,109	78,107	81,974
Consumables and supplies	72,708	80,085	81,215	71,345
Less: Impairments	(6,644)	(5,857)	(8,223)	(7,713)
Total	**143,635**	**143,337**	**151,099**	**145,606**

The increase in inventories in 2017 was primarily due to the accumulation of goods and consumables at Club Med resorts.

The following table sets out our inventory turnover days for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June
	2015	2016	2017	2018
Inventory turnover days [(1)]	9.1	6.8	6.5	5.8

Note:

(1) Calculated as the average of the beginning and closing balances of inventories for the relevant period divided by cost of revenue less cost related to property sales and construction services of the same period and multiplied by 330 days for 2015, by 360 days for 2016 and 2017, or by 180 days for each six-month period.

Our average inventory turnover days for non-property inventory were relatively stable over the Track Record Period.

Properties under development

Properties under development refers to tourism-related residential property units that we are developing for sale. The following table sets out our properties under development as of the dates indicated:

	As of 31 December			As of 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Land cost	1,238,076	1,256,327	1,703,721	1,569,660
Construction costs	187,883	434,499	1,102,803	756,853
Capitalized finance costs	8,410	18,891	113,634	71,987
	1,434,369	1,709,717	2,920,158	2,398,500
Portion classified as current assets	1,434,369	1,709,717	2,433,876	1,899,214
Non-current portion	—	—	486,282	499,286

During the Track Record Period, our properties under development increased primarily with the development of Tang Residence. In July 2017, we acquired Lijiang Derun Real Estate Co., Ltd. whose properties under development in the Lijiang Project are recorded as non-current assets. As of 30 September 2018, approximately RMB18.5 million or 0.8% of properties under development as of 30 June 2018 had been transferred to completed properties held for sale.

Completed properties for sale

The tourism-related properties that have been constructed and are awaiting sale are recorded under completed properties for sale. As of 31 December 2015, 2016 and 2017 and 30 June 2018, we had RMB26.9 million, RMB49.8 million, RMB27.6 million and RMB1,297.0 million in completed properties for sale. The increase through 30 June 2018 mainly reflects the increase in completed Tang Residence units for sale. As of 30 September 2018, approximately RMB17.8 million of completed properties for sale, which were all from our resorts business, or 1.4% of overall completed properties for sale as of 30 June 2018, had been sold.

Trade receivables

Our trade receivables include invoices to our customers for the goods and services we provide. Generally, Club Med's customers are billed for their resort reservations and must prepay before their visit, and only invoices to travel agents and customers of MICE business permit a portion of the amount billed to be paid after resort services have been rendered. Trade receivables also include amounts billed under property sales contracts of tourism-related properties such as Tang Residence. The following sets out trade receivables, net of impairment for doubtful receivables, presented based on the invoice date at the end of the reporting period:

	As of 31 December			As of 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	460,784	512,335	1,025,981	868,570
Less: Impairment	(13,893)	(22,925)	(36,044)	(35,385)
	446,891	489,410	989,937	833,185

The increase in trade receivables over the Track Record Period was primarily due to (i) pre-sale of Tang Residence units and (ii) the incremental business growth of Club Med. Trade receivables related to Tang Residence units increased in 2017 and decreased with buyer payments in the first six months of 2018.

Aging analysis of trade receivables

The following is an aging analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	As of 31 December			As of 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Outstanding balances with ages:				
Within 90 days	413,260	469,097	965,099	823,106
91 to 180 days	23,698	17,514	24,440	7,859
181 to 365 days	9,933	2,799	398	2,220
1 to 2 years	2,483	10,230	12,988	1,550
Over 2 years	11,410	12,695	23,056	33,835
	460,784	512,335	1,025,981	868,570

As of 31 December 2015, 2016 and 2017 and 30 June 2018, we had trade receivables neither past due nor impaired amounting to RMB328.7 million, RMB385.6 million, RMB841.9 million, and RMB821.4 million, respectively.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Credit terms granted to the major customers is within 30 days.

The following is an aging analysis of trade receivables that were not impaired:

	As of 31 December			As of 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Neither past due nor impaired	328,665	385,646	841,858	821,400
Past due but not impaired				
Within 30 days past due	48,778	49,052	63,519	3,103
Over 30 days past due	69,448	54,712	84,560	8,682
Total	**446,891**	**489,410**	**989,937**	**833,185**

We have not provisioned for a substantial portion of overdue trade receivables because there was no significant expected credit loss, and our management was of the opinion that the overdue amounts would be fully recoverable as there had not been a significant deterioration in credit quality of the counterparty. For more information, see "—Provision Policy."

Trade receivables that are past due and impaired

The following table sets out our receivables past due and impaired and movements in provisions for impaired trade receivables:

	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
At beginning of year/period	—	13,893	22,925	22,925	36,044
Amount written off as uncollectible	—	—	—	—	(2,209)
Provision for impairment losses	12,696	7,674	10,550	5,829	2,302
Exchange realignment	1,197	1,358	2,569	2,319	(752)
At end of year/period	13,893	22,925	36,044	31,073	35,385

The impairment provision provided is mainly for trade receivables from relevant indirect sales agencies of Club Med. The absolute amount of impairment provision for trade receivables were not material compared with revenue. The increase in the amount of impairment for trade receivables was largely due to the increase of revenue and corresponding trade receivables balances. The increase of the impairment provision as at the end of each reporting period was generated as the result of specific analysis by Club Med, which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses. The management assessed all possible default event over the lifetime of the trade receivables based on the historical experience and all available information which incorporated forward looking information.

Provision Policy

We are subject to the credit risks of our customers and our cash flows are dependent on timely payment of our trade receivables by our customers. We manage such credit risks by carefully evaluating the financial position and creditworthiness of our customers. Impairment of receivables is made based on assessment of their recoverability. The identification of impairment of receivables requires judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, the differences will impact the carrying value of the receivables and impairment loss/reversal of impairment in the period in which the estimate has been changed.

We apply the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, the balances are grouped based on shared credit risk characteristics and the days past due. Other than the provision provided for the specific balances which are more than 30 days past due, based on evaluation on expected loss rate and gross carrying amount of the remaining balances, our directors are of the opinion that the expected credit losses in respect of these balances is considered immaterial.

Trade receivable turnover days

The following table sets out our trade receivable turnover days during the Track Record Period and as of 30 June 2018.

	For the year ended 31 December			For the six months ended 30 June
	2015	2016	2017	2018
Trade receivable turnover days[1]	14.1	16.2	23.5	25.6

Note:

(1) Calculated as the average of the beginning and ending balances of trade receivables for the relevant period divided by revenue for the same period and multiplied by 330 days for 2015, by 360 days for 2016 and 2017, or by 180 days for each six-month period.

The trade receivable turnover days have increased in 2017 and 2018 as we introduced business with longer operation cycle.

Of the trade receivables outstanding as of 30 June 2018, RMB535.8 million or 64.3% had been settled by 30 September 2018.

Prepayments, deposits and other receivables

The current portion of our prepayments consists primarily of prepayments to contractors related to development and construction of tourism destinations and resorts, prepaid transportation services, prepaid value-added tax and surcharges to local governments, prepaid rental expenses, transportation services and insurance. The non-current portion of our prepayments refers mainly to services paid for that will be delivered more than one year later, such as the purchases of construction materials and equipment and rental expenses. Deposits are paid mainly in relation to leases for resorts and other properties. Other receivables mainly include tax recoverable and loans to third parties. As of 31 December 2015, 2016 and 2017 and 30 June 2018, the current portion of our prepayments, deposits and other receivables was RMB1,344.5 million, RMB1,514.8 million, RMB2,364.5 million and RMB2,630.8 million, respectively.

	As of 31 December			As of 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments consist of				
Prepayments for various service and goods	892,467	1,002,516	1,184,676	1,099,546
Current portion of prepaid land lease payments due in one year	22,013	22,013	22,062	22,220
Prepayment for acquisition of land use right[(1)]	—	—	—	645,580
Prepayment for proposed acquisition of investment[(2)]	—	55,000	—	—
Prepaid value-added tax and surcharges	391,431	457,019	833,026	926,171
Deposits	174,159	156,716	156,878	136,925
Other receivables consist of				
Tax recoverable[(3)]	—	34,064	407,294	453,138
Loans to third parties	319,355	126,605	130,135	131,858
Others	160,841	140,382	109,190	209,614
Less: impairment	(13,065)	(1,395)	(3,207)	(2,285)
	1,947,201	1,992,920	2,840,054	3,622,767
Portion classified as current assets	1,344,472	1,514,818	2,364,453	2,630,783
Non-current portion	602,729	478,102	475,601	991,984

Notes:

(1) Prepayment for acquisition land use right for the Taicang Project.

(2) Prepayment for the acquisition of Lijiang Derun.

(3) Mainly prepaid corporate income tax and land appreciation tax for Atlantis Sanya.

After accounting for increases from Club Med's incremental business growth, the increase in prepayments, deposits and other receivables over the first six months of 2018 was mainly due to (i) the development of Atlantis Sanya and (ii) prepayment for the acquisition of land use right for the Taicang Project, which were partially offset by the settlement of a portion of Atlantis Sanya's prepayments after the commencement of operation.

Contract assets

Contract assets primarily consist of (i) unbilled amounts from the construction of resorts and (ii) sales commissions and stamp duties paid for the promotion of Tang Residence at Atlantis Sanya. As of 31 December 2015, 2016 and 2017, and 30 June 2018, contract assets were nil, RMB10.5 million, RMB103.2 million, and RMB122.8 million, respectively. The increase in contract assets over the Track Record Period mainly reflects the increase in commissions on pre-sale of Tang Residence and unbilled amounts in construction services for resorts.

Contract liabilities

Our contract liabilities primarily consist of amounts that buyers of tourism-related properties are obligated to pay us under contracts to purchase tourism-related properties such as Tang Residence prior to the transfer of possession of such properties, and includes the significant financing component interest expense derived from advanced payments received from buyers under such contracts. These contract liabilities will be recorded as revenue upon performance of the property sale contracts. Contract liabilities also includes the portion of Club Med customers' vacation booking payment that becomes non-refundable, generally within 15 to 30 days prior to the beginning of the reserved resort vacation. Such contract liabilities are recorded as revenue when the resort services are rendered. As of 31 December 2015, 2016 and 2017, and 30 June 2018, contract liabilities were RMB505.0 million, RMB1,719.9 million, RMB6,573.3 million, and RMB7,665.8 million, respectively. The increase in contract liabilities over the Track Record Period was largely driven by the pre-sale of Tang Residence units.

Trade payables

Our trade payable were non-interest bearing for 2015, 2016, and 2017 and the first six months of 2018. Our credit term ranges up to one year, with suppliers granting us credit extending from 0 to 365 days. Trade payables include mainly payables for the purchase of transportation services, consumables and construction services.

Our trade payables increased from RMB978.2 million as of 31 December 2015 to RMB1,135.2 million as of 31 December 2016, in line with Club Med's business growth. Our trade payables increased to RMB1,244.1 million as of 31 December 2017 and reached RMB1,669.9 million as of 30 June 2018, primarily due to payables from construction of Tang Residence and Atlantis Sanya.

Aging analysis of trade payables

	As of 31 December			As of 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Outstanding balances with ages:				
Within 90 days	961,802	1,092,430	1,241,388	1,640,817
91 to 180 days	1,858	1,357	—	29,040
181 to 365 days	8,045	38,325	106	35
1 to 2 years	6,461	3,055	2,570	50
	978,166	1,135,167	1,244,064	1,669,942

Trade payable turnover days

The following table sets out our trade payable turnover days during the Track Record Period and as of 30 June 2018.

	For the year ended 31 December			For the six months ended 30 June
	2015	2016	2017	2018
Trade payable turnover days[(1)]	48.2	46.2	47.7	53.9

Note:

(1) Calculated as the average of the beginning and ending balances of trade payables for the relevant period divided by the cost of revenue for the same period and multiplied by 330 days for 2015, by 360 days for 2016 and 2017, or by 180 days for each six-month period.

The increase in trade payable turnover days from 47.7 days in 2017 to 53.9 days in the first six months of 2018 is attributable to certain construction invoices relating to the development of Atlantis Sanya and Tang Residence.

As of 30 September 2018, approximately 82.0% of our outstanding trade payables as of 30 June 2018 had been settled.

Accrued liabilities and other payables

Accrued liabilities and other payables are current liabilities and primarily consist of advanced payments by resort customers to reserve their bookings. Other accrued liabilities and payables include (i) payables related to purchase of property, plant and equipment; (ii) payables related to payroll; (iii) tax liabilities; (iv) provisions for litigation; (v) put option granted to non-controlling shareholders of a subsidiary and others such as unpaid commissions and brand royalty fees. The provisions for claims and litigation and other claims are mainly for matters arising from the ordinary course of business such as employee matters including pension and bonus claims, commercial matters, tax matters, and provisions for resort closure and restructuring. As of 31 December 2015, 2016 and 2017, and 30 June 2018, accrued liabilities and other payables were RMB2,934.0 million, RMB3,463.6 million, RMB4,457.7 million and RMB4,388.5 million, respectively.

	As of 31 December			As of 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers	1,712,919	2,011,511	2,206,477	2,018,607
Payables related to:				
Purchases of property, plant and equipment	162,989	372,849	966,516	876,333
Deposits received	69,993	76,607	80,080	91,987
Payroll	310,355	330,699	434,313	442,186
Tax liabilities (other than income tax).	129,612	167,255	148,112	143,805
Interest expenses	630	2,665	4,593	4,251
Provisions for litigation and others	426,072	341,944	405,061	286,610

	As of 31 December			As of 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unpaid cash consideration on acquisition of subsidiaries	28,880	—	—	—
Put option granted to non-controlling shareholders of a subsidiary (current portion)	10,288	21,443	27,003	176,407
Others[1]	82,248	138,627	185,504	348,303
	2,933,986	3,463,600	4,457,659	4,388,489

Note:

(1) Includes unpaid commissions, brand royalty fees to promote the sale of tourism-related properties and payables for repurchase obligations of restricted shares.

Over the Track Record Period, advances from resort customers increased in line with business growth of our Club Med resorts. The sharp increase in payables related to the purchases of property, plant and equipment from 2016 to 2017 was primarily related to the payables from the construction of Atlantis Sanya. Provision for litigation and others (i) decreased from 2015 to 2016 mainly due to the completion of an internal reorganization in 2015; (ii) increased from 2016 to 2017 mainly due to provisions for litigation and the planned closure of certain resorts in 2018; and (iii) decreased in the first half of 2018 mainly as a result of settlement of certain litigation.

The put options granted to non-controlling shareholders of a subsidiary were granted pursuant to put option agreements signed in February 2015 between Fosun Luxembourg and certain non-controlling shareholders of Club Med Holding. Such non-controlling shareholders, except Fidelidade, have certain embedded put rights that are exercisable commencing on the departure of the relevant employee shareholder or on the fourth or fifth anniversary of the agreement date and if exercised, would require Fosun Luxembourg to acquire the non-controlling interests at a price based on certain multiples of Club Med's EBITDA as adjusted by certain parameters. The put options will expire from February 2020 to July 2022. The put option amount corresponds only to the instruments recognized as equity, the CM Class C Shares and CM Ordinary Shares, and is classified as a financial liability at the end of each reporting period. Changes in the amount of the option are recognized in other reserve under equity. The increase in the amount of put options over the Track Record Period, especially in the first half of 2018, is attributable to the improvements in Club Med's results of operation and in turn Club Med's EBITDA.

Property, plants and equipment

Our property, plant and equipment consist mainly of buildings at resorts and tourism destinations, land, furniture, fixture and equipment and construction in progress of resorts and other properties not for sale. As of 31 December 2015, 2016 and 2017 and 30 June 2018, we had property, plant and equipment of RMB6,582.1 million, RMB8,031.7 million, RMB9,712.5 million, and RMB9,910.4 million, respectively. The increase in property, plant and equipment over the Track Record Period is largely driven by construction and renovation of Atlantis Sanya, and the addition of equipment and furnishings for resorts and tourism destinations, which were partially offset by the disposal of resorts.

Intangible assets

Period beginning date	1 January 2015	1 January 2016	1 January 2017	1 January 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Period beginning balance	—	2,239,749	2,320,371	2,525,089
Additions	52,232	76,562	210,526	109,025
Acquisition of subsidiaries	2,179,258	930	800	—
Amortization charge for the year/period	(38,478)	(61,912)	(146,873)	(46,962)
Disposals	(4,892)	(2,188)	(5,873)	(16,435)
Impairment for the year/period	(842)	—	(10,614)	(15,800)
Exchange realignment	52,471	67,230	156,752	(45,678)
Period ending balance	**2,239,749**	**2,320,371**	**2,525,089**	**2,509,239**
Period ending date	**31 December 2015**	**31 December 2016**	**31 December 2017**	**30 June 2018**

As of 31 December 2015, 2016 and 2017 and 30 June 2018, the carrying amounts of our intangible assets other than goodwill were RMB2,239.7 million, RMB2,320.4 million, RMB2,525.1 million and RMB2,509.2 million respectively, and consisted mainly of trademarks and patents, which were RMB1,852.5 million, RMB1,908.6 million, RMB2,038.2 million, and RMB1,998.6 million, respectively. Other intangible assets include software and information systems, and leasehold and commercial rights and royalty rights. The increase in our intangible assets over the Track Record Period was largely due to our acquisition of Club Med, and exchange realignment as the Euro appreciated against the RMB. Our acquired intangible assets are carried at cost less accumulated amortization and any accumulated impairment.

Impairment tests on trademarks are performed and the recoverable amounts of trademarks are determined based on a value-in-use calculation using cash flow projections that are the same as those used in the impairment test for goodwill. As of 31 December 2015, 2016 and 2017, the recoverable amount of trademarks exceeds the carrying amounts by RMB617,117,000, RMB663,214,000 and RMB836,185,000, respectively.

The following table sets forth the impact of reasonably possible changes in each of the key assumptions, with all other variables held constant, of trademarks impairment testing of the Group as of the dates indicated.

Possible changes of key assumptions	Recoverable amount of trademarks exceeds its carrying amount by As of 31 December		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Pre-tax discount rate increase by 1%	402,529	436,469	573,880
Long-term growth rate decrease by 1%	325,553	405,097	499,927

With regard to the assessment of value in use, our management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amounts of trademarks to be materially lower than their carrying amounts.

Goodwill

	RMB'000
Cost and net carrying amount as of 1 January 2015	—
Acquisition of subsidiaries	1,533,286
Exchange realignment	37,549
Cost and net carrying amount at 31 December 2015	1,570,835
Exchange realignment	46,847
Cost and net carrying amount at 31 December 2016	1,617,682
Exchange realignment	109,700
Cost and net carrying amount at 31 December 2017	1,727,382
Exchange realignment	(33,386)
Cost and net carrying amount at 30 June 2018	1,693,996

In February 2015, we recognized goodwill of RMB1,533.3 million from the acquisition of Club Med. Goodwill was recorded as the excess of the consideration transferred over the fair value of the acquired net assets. Goodwill is carried at cost as established at the date of acquisition less accumulated impairment losses, if any, realigned for currency exchange rate fluctuations and tested for impairment at least annually. Due solely to translation of exchange rate fluctuation, our goodwill increased from RMB1,570.8 million as of 31 December 2015 to RMB1,617.7 million as of 31 December 2016 to RMB1,727.4 million as of 31 December 2017, and decreased to RMB1,694.0 million as of 30 June 2018. During the Track Record Period, no goodwill impairment was recognized. As of 31 December 2015, 2016 and 2017 the recoverable amount of the cash-generating unit exceeds its carrying amount by RMB5,417,960,000, RMB6,257,465,000 and RMB9,259,975,000, respectively.

The following table sets forth the impact of reasonable possible changes in each of the key assumptions, with all other variables held constant, of goodwill impairment testing of the Group as of the dates indicated.

Possible changes of key assumptions	Recoverable amount of the cash-generating unit exceeds its carrying amount by As of 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Pre-tax discount rate increase by 1%	4,613,229	5,418,874	8,224,191
Long-term growth rate decrease by 1%	4,672,360	5,884,238	8,287,773

With regard to the assessment of value in use, our management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amounts of goodwill to be materially lower than their carrying amounts. For more information about the key assumptions used in impairment testing, see "—Key Factors Affecting Our Group's Results of Operations and Financial Condition—Business combination, goodwill and impairment testing."

Long-term investments measured at fair value through other comprehensive income

As of 31 December 2015, 2016 and 2017 and 30 June 2018, our long-term investments measured at fair value through other comprehensive income were nil, RMB195.0 million, RMB190.1 million and RMB808.9 million, respectively. The increase in the first half of 2018 was due to our acquisition of approximately 5.37% equity interest in Thomas Cook.

CAPITAL EXPENDITURES

Historical capital expenditures

Our major capital expenditures primarily consist of expenditures to acquire subsidiaries, land use rights and property, plant and equipment. We funded our capital expenditures from our internal resources, bank borrowings, finance leases, and related company loans.

The following table sets out our paid capital expenditures for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June
	2015	**2016**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Purchases of items of property, plant and equipment	845,542	1,593,853	2,004,049	594,234
Purchase of intangible assets	52,232	76,562	160,984	119,202
Total	**897,774**	**1,670,415**	**2,165,033**	**713,436**

Planned capital expenditures

Our planned capital expenditures for the years ending 31 December 2018 and 2019 are expected to be approximately RMB2,637.0 million and RMB1,550.3 million, respectively. Such capital expenditures primarily relate to investments in new tourism destinations in China, the upgrade or renovation of existing resorts, and investments in digital technology. We plan to fund our future capital expenditures with our internal resources, bank borrowings, and proceeds from the offering.

Our planned capital expenditures may be subject to change due to variations in our future cash flows, results of operations and financial condition, changes in the European, Asian and world economy, the availability of financing on terms acceptable to us, technical and other problems obtaining and installing equipment, changes in the regulatory environment in Europe and China and other factors.

CONTRACTUAL COMMITMENTS

Capital commitments

Our capital commitments contracted for but not yet incurred as of 31 December 2015, 2016 and 2017 and 30 June 2018 were RMB1,226.9 million, RMB1,447.6 million, RMB1,423.0 million and RMB825.0 million, respectively. Such capital commitments related mainly to construction in progress of properties under development.

Operating lease commitments

Our total operating lease commitments as of 31 December 2015, 2016 and 2017 and 30 June 2018 were RMB7,993.4 million, RMB9,141.9 million, RMB10,853.0 million, and RMB12,968.5 million, respectively, of which RMB1,010.6 million, RMB1,100.3 million, RMB1,291.3 million and RMB1,271.8 million were lease commitments due within one year. The increase in operating lease commitments over the Track Record Period reflects the opening of new leased resorts and the conversion of ownership or management contract operating model resorts to lease operating model resorts.

INDEBTEDNESS

During the Track Record Period, our indebtedness included interest-bearing bank borrowings, convertible bonds, convertible redeemable preferred shares and finance lease payables.

Interest-bearing bank borrowings

Our bank borrowings during the Track Record Period were primarily used to fund acquisitions of subsidiaries and land use rights, project development and construction, and business operations. As of 30 September 2018, the total amount of our interest-bearing bank borrowings was RMB7,315.4 million and we had unused banking facilities of not less than RMB1,100 million.

	As of 31 December			As of 30 June	As of 30 September
	2015	**2016**	**2017**	**2018**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Bank loans:					
Secured	3,382,682	4,690,862	5,550,846	5,478,762	5,444,576
Unsecured	258,990	228,169	60,707	35,460	1,870,812
Total	**3,641,672**	**4,919,031**	**5,611,553**	**5,514,222**	**7,315,388**
Repayable:					
Within one year	409,429	532,159	712,283	674,814	2,485,622
In the second year	245,471	633,291	701,251	547,987	466,975
In the third to fifth years, inclusive	1,017,865	1,719,201	3,080,906	2,935,810	2,840,113
Over five years	1,968,907	2,034,380	1,117,113	1,355,611	1,522,678
	3,641,672	4,919,031	5,611,553	5,514,222	7,315,388
Portion classified as current liabilities	409,429	532,159	712,283	674,814	2,485,622
Non-current portion	3,232,243	4,386,872	4,899,270	4,839,408	4,829,766

Our current liabilities are liabilities to be repaid in full within one year and our non-current liabilities have repayment terms over one year. The interest rate on our bank loans range from 3.60% to 6.90% per annum in 2015, from 2.75% to 6.23% per annum in 2016, from 2.75% to 6.34% per annum in 2017, from 2.75% to 7.00% per annum in the six months ended 30 June 2018, and from 2.75% to 7.00% per annum in the three months ended 30 September 2018.

Our secured or guaranteed loans have been secured or guaranteed by mortgages over properties under development, developments with construction in progress, pledges of certain shares, receivables and bank accounts of certain Club Med subsidiaries, as well as a guarantee by a fellow subsidiary under common control of Fosun International.

Our loan agreements typically include material covenants such as requirements to promptly notify the lending banks in the event of any material adverse changes in our operations and financial condition and restrictions on the use of proceeds from the bank borrowings. Moreover, we are typically required to obtain the relevant lending bank's prior written consent before we conduct reorganizations, mergers, demergers, joint ventures, capital reductions, equity transfers, transfers of major assets or creditor's rights, material investments, substantial increases of debt financing or other actions that may adversely affect our ability to repay the loans. We cannot assure you that we always are able to obtain the lending bank's consent for any of these activities. If we fail to obtain such consent, our business may be impeded. See "Risk Factors—Risks Relating to Our Business—Our business model requires access to capital, which may not be available on favorable terms, and there are risks and uncertainties associated with our debt financing."

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. Our Directors confirm that we complied with all material covenants under our loan agreements during the Track Record Period and up to 30 September 2018.

The Debt Financing used in the acquisition of Club Med in 2015 was funded by a group of commercial banks under senior facilities agreements, which provided EUR280 million to Club Med Invest to fund the acquisition and EUR120 million to Club Med for working capital. The credit facilities carry interest rates equal to the Euro Interbank Offered Rate (EURIBOR) or Euro Over Night Index Average (EONIA) plus a margin ranging from 2.75% to 5.50% per annum, and have maturities ranging from six to seven years. The credit facilities were secured by, among others, pledge of certain shares, pledge over certain receivables and bank accounts of certain subsidiaries of Club Med. The credit facilities are subject to the maintenance of covenants including (i) interest cover ratio, which is equal to consolidated EBITDA of Club Med, as defined in the senior facilities agreements, after certain adjustments divided by net finance charges; (ii) cash flow cover ratio equal to the consolidated EBITDA of Club Med after certain adjustments divided by the sum of net finance charges and scheduled repayment of borrowings; (iii) leverage ratio equal to aggregated borrowings after certain adjustments divided by adjusted consolidated EBITDA of Club Med; and (iv) rent adjusted leverage ratio equal to the sum of aggregated borrowings after certain adjustments and rents multiplied by eight times, divided by adjusted consolidated EBITDA of Club Med. We regularly monitor compliance with these covenants. During the Track Record Period and up to 30 September 2018, none of the covenants relating to the Debt Financing was breached. As of 30 September 2018, the amounts outstanding under the Debt Financing for Club Med Invest and Club Med were, respectively, EUR167 million and EUR58 million.

Convertible Bonds

In 2015, Club Med Holding, our indirectly owned subsidiary, issued 102,415,337 convertible bonds with a par value of EUR4 per bond ("CM Convertible Bonds") to finance the acquisition of Club Med. Some 30,358,517 CM Convertible Bonds were issued to a related party and third party minority Club Med shareholders with a nominal value of EUR121.4 million. The remaining 72,056,820 CM Convertible Bonds was subscribed by our subsidiary Fosun Luxembourg and this liability is eliminated on the Group level. For more information regarding the issuance of the CM Convertible Bonds in the acquisition of Club Med, see "History, Reorganization and Corporate Structure—Acquisition of Club Med by Tender Offer—Privatization of Club Med and Delisting from Euronext Paris—New Tender Offer."

The CM Convertible Bonds are convertible at the option of the holders of the CM Class B Shares and carry interest at a compound rate of 8.25% per annum. As of 31 December 2015, 2016, 2017, 30 June 2018 and 30 September 2018, our obligations under the CM Convertible Bonds were RMB923.1 million, RMB1,028.9 million, RMB1,188.7 million, RMB309.6 million and RMB330.8 million, respectively, with the annual increases attributable to the compound effect of interest and exchange realignment. As of 30 June 2018, our obligations under the CM Convertible Bonds were reduced to RMB309.6 million, as a result of the redemption of convertible bonds from certain non-controlling shareholders in the first half of 2018. For more information about these acquisitions see "History, Reorganization and Corporate Structure—Reorganization—Offshore Reorganization—(c) Acquisition of the Interests in Club Med Holding by Our Group."

Convertible Redeemable Preferred Shares

In February 2015, Club Med Holding, our indirectly owned subsidiary, issued 51,578,995 convertible redeemable preferred shares with a par value of EUR4 per share (the "CM Class B Shares") to finance the acquisition of Club Med. Some 15,001,751 CM Class B Shares were issued to a related party and third party minority Club Med shareholders with a par value of EUR60,007,004. The remaining 36,377,244 CM Class B Shares were subscribed by our subsidiaries and the liabilities thereunder are eliminated at the Group level. For more information regarding the issuance of the CM Class B Shares in the acquisition of Club Med, see "History, Reorganization and Corporate Structure—Acquisition of Club Med by Tender Offer—Privatization of Club Med and Delisting from Euronext Paris—New Tender Offer."

The CM Class B Shares have no maturity date and entitle the holders to a preferred, cumulative and exclusive dividend at a compounded rate of 8.25% per annum from distributions declared. As of 31 December 2015, 2016, 2017 and 30 September 2018, our obligations under the CM Class B Shares were RMB456.0 million, RMB509.0 million, RMB588.4 million and RMB163.3 million, respectively. As of 30 June 2018, our obligations under the CM Class B Shares were reduced to RMB152.9 million, as a result of the redemption of CM Class B shares from certain non-controlling shareholders in the first half of 2018. For more information about these acquisitions see "History, Reorganization and Corporate Structure —Reorganization—Offshore Reorganization—(c) Acquisition of the Interests in Club Med Holding by Our Group."

Finance Lease Payables

We leased certain of our owned property, plant and equipment and assets under finance leases. As of 31 December 2015, 2016 and 2017, 30 June 2018 and 30 September 2018, the total minimum finance lease payments were RMB25.7 million, RMB24.3 million, RMB86.3 million, RMB81.3 million and RMB83.4 million, respectively, of which the current portions were RMB2.4 million, RMB4.3 million, RMB6.3 million, RMB6.3 million and RMB6.6 million, respectively. The finance leases are guaranteed and secured by the relevant assets. The increase in finance lease payables in 2017 was due to the leasing of furniture and hotel equipment at the Club Med and Samoëns resorts.

Except as disclosed herein, our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

Moreover, our Directors confirm that up to the Latest Practicable Date, there had been no material change in our indebtedness or contingent liabilities since 30 June 2018. Our Directors further confirm that as of the Latest Practicable Date, our Group did not have any plans to raise any material debt financing shortly after the Listing other than through its existing available credit facilities.

CONTINGENT LIABILITIES

During the Track Record Period, we provided guarantees mainly in favor of certain customers in respect of mortgage loans provided by banks to these customers for their purchases of developed properties where the underlying real estate certificates can only be provided to the banks in a time delayed manner due to PRC administrative procedures. These guarantees provided will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks. In case of a default in payments, the net realizable value of the relevant properties can cover the outstanding mortgage principal together with the accrued interest and penalties and therefore we made no provision for such guarantees. As of 31 December 2015, 2016, 2017, 30 June 2018 and 30 September 2018, our contingent liabilities were RMB39.5 million, RMB34.9 million, RMB327.2 million, RMB407.9 million and RMB428.7 million, respectively.

FINANCIAL RATIOS

	As of and for the years ended 31 December			As of and for the six months ended 30 June
	2015	2016	2017	2018
Current Ratio(1)	0.5	0.7	0.8	0.6
Gearing Ratio(2)	43.1%	40.3%	22.1%	16.4%
Adjusted EBITDA margin(3)(4)	2.0%	5.8%	6.3%	6.4%

Notes:

(1) Current ratio equals current assets divided by current liabilities as of the end of the period

(2) Gearing ratio equals net debt as a percentage of total assets as of the end of the period. Total debt includes interest-bearing bank borrowings, finance lease payable, convertible bonds, convertible redeemable preferred shares, and the non-current portion of amounts due to related companies. Net debt equals total debt less cash and cash equivalents.

(3) Adjusted EBITDA margin equals Adjusted EBITDA as a percentage of revenue.

(4) The preparation and operation costs of Atlantis Sanya for the year ended 31 December 2016 and 2017 and six months ended 30 June 2017 and 2018, before the official opening in April 2018, were RMB26.8 million, RMB155.8 million, RMB36.3 million and RMB187.2 million, respectively.

Current Ratio

Our current ratio increased from 0.5 as of 31 December 2015 to 0.7 as of 31 December 2016 primarily due to (i) the increases in cash and cash equivalents from pre-sale of Tang Residence units and tourism-related properties for sale under properties under development and (ii) the decrease in amounts due to related companies through the conversion of a portion of the amounts due into equity. The current ratio increased further to 0.8 as of 31 December 2017 mainly due to an increase in the amounts due from related companies as our Controlling Shareholders subscribed to our share issuance which was partially offset by an increase in contract liabilities from the pre-sale of Tang Residence units. As of 30 June 2018, our current ratio decreased to 0.6 primarily as a result of the decrease in the amounts due from related companies and increase in contract liabilities.

Gearing Ratio

Our gearing ratio decreased from 43.1% as of 31 December 2015 to 40.3% as of 31 December 2016 primarily due to the increase in cash and cash equivalents from 2015 to 2016, which offset the increase in total debt to finance business projects in China. The gearing ratio further decreased to 22.1% as of 31 December 2017 mainly due to conversion of amounts due to related companies to the equity of the Company and the increase of properties under development. As of 30 June 2018, our gearing decreased to 16.4% as our total debt decreased with the redemption of convertible bonds and convertible redeemable preferred shares.

Adjusted EBITDA Margin

For a discussion of Adjusted EBITDA Margin, please see section headed "— Period to Period Comparison of Results of Operations" in this prospectus.

MATERIAL RELATED PARTY TRANSACTIONS

Historically, we have entered into transactions with related parties, mainly during the Reorganization with related companies of the Remaining Fosun International Group, which have given rise to certain amounts due from and due to related companies. For more details of our historical transactions with related parties, loan guarantees provided by related parties, and continuing connected transactions, see Note 51 of the Accountants' Report included in Appendix I and "Connected Transactions."

Amounts due from related companies

The amounts due from related companies consist of balances with Fosun International, our associates, joint venture, other related companies arising from transactions between such entities and our Group that were generally non-trade in nature and unsecured or loans from us to such entities. As of 31 December 2015, 2016 and 2017, and 30 June 2018, we recorded amounts due from related companies of RMB52.8 million, RMB233.0 million, RMB5,089.6 million, and RMB1,992.0 million, respectively, of which RMB21.6 million, RMB200.8 million, RMB5,029.7 million and RMB1,937.8 million, respectively, were recorded as current assets.

The amounts due from related companies of RMB52.8 million as of 31 December 2015 consisted mainly of RMB51.6 million in amounts due from associates of Club Med on interest-bearing loans and for unpaid dividends. The increase in the amounts due from related companies to RMB233.0 million as of 31 December 2016 was mainly from the RMB178.0 million due from Fosun Commercial for funding we provided to this related company. The increase in amounts due from related companies to RMB5,089.6 million as of 31 December 2017 is mainly attributable to RMB2,670.0 million due from Fosun International in the form of unpaid consideration from its subscription of our share issuance in 2017 and RMB2,170.3 million due from Fosun Commercial for funding we provided to this related company. For more information about Fosun International's subscription of our shares in 2017 see "Share Capital."

The amounts due from related companies decreased to RMB1,992.0 million as of 30 June 2018 as a portion of the amounts due from Fosun Commercial of RMB2,348.3 million was paid and the amount due from Fosun International was reduced by the consideration of Fosun International's transfer of equity interest in Thomas Cook to us. For more information about the remaining balance of amounts due from related companies as of 30 June 2018, also known as the Offshore Receivable, see "Relationship with our Controlling Shareholders—Independence from our Controlling Shareholders—Financial Independence—Onshore Payables and Offshore Receivables."

Amounts due to related companies

The amounts due to related companies of RMB5,938.4 million as of 31 December 2015 consisted mainly of (i) RMB3,657.6 million owed in aggregate on Euro funding from Fosun International, Fosun Industrial and Fosun Property for acquisition of the Club Med in 2015 and (ii) funding of RMB2,271.5 million from Fosun Commercial, mainly related to the development of Atlantis Sanya.

The amounts due to related companies decreased to RMB4,099.5 million as of 31 December 2016 primarily because the balance of the amounts due to Fosun Commercial was reduced by RMB2,116.5 million through conversion of the debt into equity of our subsidiaries, Qijin Investments and Shanghai Fanyou in 2016.

The amounts due to related companies further decreased to RMB3,348.3 million as of 31 December 2017. The aggregate amounts due to Fosun Industrial of RMB1,225.1 million were converted into the share capital and share premium of Fosun Luxembourg, which together with debt of RMB2,906.7 million owed to Fosun Industrial and Fosun Property, were transferred to Fosun International. Fosun International then contributed the shares of Fosun Luxembourg to our Group. The decrease in the amounts due to related companies was partially offset by (i) the increase in the amounts due to Fosun Commercial of RMB2,667.8 million for the acquisition of Qijin Investments and Shanghai Fanyou; and (ii) other funding received from related companies.

The amounts due to related companies further decreased to RMB1,931.0 million as of 30 June 2018 through our payment of RMB2,348.3 million to Fosun Commercial, which was partially offset by funding from Fosun Commercial of RMB960.0 million for our prepayment in the Taicang project and other operating expenses. For details of the unsettled amounts of our amounts due to related companies as of 30 June 2018, also known as the Onshore Payables, and plan to settle, see "Relationship with Our Controlling Shareholders—Independence from our Controlling Shareholders—Financial Independence—Onshore Payables and Offshore Receivables."

We have obtained the firm offers of credit facilities from independent third party financial institutions without any security guarantee from the Controlling Shareholders in an aggregate amount as of the Latest Practicable Date which would be sufficient for us to repay and release all the expected outstanding balance of amounts due to related companies. For more information see "Relationship with Our Controlling Shareholders—Independence from Our Controlling Shareholders—Credit Facilities."

Our Directors confirm that our transactions with related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our result of operations or make our historical results not reflective of our future performance.

DISTRIBUTABLE RESERVES

As of 30 June 2018, we had distributable reserves of approximately RMB5,109.4 million, which are available for distribution to our Shareholders, subject to the Company meeting cash flow requirements under Cayman Companies Law at the time of distribution.

DIVIDENDS

No dividend has been declared or paid by our Company since its date of incorporation.

As of 30 June 2018, we did not have a formal dividend policy. After completion of this Global Offering, our Shareholders will be entitled to receive dividends declared by us. The proposal of payment and the amount of our dividends will be made at the discretion of our Board and will depend on our general business condition and strategies, cash flows, financial results and capital requirements, the interests of our Shareholders, taxation conditions, statutory and regulatory restrictions and other factors that our Board deems relevant. Final dividend distribution shall also be subject to the approval of our Shareholders in a Shareholders' meeting.

A summary of the Cayman Companies Law relating to Dividends is set out in Appendix V to this prospectus.

LISTING EXPENSES

The Group expects to incur listing expenses of approximately RMB127.2 million (assuming an Offer Price of HK$17.80, being the mid-point of the indicative Offer Price range between HK$15.60 and HK$20.00, and assuming that the Over-allotment Option is not exercised) until the completion of the Global Offering, of which RMB42.7 million (including RMB17.1 million recognized for the six months ended 30 June 2018) is expected to be charged to our consolidated income statement for the year ending 31 December 2018 and RMB84.5 million is directly attributable to the issue of the Shares to the public and to be capitalized. Listing expenses represent professional fees and other fees incurred in connection with the Listing, including underwriting commissions but excluding discretionary bonus. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of our unaudited pro forma adjusted consolidated net tangible assets is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on our consolidated net tangible assets as of 30 June 2018 as if the Global Offering had taken place on that date.

Our unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets as of 30 June 2018 or at any future dates following the Global

Offering. It is prepared based on our audited consolidated net tangible assets as of 30 June 2018 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 30 June 2018:

	Audited Consolidated Net Tangible Liabilities of the Group Attributable to Owners of the Company as of 30 June 2018 (Note 1)	Estimated Net Proceeds from the Global Offering (Note 2)	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Attributable to Owners of the Company	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets per Share (Note 3)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$15.60 per Share	906,131	2,840,714	3,746,845	3.06	3.46
Based on an Offer Price of HK$20.00 per Share	906,131	3,655,855	4,561,986	3.73	4.21

Notes:

(1) The audited consolidated net tangible liabilities attributable to the owners of the Company as of 30 June 2018 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net liabilities of the Group attributable to the owners of the Company as of 30 June 2018 of RMB5,109,336,000 with an adjustment for the intangible assets as of 30 June 2018 of RMB4,203,235,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$15.60 and HK$20.00 per Share after deduction of the underwriting commissions, incentive fees and other related expenses payable by the Company.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis of 214,200,000 Shares to be issued during the Global Offering and thereafter 1,223,120,863 Shares are to be outstanding, assuming the Over-allotment Option is not exercised, and without taking into account any Shares that can be issued under the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan.

For the purpose of this unaudited pro forma adjusted consolidated net tangible assets, the amounts stated in RMB are converted into Hong Kong dollars at a rate of RMB1.00 to HK$1.1295. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of the listing document, there has been no material adverse change in our financial or trading position since 30 June 2018 and there has been no event since 30 June 2018 which would materially affect the information shown in the Accountants' Report.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISK

We are exposed to various types of financial risks, including market risk (covering currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risks. Our overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Below is a summary of our approach to managing various types of risks financial risks. For more details, see "Note 54 to "Appendix I — Accountants' Report" to this prospectus.

Market risk

Currency risk

We operate resorts all over the world and are exposed to the risk of fluctuations in foreign exchange rates. We have transactional currency exposures arising from the sales or purchases by operating entities and investing and financing activities by investment holding entities in currencies other than such entities' functional currencies. The major subsidiaries exposed to such currency risks use EUR or CNY as their functional currencies. We use forward currency contracts and currency swaps to hedge against the transaction currency risk arising from the future sales cash flows denominated in a currency other than the functional currency of the selling entities within our Group. The balances of the forward currency contracts and currency swaps vary with the levels of expected foreign currency transactions and changes in foreign exchange forward rates. We also use currency swaps to hedge against the currency risk on the fair value of intercompany financing denominated in a currency other than the functional currency of the borrowing entities within our Group. The hedge of the currency swaps was assessed to be effective as of 30 June 2018.

Interest rate risk

Our exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates. Our policy is to manage interest cost using a mix of fixed and variable rate debts. At December 31, 2015, 2016, and 2017 and June 30 2018, approximately 61%, 41%, 33%,and 35% of the Group's interest-bearing borrowings bore interest at fixed rates after hedging, respectively.

We also carried out hedging activities by entering into interest rate swap on certain variable rate debts. In interest rate swaps, we receive interest at variable rates and pay interest at fixed rates are designated as hedging instruments in respect of forecast future interest expenses on interest-floating borrowings to which we have firm commitments. The balances of the interest rate swaps vary with the terms and principal amount of the interest-floating borrowings and changes in variable rates which are generally based on the Europe Interbank Offered Rate. In addition, we have entered into interest rates swap contracts to manage its interest rate exposures on borrowings. These interest rates swap contracts are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging interest rates derivatives were charged to the consolidated statement of profit or loss.

In order to exercise prudent management against interest rate risks, we continue to review market trends against its business operations and financial position in order to arrange the most interest rate risk management tools.

Credit risk

We have no significant concentration of credit risk due to the large number of our customers. The carrying amounts of cash and cash equivalents, trade receivables, contract assets, deposits and other receivables, and amounts due to related parties included in our statements of financial position represent our maximum exposure to credit risk in relation to our financial assets.

For deposits and other receivables, our management makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other receivables based on historical settlement records and past experience. Loan receivables included in prepayments, deposits and other receivables, are mainly loans to the government authority in France which are used to fulfill the government obligation in sustaining the house or building construction for employees and loan to an investee which are used to support the development and the operations of a resort leased by the Group. We believe that there is no material credit risk inherent in the Group's outstanding balance of deposits and other receivables.

As at 31 December 2015, 2016 and 2017 and 30 June 2018, all restricted cash and cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

Liquidity risk

The liquidity of our Group is primarily dependent on our ability to maintain adequate cash inflows from operations to meet debt obligations as they fall due and our ability to obtain external financing to meet committed future capital expenditures. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans and other borrowings, amounts due to related companies, convertible bonds and convertible redeemable preferred shares. Our policy is to regularly monitor current and expected liquidity requirements by preparing and reviewing monthly cash flow forecasts and our compliance with lending covenants to ensure that we maintain sufficient reserves of cash on demand and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer terms.

The primary objectives of our Group's capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. We manage our capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

Our Directors have carried out a detailed review of our cash flow forecast for the period from 1 October 2018 to 31 December 2019. Based on the forecast, our Directors have determined that adequate liquidity exists to finance our working capital and capital expenditure requirements during such period. In preparing the cash flow forecast, our Directors have considered our historical cash requirements as well as other key factors, including cash flow generated from operating activities and the availability of the external loan financing which may impact our operations for such period. Our Directors are of the opinion that the assumptions and sensitivities which are included in the cash flow forecast are reasonable. However, these are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realized.

THE CORNERSTONE PLACING

The Company has entered into cornerstone investment agreements with certain investors (the "**Cornerstone Investors**", and each a "**Cornerstone Investor**"), pursuant to which the Cornerstone Investors have agreed to subscribe for such number of our Shares (rounded down to the nearest whole board lot of 200 Shares) that may be purchased for in an aggregate amount of approximately US$48.57 million (approximately HK$380.73 million[1]) at the Offer Price (the "**Cornerstone Placing**").

Based on the Offer Price of HK$20.00 (being the high-end of the indicative Offer Price range) and without taking into account any Shares to be issued upon the exercise of share options granted under the Pre-IPO Share Option Scheme and upon the vesting of the share units granted under the Pre-IPO Free Share Award Plan, the total number of Shares to be subscribed by the Cornerstone Investors would be 19,036,600, representing approximately (i) 9.87% of the International Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 8.46% of the International Offer Shares, assuming that the Over-allotment Option is fully exercised; (iii) 8.89% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (iv) 7.73% of the Offer Shares, assuming that the Over-allotment Option is fully exercised; (v) 1.56% of the Shares in issue immediately upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (vi) 1.52% of the Shares in issue immediately upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised.

Based on the Offer Price of HK$17.80 (being the mid-point of the indicative Offer Price range) and without taking into account any Shares to be issued upon the exercise of share options granted under the Pre-IPO Share Option Scheme and upon the vesting of the share units granted under the Pre-IPO Free Share Award Plan, the total number of Shares to be subscribed by the Cornerstone Investors would be 21,389,400, representing approximately (i) 11.10% of the International Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 9.51% of the International Offer Shares, assuming that the Over-allotment Option is fully exercised; (iii) 9.99% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (iv) 8.68% of the Offer Shares, assuming that the Over-allotment Option is fully exercised; (v) 1.75% of the Shares in issue immediately upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (vi) 1.70% of the Shares in issue immediately upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised.

Based on the Offer Price of HK$15.60 (being the low-end of the indicative Offer Price range) and without taking into account any Shares to be issued upon the exercise of share options granted under the Pre-IPO Share Option Scheme and upon the vesting of the share units granted under the Pre-IPO Free Share Award Plan, the total number of Shares to be subscribed by the Cornerstone Investors would be 24,405,800, representing approximately (i) 12.66% of the International Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 10.85% of the International Offer Shares, assuming that the Over-allotment Option is fully exercised; (iii) 11.39% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (iv) 9.91% of the Offer Shares, assuming that the Over-allotment Option is fully exercised; (v) 2.00% of the Shares in issue immediately upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (vi) 1.94% of the Shares in issue immediately upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised.

To the best knowledge of the Company, each of the Cornerstone Investors and their respective ultimate beneficial owners is independent of each other, independent of the Company, its connected persons and their respective associates, and not an existing shareholder or close associates of the Company.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around 13 December, 2018.

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue and will be counted towards the public float of the Company. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than pursuant to the respective cornerstone investment agreements). Immediately following completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in the Company, nor will any of the Cornerstone Investors become a substantial Shareholder (as defined in the Listing Rules). The Offer Shares to be subscribed for by the Cornerstone Investors may be adjusted by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the events as described in "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation".

Note:

(1) Calculated based on an exchange rate of US$1:HK$7.8393. The actual investment amount of each Cornerstone Investor may change due to the actual exchange rate to be used as prescribed in the relevant cornerstone investment agreement.

CORNERSTONE INVESTORS

The Company has entered into cornerstone investment agreements with each of the following Cornerstone Investors in respect of the Cornerstone Placing:

Cornerstone Investor	Investment Amount	Indicative Offer Price[2]	Number of Shares to be subscribed for[4]	Approximate percentage of the International Offer Shares (assuming that Over-allotment Option is not exercised)[3]	Approximate percentage of the International Offer Shares (assuming that Over-allotment Option is exercised in full)[3]	Approximate percentages of the Offer Shares (assuming that Over-allotment Option is not exercised)[3]	Approximate percentages of the Offer Shares (assuming that Over-allotment Option is exercised in full)[3]	Approximate percentages of the Shares in issue immediately upon completion of the Global Offering (assuming that Over-allotment Option is not exercised)[3]	Approximate percentages of the Shares in issue immediately upon completion of the Global Offering (assuming that the Overallotment Option is exercised in full)[3]
Step Ahead International Limited	US$34.0 million (approximately HK$266.54 million)	High-end: HK$20.00	13,326,800	6.91%	5.93%	6.22%	5.41%	1.09%	1.06%
		Mid-point: HK$17.80	14,973,800	7.77%	6.66%	6.99%	6.08%	1.22%	1.19%
		Low-end: HK$15.60	17,085,600	8.86%	7.60%	7.98%	6.94%	1.40%	1.36%
China Suchuang Energy Co., (Hong Kong) Limited (中國蘇創能源(香港)有限公司)..................	HK$75 million (approximately US$9.57 million)	High-end: HK$20.00	3,750,000	1.95%	1.67%	1.75%	1.52%	0.31%	0.30%
		Mid-point: HK$17.80	4,213,400	2.19%	1.87%	1.97%	1.71%	0.34%	0.34%
		Low-end: HK$15.60	4,807,600	2.49%	2.14%	2.24%	1.95%	0.39%	0.38%
Taobao China Holding Limited (淘寶中國控股有限公司)	US$5 million (approximately HK$39.20 million)	High-end: HK$20.00	1,959,800	1.02%	0.87%	0.91%	0.80%	0.16%	0.16%
		Mid-point: HK$17.80	2,202,000	1.14%	0.98%	1.03%	0.89%	0.18%	0.18%
		Low-end: HK$15.60	2,512,400	1.30%	1.12%	1.17%	1.02%	0.21%	0.20%

Notes:

(1) Calculated based on the exchange rate of US$1:HK$7.8393. The actual investment amount of each Cornerstone Investor may change due to the actual exchange rate to be used as prescribed in the relevant cornerstone investment agreement.

(2) Being the high-end, mid-point and low-end of the proposed Offer Price range set out in this prospectus respectively.

(3) Without taking into account any Shares to be issued upon the exercise of share options granted under the Pre-IPO Share Option Scheme and upon the vesting of the share units granted under the Pre-IPO Free Share Award Plan.

(4) Based on the total subscription price payable by each investor and subject to the rounding down to the nearest whole board lot of 200 Shares.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

1. Step Ahead International Limited

Step Ahead International Limited is a wholly-owned subsidiary of Shun Tak Holdings Limited ("**Shun Tak**"). Shun Tak is a leading listed conglomerate with core businesses in property, transportation, hospitality and investment sectors. Established in 1972, Shun Tak has been listed on the Stock Exchange since 1973 under the stock code 242.

2. China Suchuang Energy Co., (Hong Kong) Limited (中國蘇創能源(香港)有限公司)

China Suchuang Energy Co., (Hong Kong) Limited is a company incorporated under the laws of Hong Kong, whose principal business is investment holding. China Suchuang Energy Co., (Hong Kong) Limited is a wholly-owned subsidiary of Suchuang Gas Corporation Limited (蘇創燃氣股份有限公司), which is a dominant piped natural gas supplier and operator in Taicang City, Jiangsu Province, the PRC. Suchuang Gas Corporation Limited (stock code: 1430) has been listed on the Main Board of the Stock Exchange since March 2015. Mr. Su Aping (蘇阿平) is, and is deemed to be, interested in Suchuang Gas Corporation Limited as to approximately 35.6% pursuant to the SFO as of the Latest Practicable Date. Mr. Su Aping is the chairman and executive director of Suchuang Gas Corporation Limited. Mr. Su Aping has approximately 30 years of experience in the management of gas enterprises.

3. Taobao China Holding Limited (淘寶中國控股有限公司)

Taobao China Holding Limited is a company incorporated in Hong Kong with limited liability, and is an indirect wholly-owned subsidiary of Alibaba Group Holding Limited. It is the holding company of certain subsidiaries relating to Taobao Marketplace. Alibaba Group Holding Limited is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange (Stock Code: BABA).

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent: (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) and not having been terminated; and (ii) the Listing Committee of the Stock Exchange having granted the Listing of, and permission to deal in, the Shares and that such approval or permission not having been revoked.

RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

Each of the Cornerstone Investors has agreed that without the prior written consent of the Company and the relevant underwriters, it will not, whether directly or indirectly, at any time during the period of six (6) months starting from and inclusive of the Listing Date, (a) dispose of (as defined in the relevant cornerstone investment agreement), in any way, any of the relevant Offer Shares or any interest in any company or entity holding any of the relevant Offer Shares, other than in certain limited circumstances such as transfers to any wholly-owned subsidiary of such Cornerstone Investor provided that, amongst other requirements, such wholly-owned subsidiary undertakes to, and the Cornerstone Investor undertakes to procure that such subsidiary will, abide by such restrictions imposed on the Cornerstone Investor, (b) allow itself to undergo a change of control (as defined in the Codes on Takeovers and Mergers and Share Buy-backs promulgated by the SFC) at the level of its ultimate beneficial owner, or (c) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See "Business—Our Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK$17.80 per Share (being the mid-point of the Offer Price range of between HK$15.60 and HK$20.00 per Share), we estimate that we will receive net proceeds of approximately HK$3,669.1 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 19% of the net proceeds, or approximately HK$697.1 million, is expected to be used to expand our existing business. A majority of this portion of the net proceeds is expected to be used for: (i) further developing our resort business through renovating resorts, upgrading resort facilities, extending the capacities of our existing resorts, resort maintenance and the opening of new resorts; and (ii) developing our digital technology infrastructure including management systems, digital solutions and applications for our resorts business to improve customer experience; and the remaining net proceeds is expected to be used for: (iii) enhancing our FOLIDAY branding and promoting other brands in our business, and expanding our FOLIDAY platform to increase user base, developing broader distribution network and further promoting precise and targeted sales and marketing activities; and (iv) developing our kid learning and playing business as well as cultural events, performing arts and live entertainment business (See "Business—Our Principal Business Activities—Services and Solutions in Various Tourism and Leisure Settings—Entertainment, other tourism- and culture-related services" for more information).

- approximately 52% of the net proceeds, or approximately HK$1,907.9 million, is expected to be used for (i) the development of the Lijiang Project and Taicang Project, including acquisition of additional land use right, designing, planning, construction and procurement of construction materials (See "Business—Our Principal Business Activities—Tourism Destinations—Lijiang Project" and "Business—Our Principal Business Activities—Tourism Destinations—Taicang Project" for more information); and (ii) exploring new tourism destinations with valuable resources, especially those favored by Chinese customers, through cooperation with our various strategic business partners. HK$513.7 million of this portion of the net proceeds is expected to be used for the development of Lijiang Project, and HK$1,375.9 million of this portion of the net proceeds is expected to be used for the development of Taicang Project. When selecting new tourism destinations, we consider various factors such as geographical advantages, demographic attributes, natural resources, market share and public transportation, and we carefully evaluate these factors and relevant assets to determine what operating model applies in a particular case.

We primarily aim to develop two types of tourism destinations: (i) tourism destinations with sizes of hundreds of thousands to millions of square meters which have abundant high-quality tourism resources, such as destinations adjacent to famous tourism attractions with beautiful natural sceneries and destinations located within or near popular cities for tourists such as Xi'an and Huangshan cities; and (ii) tourism destinations with sizes of hundreds of thousands to millions of square meters within or near first-tier cities, such as Beijing, Shanghai, Guangzhou and Shenzhen, with convenient access to public transportation and high population. We are in the process of identifying new tourism destinations.

- approximately 26% of the net proceeds, or approximately HK$954.0 million, is expected to be used to repay part of our outstanding bank loans. We obtained a bank loan in the amount of HK$2 billion in June 2018, repayable at the end of loan tenor: up to 12 months of the first drawdown or one month after the Listing Date, whichever is earlier. Interest is charged at the Hong Kong Interbank Offered Rate plus 1.4% to 2.5% per annum. We primarily use the proceeds of this loan to finance our land acquisition for the Taicang Project.

- approximately 3% of the net proceeds, or approximately HK$110.1 million, is expected to be used for working capital and general corporate purposes.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK$460.4 million, respectively.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be (i) HK$627.8 million (assuming an Offer Price of HK$20.00 per Share, being the maximum Offer Price), (ii) HK$558.7 million (assuming an Offer Price of HK$17.80 per Share, being the mid-point of the Offer Price range), and (iii) HK$489.6 million (assuming an Offer Price of HK$15.60 per Share, being the minimum Offer Price).

To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-allotment Option) are either more or less than expected, we may adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, we may hold such funds in short-term deposits or other money market products so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

HONG KONG UNDERWRITERS

J.P. Morgan Securities (Asia Pacific) Limited

CLSA Limited

Citigroup Global Markets Asia Limited

The Hongkong and Shanghai Banking Corporation Limited

Fosun Hani Securities Limited

ABCI Capital Limited

ABCI Securities Company Limited

AMTD Global Markets Limited

Crédit Agricole Corporate and Investment Bank, Hong Kong Branch

CMB International Capital Limited

Haitong International Securities Company Limited

ICBC International Capital Limited

Natixis

Nomura International (Hong Kong) Limited

Societe Generale

Futu Securities International (Hong Kong) Limited

Guotai Junan Securities (Hong Kong) Limited

Head & Shoulders Securities Limited

SBI China Capital Financial Services Limited

Zhongtai International Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement entered into on or about 29 November 2018, we are offering 21,420,000 Hong Kong Offer Shares (subject to adjustment) for subscription by the public in Hong Kong on the terms and subject to the conditions in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering as mentioned in this prospectus (including any Shares that may be issued under the Over-allotment Option and any Shares which may be issued under the Pre-IPO Share Option Scheme and Pre-IPO Free Share Award Plan) and such approval not having been withdrawn, and to (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including, amongst others, the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and our Company, agreeing upon the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly to subscribe, or procure subscribers to subscribe for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions as set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

(i) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Bahamas, Brazil, Dominican Republic, Japan, Maldives, Indonesia, Malaysia, Mauritius, Morocco, Mexico, Senegal, Thailand and Turkey (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change or development involving a prospective change or development in, or any event or circumstance or series of events or circumstances resulting or likely to result in or representing a change or development, or a prospective change or development, in any local, national, regional or international financial, political, military, industrial, legal, fiscal, economic, regulatory, credit, market or currency matters or conditions or exchange control or any monetary or trading settlement system (including but not limited to a change in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the HK dollar is linked to the U.S. dollar or revaluation of HK dollar or Renminbi against any foreign currencies or a change in any other currency exchange rates) in or affecting any of the Relevant Jurisdictions, including any event which involves one or more members of the European Union announcing, voluntarily or compulsorily, its or their intention to leave the Economic and Monetary Union of the European Union; or

(iii) the imposition after the date of the Hong Kong Underwriting Agreement of any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the London Stock Exchange, the Singapore Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the American Stock Exchange or in the NASDAQ Global Market; or

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent government authority), New York (imposed at Federal or New York State level or other competent government authority), London or any other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

(v) a change or development or event involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment regulations (including, without limitation, a a change in the system under which the value of the HK dollar is linked to the U.S. dollar, or a devaluation of the U.S. dollar, Euro, HK dollar or the Renminbi against any foreign currencies) in any of the Relevant Jurisdictions; or

(vi) any imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(vii) the outbreak or escalation of hostilities (whether or not war is or has been declared) involving or affecting any of the Relevant Jurisdictions or the declaration by any of the Relevant Jurisdictions of a national emergency or war or any other national or international calamity or crisis; or

(viii) any event or circumstance or series of events or circumstances, in the nature of force majeure in or affecting directly or indirectly any of the Relevant Jurisdictions including, without limiting the generality thereof, any act of God, act of government, declaration of a national or international emergency or war, calamity, crisis, riot, civil commotion public disorder, civil commotion, fire, flood, explosion, epidemic (including SARS, swine or avian flu, H5N1, H1N1, H7N9 or such related/mutated forms), pandemic, outbreak of infectious disease, economic sanctions, earthquake, terrorism, volcanic eruption, strike, labor dispute or lock-out; or

(ix) any adverse change or development or event involving a prospective adverse change or development in the assets, liabilities, shareholders' equity, profits, losses, results of operations, performance, condition, business, financial, earnings, trading position or prospects (financial or otherwise) of any member of the Group; or

(x) any Director being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any government, political, regulatory body of any action against any Director in his or her capacity as such or an announcement by any governmental, political or regulatory body that it intends to take any such action; or

(xi) the chairman or chief executive officer of the Company or any of the Director vacating his office; or

(xii) an governmental authority or a regulatory body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group or any Director; or

(xiii) any litigation or claim or proceedings being threatened or instigated against any member of the Group or Fosun International; or

(xiv) any contravention by any member of the Group or any Director of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or other applicable laws; or

(xv) a prohibition on the Company for whatever reason from offering, allotting or issuing the Offer Shares (including any additional Offer Shares allotted under the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xvi) non-compliance of this prospectus or the Application Forms (and/or any other documents issued or used in connection with the Global Offering) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or

(xvii) except with the prior written consent of the Joint Representatives, the issue or requirement to issue by the Company of any supplement or amendment to this prospectus or the Application Forms (and/or any other documents issued or used in connection with the Global Offering) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC in circumstances where the matter to be disclosed is, in the sole opinion of the Joint Representatives, adversely affect the marketing for or implementation of the Global Offering; or

(xviii) any change, development or event involving a prospective change in, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or

(xix) an order or a petition is presented for the winding up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(xx) a valid demand by any creditor for repayment or payment of any of the Group’s indebtedness or in respect of which the Group is liable prior to its stated maturity, or any loss or damage sustained by the Group (howsoever caused and whether or not the subject of any claim against any person), and which, individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives (for on behalf of the Hong Kong Underwriters),

(A) has or will have or is likely to have a material adverse effect to the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profit, losses, results of operations, financial or trading position, or performance of the Company or the Group as a whole; or

(B) has or will have or is likely to have a material adverse effect on the success or marketability of the Hong Kong Public Offering or the International Offering or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares; or

(C) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement, or for any part of the Hong Kong Public Offering or the Global Offering or the delivery of the Offer Shares to be performed or implemented or proceed as envisaged or to market the Global Offering; or

(D) has or will have or is likely to have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting, the Hong Kong Public Offering and/or the Global Offering) incapable of performance in accordance with its terms or which prevents or delays the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Representatives after the date of the Hong Kong Underwriting Agreement:

(i) that any statement contained in any of this prospectus, the Application Forms and/or in any notices or announcements published on the website on the Stock Exchange, any press release published on the website on the Company or communications with the Stock Exchange and the SFC issued by or on behalf of the Company in connection with the Hong Kong Public Offering and the Preferential Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate or misleading in any material respect, or that any forecast, estimate, expressions of opinion, intention or expectation contained in any of this prospectus, the Application Forms in connection with the Hong Kong Public Offering and the Preferential Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(ii) material non-compliance of this prospectus and the Application Forms (or any other documents used in connection with the subscription and sale of the Offer Shares) or any material aspect of the Global Offering with the Listing Rules or any other applicable laws and regulations; or

(iii) any event, act or omission which gives or is likely to give rise to any material liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the Hong Kong Underwriting Agreement; or

(iv) any material breach on the part of the Warrantors (as defined in the Hong Kong Underwriting Agreement) of any of the obligations under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the other Underwriters or their respective affiliates); or

(v) any material breach, or any event or circumstance rendering any of the Warranties (as defined in the Hong Kong Underwriting Agreement) untrue or incorrect or misleading in any material respect; or

(vi) any material adverse change or development involving a prospective material adverse change or development in the assets, liabilities, business, management, prospects (financial or otherwise), shareholders' equity profits, losses, results of operations, position or condition, financial or otherwise or performance of any member of the Group; or

(vii) any experts, whose consent is required for the issue of the Hong Kong Prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which respectively appears (other than the Joint Sponsors), has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to such reports, letters and/or legal opinion included in the form and context in which it respectively appears; or

(viii) approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option and any Shares which may be issued under the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, canceled, qualified (other than by customary conditions), revoked or withheld; or

(ix) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute a material omission from any of this prospectus, the Application Forms and/or in any notices, announcements, advertisements, communications or other documents (including any supplement or amendment thereto) issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering and the Preferential Offering; or

(x) the Company withdraws this prospectus and the Application Forms (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering,

then the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and the Joint Sponsors, may, in their sole and absolute discretion and upon giving notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except:

(a) in certain circumstances prescribed by Rule 10.08 of the Listing Rules; or

(b) pursuant to the Global Offering (including the Over-allotment Option).

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Joint Sponsors not to, except for the offer, without the prior written consent of the Joint Sponsors (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of the Company, as applicable, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares as applicable or any interest in any of the foregoing, as applicable); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company, as applicable or any interest in any of the foregoing); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or agree or announce, or publicly disclose, any intention to effect any transaction described in (i), (ii) or (iii) above;

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of the Shares or such other securities of our Company, as applicable, or in cash or otherwise (whether or not such allotment or issue of the Shares or securities of the Company, as applicable will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months commencing on the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the securities of our Company.

Undertaking by the Controlling Shareholders

Pursuant to Rule 10.07(1) and Rule 10.07(3) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, except pursuant to the Stock Borrowing Agreement:

(a) at any time in the period commencing on the date by reference to which disclosure of their shareholding in the Company is made in the Prospectus and ending on the date which is six months from the Listing Date, he or it shall not and shall procure the relevant registered holder(s) shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he or it is shown by the Prospectus to be the beneficial owner;

(b) at any time in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, he or it shall not and shall procure the relevant registered holder(s) shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the

Shares referred to in paragraph (a) above if, immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a Controlling Shareholder and/or a group of Controlling Shareholders of the Company, as the case may be;

(c) within the period commencing on the date by reference to which disclosure of our shareholdings in the Company is made in the Prospectus and ending on the date which is 12 months from the Listing Date, he or it will:

(i) when any of them pledges or charges any securities or interests in any securities of the Company beneficially owned by any of them, whether directly or indirectly, in favor of any authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when any of the Controlling Shareholders receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company in writing of such indications.

Fosun International has undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, save as pursuant to the Global Offering, and the Stock Borrowing Agreement without the prior written consent of the Joint Sponsors (for and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, he or it will not, and procure that none of its affiliates will not, at any time during the period commencing on the date of this Agreement and ending on the date that is twelve months after the Listing Date (the "**Lock-up Period**"):

(i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly (including by way of altering the composition or classes of beneficiaries of any trust), conditionally or unconditionally, any Shares or other securities of the Company (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any Shares), or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any Shares); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or agree to or announce, or publicly disclose, any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company (whether or not the issue of such Shares or other securities of the Company will be completed within the Lock-Up Period).

Without limiting the above, each Controlling Shareholder has further undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, he or it will, at any time during the Lock-up Period:

(i) upon any pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities or interests in the Shares or securities of the Company beneficially owned by him/it for a bona fide commercial loan, immediately inform the Company, the Joint Representatives and the Joint Sponsors in writing of such pledge or charge together with the number of Shares or securities so pledged or charged; and

(ii) upon any indication received by him/it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities of the Company will be disposed of, immediately inform the Company and the Joint Representatives and the Joint Sponsors in writing of such indications.

Indemnity

We have agreed to indemnify the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses incurred arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Commission and Expenses and Joint Sponsors' Fee

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) will receive an underwriting commission of not less than 1.8% of the aggregate Offer Price in respect of all Offer Shares in the Global Offering. In addition, at the discretion of our Company, the Joint Sponsors and/or their respective affiliates may also receive an incentive fee of up to 0.5% of the aggregate Offer Price in respect of all Offer Shares (including any Shares to be issued pursuant to the exercise of the Over-allotment Option).

Assuming the Over-allotment Option is not exercised, without taking into account any Shares that can be issued under the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan, and based on an Offer Price of HK$17.80 (being the mid-point of our Offer Price range stated in this prospectus), the aggregate commissions and fees, together with the Stock Exchange listing fees, the Stock Exchange trading fee of 0.005% per Share, SFC transaction levy of 0.0027% per Share, brokerage fee, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to be approximately HK$143.7 million.

An aggregate amount of US$600,000 (excluding expenses) is payable by the Company as sponsor fees to the Joint Sponsors.

Hong Kong Underwriters' Interests in Our Company

Save for the obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding or beneficial interests in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, it is expected that the International Underwriters would, subject to certain conditions set out therein, severally but not jointly, agree to procure purchasers for, or to purchase, the International Offering Shares being offered pursuant to the International Offering or procure purchasers for their respective applicable proportions of International Offering Shares. Please refer to the section headed "Structure of the Global Offering —The International Offering" for details.

Over-allotment Option and Stabilization

For more details of the arrangements relating to the Over-allotment Option and stabilization, please see the section headed "Structure of the Global Offering" in this prospectus.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares have not been publicly offered, directly or indirectly, in the PRC or the United States.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "Syndicate Members," may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

a. under the agreement among the Syndicate Members, all of them (except for the Stabilization Manager or its designated affiliate as the Stabilization Manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

b. all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In relation to our Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering." Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as described in this Prospectus. The Global Offering comprises:

(a) the Hong Kong Public Offering of initially 21,420,000 Offer Shares (subject to reallocation) in Hong Kong as described below in the section headed "—The Hong Kong Public Offering"; and

(b) the International Offering of initially 192,780,000 Offer Shares (subject to reallocation and the Over- allotment Option) (i) in the United States to Qualified Institutional Buyers, or QIBs, in reliance on Rule 144A or another available exemption; and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in reliance on Regulation S or other available exemption from the registration requirements of the US Securities Act.

Of the 192,780,000 Offer Shares initially being offered under the International Offering, 21,420,000 Offer Shares (representing approximately 11.1% and 10.0% of the Offer Shares initially being offered under the International Offering and the Global Offering, respectively) will be offered to Qualifying Fosun International Shareholders as an Assured Entitlement as described in "—The Preferential Offering."

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both (except that Qualifying Fosun International Shareholders who are eligible to apply for the Reserved Shares in the Preferential Offering may also either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering, if eligible; or (ii) indicate an interest for International Offer Shares under the International Offering, if qualified to do so).

The Offer Shares will represent approximately 17.51% of the issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 19.62% of the issued share capital of us immediately following the completion of the Global Offering. In the event the Over-allotment Option is exercised, the number of Reserved Shares will not change.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering and the Preferential Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 21,420,000 Hong Kong Offer Shares, representing 10% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between (i) the International Offering, and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.8% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over- allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section headed "—Conditions of the Hong Kong Public Offering."

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) will be divided into two pools for allocation purposes:

Pool A: The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total subscription price of HK$5.0 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less.

Pool B: The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total subscription price of more than HK$5.0 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B.

For the purpose of this sub-section only, the "subscription price" for Hong Kong Offer Shares means the price payable on application (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 10,710,000 Hong Kong Offer Shares (being 50% of the 21,420,000 Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

Paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEx-GL91-18 issued by the Stock Exchange require a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if the Offer Shares under the International Offering are fully subscribed or oversubscribed and certain prescribed total demand levels in the Hong Kong Public Offering are reached as further described below:

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then no Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 21,420,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering.

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 64,260,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering.

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 85,680,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering.

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 107,100,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives (for themselves and on behalf of the Underwriters) deem appropriate.

In addition, the Joint Representatives (for themselves and on behalf of the Underwriters) may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, regardless of whether any reallocation pursuant to paragraph 4.2 of Practice Note 18 of the Listing Rules is triggered.

If the Offer Shares under the International Offering are not fully subscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100% of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the Joint Representatives may, at their discretion, reallocate the Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, provided that the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering shall not be increased to more than 42,840,000 Offer Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and 20% of the total number of Offer Shares initially available under the Global Offering in accordance with Guidance Letter HKEx-GL91-18 issued by the Hong Kong Stock Exchange, and the Final Offer Price shall be fixed at the bottom end of the Indicative Offer Price range (i.e., HK$15.60 per Offer Share) stated in this prospectus.

If the Hong Kong Public Offering is not fully subscribed, the Joint Representatives (for themselves and on behalf of the Underwriters) have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate.

The Reserved Shares which are offered under the Preferential Offering to Qualifying Fosun International Shareholders out of the Offer Shares being offered under the International Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$20.00 per Offer Share in addition to the brokerage, SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "—Pricing and Allocation" below, is less than the maximum price of HK$20.00 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares and the Reserved Shares."

THE PREFERENTIAL OFFERING

Basis of the Assured Entitlement

In order to enable Fosun International Shareholders to participate in the Global Offering on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and the Global Offering becoming unconditional, Qualifying Fosun International Shareholders are being invited to apply for an aggregate of 21,420,000 Reserved Shares in the Preferential Offering as Assured Entitlement (representing approximately 11.1% and 10.0% of the Offer Shares initially being offered under the International Offering and the Global Offering, respectively). The Reserved Shares are being offered out of the International Offer Shares under the International Offering and are not subject to reallocation as described in "—The Hong Kong Public Offering—Reallocation" above. In the event the Over-allotment Option is exercised, the number of Reserved Shares will not change.

The basis of the Assured Entitlement is one Reserved Share for every integral multiple of 400 Fosun International Shares held by Qualifying Fosun International Shareholders as at 4:30 p.m. on the Record Date.

Qualifying Fosun International Shareholders should note that Assured Entitlement to Reserved Shares may not represent a number of a full board lot of 200 Shares. Further, the Reserved Shares allocated to the Qualifying Fosun International Shareholders will be rounded down to the closest whole number if required. No odd lot matching services will be provided and dealings in odd lots of the Shares may be at a price below the prevailing market price for full board lots.

Assured Entitlement of Qualifying Fosun International Shareholders to Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

Qualifying Fosun International Shareholders who hold less than 400 Fosun International Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Shares will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares as further described below.

Basis of Allocation for Applications for Reserved Shares

Qualifying Fosun International Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying Fosun International Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Forms or the **Blue Form eIPO** service via **www.eipo.com.hk**, and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying Fosun International Shareholder applies for a number of Reserved Shares which is greater than the Qualifying Fosun International Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full (subject to terms and conditions mentioned above) but the excess portion of such application will only be met to the extent that there are sufficient Available Reserved Shares (as defined below).

Where a Qualifying Fosun International Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Qualifying Fosun International Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement using the **BLUE** Application Forms for Assured Entitlement or who intend to apply for excess Reserved Shares using the **BLUE** Application Forms for excess Reserved Shares, should apply for a number which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form and make a payment of the corresponding amount. If you intend to apply for a number of Assured Entitlement or excess Reserved Shares which is not one of the numbers set out in the table in the **BLUE** Application Form for Assured Entitlement and excess Reserved Shares, you MUST apply by using **Blue Form eIPO** only. If you are a Qualifying Fosun International Shareholder and wish to apply for excess Reserved Shares in addition to your Assured Entitlement, you should complete and sign the **BLUE** Application Form for excess Reserved Shares and lodge it, together with a separate remittance for the full amount payable on application in respect of the excess Reserved Shares applied for or apply for through the **Blue Form eIPO** service via **www.eipo.com.hk**.

To the extent that the excess applications for the Reserved Shares are:

(a) less than the Reserved Shares not taken up by the Qualifying Fosun International Shareholders' Assured Entitlement (the "**Available Reserved Shares**"), the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Representatives, to the International Offering;

(b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on a fair and reasonable basis, which is consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares. If there are any Shares remaining after satisfying the excess applications, such Shares will be reallocated, at the discretion of the Joint Representatives, to the International Offering. No preference will be given to any excess application made to top up odd lot holdings to whole lot holdings of Shares.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering. Beneficial Fosun International Shareholders (not being Non-Qualifying Fosun International Shareholders) whose Fosun International Shares are held by a nominee company should note that the Company will regard the nominee company as a single Fosun International Shareholder according to the register of members of Fosun International. Accordingly, such Beneficial Fosun International Shareholders whose Fosun International Shares are held by a nominee company should note that the arrangement under paragraph (c) above will not apply to them individually. Any Beneficial Fosun International Shareholders (not being Non-Qualifying Fosun International Shareholders) whose Fosun International Shares are registered in the name of a nominee, trustee or registered holder in any other capacity should make arrangements with such nominee, trustee or registered holder in relation to applications for Reserved Shares under the Preferential Offering. Any such person is advised to consider whether it wishes to arrange for the registration of the relevant Fosun International Shares in the name of the beneficial owner prior to the Record Date.

Applications by Qualifying Fosun International Shareholders for the Hong Kong Offer Shares

In addition to any application for Reserved Shares made either through the **Blue Form eIPO** service via **www.eipo.com.hk** or on the **BLUE** Application Form, Qualifying Fosun International Shareholders will be entitled to make one application for Hong Kong Offer Shares on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions to** HKSCC via CCASS or by applying through the **White Form eIPO** service. Qualifying Fosun International Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service under the Hong Kong Public Offering.

Qualifying Fosun International Shareholders and Non-Qualifying Fosun International Shareholders

Only Fosun International Shareholders whose names appeared on the register of members of Fosun International at 4:30 p.m. on the Record Date and who are not Non-Qualifying Fosun International Shareholders, are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying Fosun International Shareholders are those Fosun International Shareholders with registered addresses in, or who are otherwise known by Fosun International to be residents of, jurisdictions outside Hong Kong on the Record Date, in respect of whom the directors of Fosun International and the Company, based on the enquiries made by them, consider it necessary or expedient to exclude from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which the relevant Fosun International Shareholder is resident or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of Fosun International and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territories and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Shares to the Fosun International Shareholders in the Specified Territories. Having considered the circumstances, the directors of Fosun International and the Company have formed the view that it is necessary or expedient to restrict the ability of Fosun International Shareholders in the Specified Territories to take up their Assured Entitlement to the Reserved Shares under the Preferential Offering due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in those territories and/or additional steps which the Company and the Fosun International Shareholders would need to take to comply with the local legal and/or other requirements which would need to be satisfied in order to comply with the relevant local or regulatory requirements in those territories.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying Fosun International Shareholders are:

(a) Fosun International Shareholders whose names appeared in the register of members of Fosun International on the Record Date and whose addresses as shown in such register are in any of the Specified Territories; and

(b) Fosun International Shareholders on the Record Date who are otherwise known by Fosun International to be resident in any of the Specified Territories

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms or the terms and conditions of the **Blue Form eIPO** service, the Company reserves the right to permit any Fosun International Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

Beneficial Fosun International Shareholders who hold Fosun International Shares through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect

Pursuant to Article 23 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland-Hong Kong Stock Markets Connect Programme, CSDCC does not provide services relating to the subscription of newly issued shares. Accordingly, Beneficial Fosun International Shareholders who hold Fosun International Shares through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect cannot participate in the Preferential Offering and will not be able to take up their respective Assured Entitlement to the Reserved Shares under the Preferential Offering through the trading mechanism of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Distribution of this Prospectus and the BLUE Application Forms

A **BLUE** Application Form has been despatched to each Qualifying Fosun International Shareholder. In addition, Qualifying Fosun International Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under Fosun International's corporate communications policy. For further details, see "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

Application Procedures

The procedures for application under and the terms and conditions of the Preferential Offering are set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus and on the **BLUE** Application Forms.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the International Offering will be 192,780,000, representing 90.00% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares initially offered under the International Offering will represent approximately 15.76% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance in Regulation S. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section headed "—Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely hold or sell, Shares, after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our shareholders as a whole.

The Joint Representatives (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Representatives (for themselves and on behalf of the Underwriters) so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in the section headed "—The Hong Kong Public Offering—Reallocation" above, the exercise of the Over-allotment Option in whole or in part described in the section headed "—Over-allotment Option", and any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering and/or any Offer Shares from the International Offering to the Hong Kong Public Offering at the discretion of the Joint Representatives (for themselves and on behalf of the Underwriters).

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters, which will be exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Representatives (for themselves and on behalf of the Underwriters) at any time from the Listing Date to the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue up to 32,130,000 additional Offer Shares, representing 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be issued pursuant thereto will represent approximately 2.56% of our Company's enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a public announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to curb and, if possible, prevent any decline in the market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

J.P. Morgan Securities (Asia Pacific) Limited has been appointed by us as the Stabilization Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with the Global Offering, the Stabilization Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilization Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilization Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Offer Shares or purchasing Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilization Manager will consider, among other things, the price of Offer Shares in the open market as compared to the price at which they may purchase additional Offer Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline in the market price of the Offer Shares while the Global Offering is in progress. Any market purchases of our Offer Shares may be effected on any stock exchange, including the Stock Exchange, any over- the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilization Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing activity, if commenced, will be done at the absolute discretion of the Stabilization Manager and may be discontinued at any time.

Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of the Offer Shares that may be over- allocated will not exceed the number of the Shares that may be sold under the Over-allotment Option, namely, 32,130,000 Offer Shares, which is 15% of the number of Offer Shares initially available under the Global Offering, and cover such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares;

(b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(c) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling or agreeing to sell any of our Shares in order to liquidate any position established as a result of those purchases; and

(f) offering or attempting to do anything as described in (b), (c), (d) or (e) above.

Stabilizing actions by the Stabilization Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilization Manager, or any person acting for it, may maintain a long position in the Shares. The size of the long position, and the period for which the Stabilization Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilization Manager and is uncertain. In the event that the Stabilization Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilizing action by the Stabilization Manager, or any person acting for it, is not permitted to support the price of the Shares for longer than the stabilizing period, which begins on the day on which trading of the Shares commences on the Hong Kong Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on 6 January 2019. As a result, demand for the Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilization Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilization Manager, or any person acting for it, may not necessarily result in the market share of the Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Shares by the Stabilization Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilization Manager (or its affiliate(s)) may choose to borrow up to 32,130,000 Shares (being the maximum number of Shares which may be issued upon exercise of the Over-allotment Option) from Fosun International pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Rule 10.07(3) of the Listing Rules.

PRICING AND ALLOCATION

Determining the Offer Price

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Friday, 7 December 2018 and in any event on or before Thursday, 13 December 2018, by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer Price Range

The Offer Price per Offer Share under the Hong Kong Public Offering will be identical to the offer price per Offer Share under the International Offering based on the Hong Kong dollar price per Offer Share under the International Offering, as determined by the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company.

The Offer Price will not be more than HK$20.00 per Offer Share and is expected to be not less than HK$15.60 per Offer Share, unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Price Payable on Application

Applicants under the Hong Kong Public Offering are required to pay, on application, the Maximum Offer Price of HK$20.00 per each Hong Kong Offer Share (plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee). If the Offer Price is less than HK$15.60, appropriate refund payments (including the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applications.

If, for any reason, our Company and the Joint Representatives (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Thursday, 13 December 2018, the Global Offering will not proceed and will lapse.

Reduction in Number of Offer Shares

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Representatives, for themselves and on behalf of the Underwriters, and our Company, will under no circumstances be set outside the offer price range as stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

In the event of a reduction in the number of Offer Shares, the Joint Representatives (for themselves and on behalf of the Underwriters) may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Representatives (for themselves and on behalf of the Underwriters).

Announcement of Offer Price and Basis of Allocations

The final Offer Price, the level of indications of interest in the Global Offering, the results of allocations and the basis of allotment of the Hong Kong Offer Shares are expected to be announced on Thursday, 13 December 2018, in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at **www.hkexnews.hk** and on the website of our Company at **www.fosunholiday.com**.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other thing, our Company and the Joint Representatives, for themselves and on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section headed "Underwriting."

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares that may be issued under the Over-allotment Option and any Shares which may be issued under the Pre-IPO Share Option Scheme and Pre-IPO Free Share Award Plan), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the Offer Price having been duly agreed between us and the Joint Representatives (for themselves and on behalf of the Underwriters);

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Joint Representatives (for themselves and on behalf of the Underwriters) on or before Thursday, 13 December 2018, the Global Offering will not proceed and will lapse immediately.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of Stock Exchange at **www.hkexnews.hk** and our Company at **www.fosunholiday.com** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares and the Reserved Shares" In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banker(s) or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued by us pursuant to the Global Offering and any Shares which may be issued under the Pre-IPO Share Option Scheme and Pre-IPO Free Share Award Plan.

No part of the Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, our Shares and our Company complies with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 14 December 2018, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 14 December 2018. Our Shares will be traded in board lots of 200 Shares. The stock code of our Shares will be 1992.

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest in International Offer Shares (except in respect of Reserved Shares applied for pursuant to the Preferential Offering).

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Representatives, the Joint Bookrunners, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States (within the meaning of Regulation S), and a person described in paragraph (h)(3) of Rule 902 of Regulation S) and are not a U.S. person (as defined in Regulation S); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Company and the Joint Representatives may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- are a Director or chief executive officer of the Company and/or any of its subsidiaries;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- are a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering (except in respect of Reserved Shares applied for pursuant to the preferential offering).

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk.**

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 30 November 2018 until 12:00 noon on Thursday, 6 December 2018 from:

(i) any of the following offices of the Hong Kong Underwriters:

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong

CLSA Limited
18/F One Pacific Place
88 Queensway
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

(ii) any of the following branches of the receiving banks:

CMB Wing Lung Bank Limited

	Branch Name	Address
Hong Kong Islands	Head Office	45 Des Voeux Road Central
Kowloon	Mongkok Branch	B/F Wing Lung Bank Centre, 636 Nathan Road
New Territories	Tsuen Wan Branch	251 Sha Tsui Road

Hang Seng Bank Limited

	Branch Name	Address
Hong Kong Islands	Head Office	83 Des Voeux Road Central
	Wanchai Branch	1/F Allied Kajima Building, 138 Gloucester Road, Wanchai
Kowloon	Tsimshatsui Branch	18 Carnarvon Road, Kowloon

Standard Chartered Bank (Hong Kong) Limited

	Branch Name	Address
Hong Kong Islands............	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
Kowloon............................	68 Nathan Road Branch	Basement, Shop B1, G/F Golden Crown Court, 66-70 Nathan Road, Tsimshatsui

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 30 November 2018 until 12:00 noon on Thursday, 6 December 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**CMB WING LUNG (NOMINEES) LIMITED—FOSUN TOURISM PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Friday, 30 November 2018 — 9:00 a.m. to 5:00 p.m.
- Saturday, 1 December 2018 — 9:00 a.m. to 1:00 p.m.
- Monday, 3 December 2018 — 9:00 a.m. to 5:00 p.m.
- Tuesday, 4 December 2018 — 9:00 a.m. to 5:00 p.m.
- Wednesday, 5 December 2018 — 9:00 a.m. to 5:00 p.m.
- Thursday, 6 December 2018 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 6 December 2018, the last day for applications or such later time as described in "—D. Effect of Bad Weather on the Opening and Closing of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) **undertake** to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) **agree** to comply with the Cayman Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Memorandum of Association and the Articles of Association;

(iii) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) **confirm** that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) **confirm** that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) **agree** that none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) **undertake** and **confirm** that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering (except in respect of Reserved Shares pursuant to the Preferential Offering);

(viii) **agree** to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Sponsors, the Joint Representatives, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, **agree** and **warrant** that you have complied with all such laws and none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Bookrunners, the Joint Lead Managers and the

Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) **agree** that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) **agree** that your application will be governed by the laws of Hong Kong;

(xii) **represent**, **warrant** and **undertake** that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) **warrant** that the information you have provided is true and accurate;

(xiv) **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) **authorize** the Company to place your name(s) or the name of the HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) **declare** and **represent** that except for an application made by a Qualifying Fosun International Shareholder under the Preferential Offering, this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) **understand** that the Company and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service by you or by any one as your agent or by any other person (except in respect of application for Reserved Shares pursuant to the Preferential Offering); and

(xix) (if you are making the application as an agent for the benefit of another person) **warrant** that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC (except in respect of application for Reserved Shares pursuant to the Preferential Offering); and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Terms and Conditions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM EIPO SERVICE GENERAL

Individuals who meet the criteria in "—Who can apply" may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Friday, 30 November 2018 until 11:30 a.m. on Thursday, 6 December 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 6 December 2018 or such later time as described in "— D. Effect of Bad Weather on the Opening and Closing of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-service and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2.0 for each "Fosun Tourism Group" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Dongjiang River Source Tree Planting" project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square 8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Representatives and our Hong Kong Share Registrar.

GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees **will** do the following things on your behalf:

- **agree** that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- **agree** to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- **undertake** and **confirm** that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- (if the **electronic application instructions** are given for your benefit) **declare** that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- **confirm** that you understand that the Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- **authorize** the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- **agree** that none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- **agree** to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Sponsors, the Joint Representatives, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

- **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- **agree** that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- **agree** with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- **agree** that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- **instructed** and **authorized** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- **instructed** and **authorized** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- **instructed** and **authorized** HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 200 Hong Kong Offer Shares. Instructions for more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Friday, 30 November 2018 — 9:00 a.m. to 8:30 p.m.

- Saturday, 1 December 2018 — 8:00 a.m. to 1:00 p.m.

- Monday, 3 December 2018 — 8:00 a.m. to 8:30 p.m.
- Tuesday, 4 December 2018 — 8:00 a.m. to 8:30 p.m.
- Wednesday, 5 December 2018 — 8:00 a.m. to 8:30 p.m.
- Thursday, 6 December 2018 — 8:00 a.m. to 12:00 noon

Note:

The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 30 November 2018 until 12:00 noon on Thursday, 6 December 2018 (24 hours daily, except on Wednesday, 5 December 2018, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 6 December 2018, the last day for applications or such later time as described in "— D. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving banks, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications in making your electronic applications. The Company, the Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 6 December 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are a Qualifying Fosun International Shareholder applying for Reserved Shares under the Preferential Offering either through the **Blue Form eIPO** service via **www.eipo.com.hk** or on the **BLUE** Application Form, you may also make one application for Hong Kong Offer Shares either on a **WHITE** or **YELLOW** Application Form or electronically through CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or submit an application through the **White Form eIPO** service through the designated website at **www.eipo.com.hk**. However, in respect of any application for Hong Kong Offer Shares using the above methods, you will not enjoy the preferential treatment accorded to you under the Preferential Offering as described in "Structure of the Global Offering—The Preferential Offering".

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange. "Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. APPLICATIONS FOR RESERVED SHARES

1. WHO CAN APPLY

Only Fosun International Shareholders whose names appeared on the register of members of Fosun International on the Record Date and who are not Non-Qualifying Fosun International Shareholders are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying Fosun International Shareholders are those Fosun International Shareholders with registered addresses in, or who are otherwise known by Fosun International to be residents of, jurisdictions outside Hong Kong on the Record Date, in respect of whom the directors of Fosun International and the Company, based on the enquiries made by them, consider it necessary or expedient to exclude them from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which the relevant Fosun International Shareholder is resident or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of Fosun International and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territories and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Shares to the Fosun International Shareholders in the Specified Territories. Having considered the circumstances, the directors of Fosun International and the Company have formed the view that it is necessary or expedient to restrict the ability of Fosun International Shareholders in the Specified Territories to take up their Assured Entitlement to the Reserved Shares under the Preferential Offering due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in those territories and/or additional steps which the Company and the Fosun International Shareholders would need to take to comply with the local legal and/or other requirements which would need to be satisfied in order to comply with the relevant local or regulatory requirements in those territories.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying Fosun International Shareholders are:

(a) Fosun International Shareholders whose names appeared in the register of members of Fosun International on the Record Date and whose addresses as shown in such register are in any of the Specified Territories; and

(b) Fosun International Shareholders on the Record Date who are otherwise known by Fosun International to be resident in any of the Specified Territories.

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms or the terms and conditions of the **Blue Form eIPO** service, the Company reserves the right to permit any Fosun International Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

With respect to the Specified Territories, Fosun International has sent a letter to CCASS Participants (other than CCASS Investor Participants) notifying them that in light of applicable laws and regulations of the Specified Territories, to the extent they hold any Fosun International Shares on behalf of the Non-Qualifying Fosun International Shareholders, they are excluded from participating in the Preferential Offering.

Qualifying Fosun International Shareholders are entitled to apply on the basis of an Assured Entitlement of one Reserved Share for every integral multiple of 400 Fosun International Shares held by them on the Record Date.

Qualifying Fosun International Shareholders who hold less than 400 Fosun International Shares on the Record Date will not have an Assured Entitlement to the Reserved Shares, but they will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares.

If the applicant is a firm, the application must be in the individual members' names, but not in the name of the firm. If the applicant is a body corporate, the **BLUE** Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with the corporation's chop.

If an application is made by a duly authorized person under a valid power of attorney, the Company and the Joint Representatives, as the Company's agents, may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority. The Company and the Joint Representatives, as the Company's agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

You cannot apply for any Reserved Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any of its subsidiaries;
- a Director or chief executive of the Company and/or any of the Company's subsidiaries (other than a Director and/or his associates who are Qualifying Fosun International Shareholders who may apply for Reserved Shares pursuant to the Preferential Offering);
- a connected person of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- a close associate of any of the above persons; or
- a Non-Qualifying Fosun International Shareholder.

2. HOW TO APPLY

An application for Reserved Shares under the Preferential Offering may only be made by Qualifying Fosun International Shareholders either through the **Blue Form eIPO** service via **www.eipo.com.hk** or using **BLUE** Application Forms which have been despatched to Qualifying Fosun International Shareholders by the Company.

Qualifying Fosun International Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying Fosun International Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Forms or the **Blue** Form eIPO service and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying Fosun International Shareholder applies for a number of Reserved Shares which is greater than the Qualifying Fosun International Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied full, subject as mentioned above, but the excess portion of such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Where a Qualifying Fosun International Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Qualifying Fosun International Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement using the **BLUE** Application Forms for Assured Entitlement or who intend to apply for excess Reserved Shares using the **BLUE** Application Forms for excess Reserved Shares, should apply for a number which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form and make a payment of the corresponding amount. If you intend to apply for a number of Assured Entitlement or excess Reserved Shares which is not one of the numbers set out in the table in the **BLUE** Application Form for Assured Entitlement and excess Reserved Shares, you MUST apply by using **Blue Form eIPO** only. If you are a Qualifying Fosun International Shareholder and wish to apply for excess Reserved Shares in addition to your Assured Entitlement, you should complete and sign the **BLUE** Application Form for excess Reserved Shares and lodge it, together with a separate remittance for the full amount payable on application in respect of the excess Reserved Shares applied for or apply for through the **Blue Form eIPO** service via **www.eipo.com.hk**.

To the extent that excess applications for the Reserved Shares are:

(a) less than the Available Reserved Shares, the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Representatives, to the International Offering;

(b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on an allocation basis which will be consistent with the allocation basis commonly used in the case of over- subscription in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications. If there are any Shares remaining after satisfying the excess applications, such Shares will be reallocated, at the discretion of the Joint Representatives, to the International Offering. No preference will be given to any excess applications made to top up odd lot holdings to whole lot holdings of Shares.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering.

Qualifying Fosun International Shareholders who have applied for Reserved Shares under the Preferential Offering, either through the **Blue Form eIPO** service via **www.eipo.com.hk** or on the **BLUE** Application Form, may also make one application either on a **WHITE** or **YELLOW** Application Form, or by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or through the **White Form eIPO** service for the Hong Kong Offer Shares in the Hong Kong Public Offering. However, Qualifying Fosun International Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service under the Hong Kong Public Offering.

Persons who held their Fosun International Shares on the Record Date in CCASS indirectly through a broker/ custodian, and wish to participate in the Preferential Offering, should instruct their broker or custodian to apply for the Reserved Shares on their behalf by no later than the deadline set by HKSCC or HKSCC Nominees. In order to meet the deadline set by HKSCC, such persons should check with their broker/custodian for the timing on the processing of their instructions, and submit their instructions to their broker/custodian as required by them. Persons who held their Fosun International Shares on the Record Date in CCASS directly as a CCASS Investor Participant, and wish to participate in the Preferential Offering, should give their instruction to HKSCC via the CCASS Phone System or CCASS Internet System by no later than the deadline set by HKSCC or HKSCC Nominees.

3. DISTRIBUTION OF THIS PROSPECTUS AND THE BLUE APPLICATION FORMS

BLUE Application Forms have been despatched to all Qualifying Fosun International Shareholders to their address recorded on the register of members of Fosun International on the Record Date.

In addition, Qualifying Fosun International Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under Fosun International's corporate communications policy.

If a Qualifying Fosun International Shareholder has elected to receive corporate communications from Fosun International in printed form under Fosun International's corporate communications policy or has not been asked to elect the means of receiving Fosun International's corporate communications, a printed copy of this prospectus in the elected language version(s) (if applicable) will be despatched to such Qualifying Fosun International Shareholder.

If a Qualifying Fosun International Shareholder (a) has elected to receive an electronic version of corporate communications or (b) is deemed to have consented to receiving the electronic version of corporate communications from Fosun International, an electronic version of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of the Company at **www.fosunholiday.com** and the Stock Exchange at **www.hkexnews.hk** under the section headed "*HKEXnews > Listed Company Information > Latest Information*".

A Qualifying Fosun International Shareholder who has elected to receive or is deemed to have consented to receiving the electronic version of this prospectus may at any time request for a printed copy of this prospectus, free of charge, by sending a request in writing to Fosun International c/o Computershare Hong Kong Investor Services Limited or by email to Fosun International at fosun.ecom@computershare.com.hk. Fosun International will promptly, upon request, send by ordinary post a printed copy of this prospectus to such Qualifying Fosun International Shareholder, free of charge, although such Qualifying Fosun International Shareholder may not receive that printed copy of this prospectus before the close of the Hong Kong Public Offering and the Preferential Offering.

Qualifying Fosun International Shareholders who require a replacement **BLUE** Application Form should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or on its hotline 2862 8555.

Distribution of this prospectus and/or the **BLUE** Application Forms into any jurisdiction other than Hong Kong may be restricted by law. Persons who come into possession of this prospectus and/or the **BLUE** Application Forms come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this prospectus should not be distributed, forwarded or transmitted in, into or from any of the Specified Territories with or without the **BLUE** Application Forms, except to Qualifying Fosun International Shareholders as specified in this prospectus.

Receipt of this prospectus and/or the **BLUE** Application Forms does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/ or the **BLUE** Application Forms must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or the **BLUE** Application Forms should not, in connection with the Preferential Offering, distribute or send the same in, into or from, any of the Specified Territories. If the **BLUE** Application Form is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not apply for any Reserved Shares unless the directors of Fosun International and the Company determine that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this prospectus and/or the **BLUE** Application Form(s) in, into or from any Specified Territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

4. APPLYING THROUGH THE BLUE FORM EIPO SERVICE

If you apply for Reserved Shares online through the **Blue Form eIPO** service:

(a) detailed instructions for application through the **Blue Form eIPO** service are set out on the designated website at **www.eipo.com.hk**. You should read those instructions carefully. If you do not follow the instructions, your application may be rejected by the **Blue Form eIPO** Service Provider and may not be submitted to the Company;

(b) you must provide a valid e-mail address; and

(c) once payment is completed via **electronic application instructions** given by you or for your benefit, an actual application is deemed to have been made. If you submit applications both via the **Blue Form eIPO** service and by using the **BLUE** Application Form, only the application submitted via the **Blue Form eIPO** service will be accepted and the other application will be rejected.

The application for Reserved Shares through the **Blue Form eIPO** service is only a facility provided by the **Blue Form eIPO** Service Provider to Qualifying Fosun International Shareholders. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for application to make your electronic application. The Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents and any other parties involved in the Global Offering and the **Blue Form eIPO** Service Provider take no responsibility for such applications.

5. APPLYING BY USING BLUE APPLICATION FORMS

(a) The **BLUE** Application Form will be rejected by the Company if:

- the **BLUE** Application Form is not completed in accordance with the instructions as stated in the **BLUE** Application Form;

- the **BLUE** Application Form has not been duly signed (only written signatures are acceptable) (or in the case of a joint application, not all applicants have signed);

- in respect of applicants who are corporate entities, the **BLUE** Application Form has not been duly signed (only written signature is acceptable) by an authorized officer or affixed with a company chop;

- the cheque/banker's cashier order/**BLUE** Application Form is defective;

- the **BLUE** Application Form for either Reserved Shares pursuant to the Assured Entitlement or excess Reserved Shares is not accompanied with a cheque/banker's cashier order or is accompanied by more than one cheque/banker's cashier order for each of the application for Assured Entitlement and excess application for Reserved Shares;

- the account name on the cheque/banker's cashier order is not pre-printed or certified by the issuing bank;

- the cheque/banker's cashier order is not drawn on a Hong Kong dollar bank account in Hong Kong;

- the name of the payee indicated on the cheque/banker's cashier order is not "CMB WING LUNG (NOMINEES) LIMITED — FOSUN TOURISM PREFERENTIAL OFFER";

- the cheque has not been crossed "Account Payee Only";

- the cheque was post-dated;

- the applicant's payment is not made correctly or if the applicant pays by cheque or banker's cashier order the cheque or banker's cashier order is dishonored on its first presentation;

- the applicant's name/the first applicant's name on the joint application is not the same as the name pre-printed or certified/endorsed by the drawee bank on the cheque/banker's cashier order;

- any alteration(s) to the application details on the **BLUE** Application Form has or have not been authorized by the signature(s) of the applicant(s);

- the Company believes that by accepting the application, the Company would violate the applicable securities or other laws, rules or regulations of the jurisdiction where the **BLUE** Application Form is received or where the applicant's address is located; or

- the Company and the Joint Representatives, and their respective agents or nominees, exercise their discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

(b) If you are applying by using the **BLUE** Application Form for Assured Entitlement, you may apply for a number of Reserved Shares pursuant to your Assured Entitlement that is equal to or less than the number stated in Box B. If you intend to apply for a number of Reserved Shares that is less than your Assured Entitlement, you MUST apply for a number which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount (other than HKSCC Nominees). If you intend to apply for a number of Assured Entitlement which is not one of the numbers set out in the table in the **BLUE Application Form** for Assured Entitlement, you MUST apply by using **Blue Form eIPO** only. You need to complete and sign the **BLUE** Application Form for Assured Entitlement and submit one cheque (or banker's cashier order) for the exact amount of remittance printed in Box B or the corresponding amount payable as set out in the table in the **BLUE** Application Form.

(c) If you are applying by using the **BLUE** Application Form for excess Reserved Shares, you MUST apply for a number which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount (other than HKSCC Nominees). If you intend to apply for a number of excess Reserved Shares which is not one of the numbers set out in the table in the **BLUE** Application Form for excess Reserved Shares, you MUST apply by using **Blue Form eIPO** only. You need to complete and sign the **BLUE** Application Form for excess Reserved Shares and submit one separate cheque (or banker's cashier order) for the exact amount of remittance.

(d) If you intend to apply for both Reserved Shares pursuant to your Assured Entitlement and excess Reserved Shares, you must submit both the **BLUE** Application Form for Assured Entitlement and the **BLUE** Application Form for excess Reserved Shares. Each **BLUE** Application Form must be accompanied by a separate cheque (or banker's cashier order) for the exact amount of remittance.

Instead of using the **BLUE** Application Form, you may apply for Reserved Shares through the **Blue Form eIPO** service at **www.eipo.com.hk**.

6. WHEN MAY APPLICATIONS BE MADE

(a) Application through the Blue Form eIPO service

You may submit your application via the **Blue Form eIPO** service through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Friday, 30 November 2018 until 11:30 a.m. on Thursday, 6 December 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 6 December 2018, the last day for applications, or such later time as described in "—D. Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

If you do not complete payment of the application monies (including any related fees) in time, the **Blue Form eIPO** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.eipo.com.hk**.

(b) Applications on BLUE Application Form(s)

Your completed **BLUE** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**CMB WING LUNG (NOMINEES) LIMITED —FOSUN TOURISM PREFERENTIAL OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above at the following times:

- Friday, 30 November 2018 — 9:00 a.m. to 5:00 p.m.
- Saturday, 1 December 2018 — 9:00 a.m. to 1:00 p.m.
- Monday, 3 December 2018 — 9:00 a.m. to 5:00 p.m.
- Tuesday, 4 December 2018 — 9:00 a.m. to 5:00 p.m.
- Wednesday, 5 December 2018 — 9:00 a.m. to 5:00 p.m.
- Thursday, 6 December 2018 — 9:00 a.m. to 12:00 noon

Completed **BLUE** Application Forms, together with payment attached, must be lodged by 12:00 noon on Thursday, 6 December 2018, the last day for applications, or such later time as described in "—D. Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

(c) Application Lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 6 December 2018, the last day for applications, or such later time as described in "—D. Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

7. HOW MANY APPLICATIONS MAY BE MADE

You should refer to "—A. Applications for Hong Kong Offer Shares—8. How Many Applications Can You Make" above for the situations where you may make an application for Hong Kong Offer Shares under the Hong Kong Public Offering in addition to application(s) for Reserved Shares under the Preferential Offering.

8. ADDITIONAL TERMS AND CONDITIONS AND INSTRUCTIONS

You should refer to the **BLUE** Application Form for details of the additional terms and conditions and instructions which apply to applications for Reserved Shares.

C. HOW MUCH ARE THE HONG KONG OFFER SHARES AND THE RESERVED SHARES

The Maximum Offer Price is HK$20.00 per Offer Share. You must pay the Maximum Offer Price, brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% in full upon application for the Hong Kong Offer Shares or Reserved Shares under the terms set out in the Application Forms. This means that for one board lot of 200 Hong Kong Offer Shares or one board lot of 200 Reserved Shares, you will pay HK$4,040.31.

The Application Forms have tables showing the exact amount payable for the number of Offer Shares that may be applied for.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW Application Form** or through the **White Form eIPO** service in respect of a minimum of 200 Shares Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 200 Shares Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see "Structure of the Global Offering—Pricing and Allocation."

D. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 6 December, 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 6 December 2018 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable", an announcement will be made in such event.

E. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering and the basis of allocation of the Hong Kong Offer Shares and the Reserved Shares on Thursday, 13 December 2018 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company's website at **www.fosunholiday.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering and the Preferential Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.fosunholiday.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, 13 December 2018;

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 13 December 2018 to 12:00 midnight on Wednesday, 19 December 2018;

- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, 13 December 2018 to Sunday, 16 December 2018;

- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 13 December 2018 to Saturday, 15 December 2018 at all the receiving bank designated branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

F. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service and/or **Blue Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allocation of Hong Kong Offer Shares and/or Reserved Shares is void:

The allocation of Hong Kong Offer Shares and/or Reserved Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications (other than an application (if any) made either through the **Blue Form eIPO** service via **www.eipo.com.hk** or on the **BLUE** Application Form in your capacity as a Qualifying Fosun International Shareholder);

- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;

- your Application Form is not completed in accordance with the stated instructions;

- your **electronic application instructions** through the **White Form eIPO** service and/or **Blue Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;

- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;

- the Underwriting Agreements do not become unconditional or are terminated;

- the Company or the Joint Representatives believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

G. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$20.00 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering—Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, 12 December 2018.

H. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE**, **YELLOW** or **BLUE** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allocated to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares and/or Reserved Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Thursday, 13 December 2018. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 14 December 2018 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) ***If you apply using a WHITE or BLUE Application Form***

If you apply for (i) 1,000,000 or more Hong Kong Offer Shares on a **WHITE** Application Form or (ii) 1,000,000 or more Reserved Shares on a **BLUE** Application Form and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 13 December 2018 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for (i) less than 1,000,000 Hong Kong Offer Shares on a **WHITE** Application Form or (ii) less than 1,000,000 Reserved Shares on a **BLUE** Application Form, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, 13 December 2018, by ordinary post and at your own risk.

(ii) ***If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Thursday, 13 December 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 13 December 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Offering Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offering Shares allocated to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 13 December 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) ***If you apply through the White Form eIPO Service or Blue Form eIPO Service***

If you apply for (i) 1,000,000 or more Hong Kong Offer Shares through the **White Form eIPO** service or (ii) 1,000,000 or more Reserved Shares through the **Blue Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) from The Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 13 December 2018, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for (i) less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service or (ii) less than 1,000,000 Reserved Shares through the **Blue Form eIPO** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, 13 December 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) ***If you apply via Electronic Application Instructions to HKSCC***

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 13 December 2018, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocation of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Thursday, 13 December 2018. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 13 December 2018 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 13 December 2018. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 13 December 2018.

I. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

The following is the text of a report on Fosun Tourism Group received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
Fosun Tourism Group
J.P. Morgan Securities (Far East) Limited
CLSA Capital Markets Limited
Citigroup Global Markets Asia Limited

Dear Sirs,

We report on the historical financial information of Fosun Tourism Group (the "Company" formerly known as Fosun Tourism and Culture Group (Cayman) Company Limited), and its subsidiaries (together, the "Group") set out on pages I-4 to I-149, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 (the "Track Record Period"), and the consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 and 30 June 2018 and the statements of financial position of the Company as at 31 December 2016 and 2017 and 30 June 2018 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-149 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 November 2018 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company (the "Directors") are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2015, 2016 and 2017 and 30 June 2018 and the Company as at 31 December 2016, 2017 and 30 June 2018 and of the financial performance and cash flows of the Group for each of the Track Record Period in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2017 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

No dividends have been paid by the Company in respect of the Track Record Period.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
30 November 2018

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

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

1. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December			Six months ended 30 June	
		2015	2016	2017	2017	2018
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
REVENUE	5	8,902,569	10,782,975	11,799,394	6,184,649	6,667,416
Cost of revenue		(6,834,697)	(8,242,177)	(8,969,045)	(4,583,175)	(4,868,914)
Gross profit		2,067,872	2,540,798	2,830,349	1,601,474	1,798,502
Other (expenses)/income and gains, net	6	(322,663)	26,308	208,510	16,308	39,530
Selling and marketing expenses		(1,622,303)	(1,904,861)	(2,170,996)	(1,147,916)	(1,167,730)
General and administrative expenses		(499,112)	(599,115)	(794,474)	(336,845)	(655,740)
Operating (loss)/profit		(376,206)	63,130	73,389	133,021	14,562
Finance costs	8	(426,145)	(497,165)	(433,092)	(249,964)	(198,818)
Share of profits and losses of:						
Joint ventures		(491)	(9,934)	(19,290)	(8,635)	(3,435)
Associates		4,487	(1,380)	1,478	854	1,607
LOSS BEFORE INCOME TAX	7	(798,355)	(445,349)	(377,515)	(124,724)	(186,084)
Income tax (expense)/credit	11	(155,344)	(27,208)	82,519	(64,341)	51,470
LOSS FOR THE YEAR/PERIOD		(953,699)	(472,557)	(294,996)	(189,065)	(134,614)
Attributable to:						
Equity holders of the Company		(630,952)	(350,212)	(196,502)	(149,008)	(254,524)
Non-controlling interests		(322,747)	(122,345)	(98,494)	(40,057)	119,910
		(953,699)	(472,557)	(294,996)	(189,065)	(134,614)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:	12					
Basic and diluted						
- For loss for the year/period (RMB)		N/A	N/A	N/A	N/A	N/A

2. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
LOSS FOR THE YEAR/PERIOD	(953,699)	(472,557)	(294,996)	(189,065)	(134,614)
OTHER COMPREHENSIVE INCOME					
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:					
Effective portion of changes in fair value of hedging instruments arising during the year/period	(283)	(18,354)	(39,599)	27,024	20,422
Reclassification adjustments for gains/(losses) included in the consolidated statements of profit or loss	—	301	19,145	(12,100)	14,132
Exchange differences on translation of foreign operations	(221,976)	58,150	(396,366)	(227,157)	(138,144)
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	(222,259)	40,097	(416,820)	(212,233)	(103,590)
Other comprehensive (loss)/income not to be reclassified to profit or loss subsequent periods:					
Actuarial reserve relating to employee benefits, net of tax	(22,209)	(3,832)	(6,364)	8,181	(246)
Changes in fair value on equity investments measured at fair value through other comprehensive income	—	—	(18,379)	—	(147,625)
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods	(22,209)	(3,832)	(24,743)	8,181	(147,871)
OTHER COMPREHENSIVE (LOSS)/INCOMEFOR THE YEAR/PERIOD, NET OF TAX	(244,468)	36,265	(441,563)	(204,052)	(251,461)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD	(1,198,167)	(436,292)	(736,559)	(393,117)	(386,075)
Attributable to:					
Equity holders of the Company	(756,226)	(359,874)	(448,470)	(259,135)	(448,013)
Non-controlling interests	(441,941)	(76,418)	(288,089)	(133,982)	61,938
	(1,198,167)	(436,292)	(736,559)	(393,117)	(386,075)

3. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
		2015	2016	2017	2018
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	14	6,582,063	8,031,696	9,712,461	9,910,380
Prepaid land lease payments	15	867,658	845,645	832,732	821,773
Intangible assets	16	2,239,749	2,320,371	2,525,089	2,509,239
Goodwill	17	1,570,835	1,617,682	1,727,382	1,693,996
Investments in joint ventures	19	7,159	22,725	3,435	—
Investments in associates	20	198,034	150,907	143,672	156,976
Long-term investments measured at fair value through profit or loss	21	54,952	46,990	18,499	15,992
Long-term investments measured at fair value through other comprehensive income	21	—	195,004	190,064	808,940
Properties under development	22	—	—	486,282	499,286
Due from related companies	23	31,219	32,201	59,885	54,288
Prepayments, deposits and other receivables	24	602,729	478,102	475,601	991,984
Deferred tax assets	25	125,138	136,411	259,507	351,942
Total non-current assets		12,279,536	13,877,734	16,434,609	17,814,796
CURRENT ASSETS					
Inventories	26	143,635	143,337	151,099	145,606
Completed properties for sale	27	26,919	49,781	27,581	1,296,964
Properties under development	22	1,434,369	1,709,717	2,433,876	1,899,214
Trade receivables	28	446,891	489,410	989,937	833,185
Contract assets	29	—	10,498	103,201	122,801
Prepayments, deposits and other receivables	24	1,344,472	1,514,818	2,364,453	2,630,783
Due from related companies	23	21,591	200,761	5,029,720	1,937,758
Derivative financial instruments	30	33,447	40,611	35,181	38,403
Short-term investments measured at fair value through profit or loss	21	—	—	130,000	—
Restricted cash	31	149	274,213	640,450	328,468
Cash and cash equivalents	31	525,106	1,323,469	989,723	1,393,667
		3,976,579	5,756,615	12,895,221	10,626,849
Non-current assets held for sale	32	59,529	—	—	—
Total current assets		4,036,108	5,756,615	12,895,221	10,626,849

		As at 31 December			As at 30 June
		2015	2016	2017	2018
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
CURRENT LIABILITIES					
Interest-bearing bank borrowings .	33	409,429	532,159	712,283	674,814
Contract liabilities	34	504,994	1,719,908	6,573,325	7,665,802
Trade payables	35	978,166	1,135,167	1,244,064	1,669,942
Accrued liabilities and other payables	36	2,933,986	3,463,600	4,457,659	4,388,489
Tax payable		57,010	88,336	286,111	55,899
Finance lease payables	37	2,398	4,260	6,312	6,320
Due to related companies	23	3,428,368	1,337,686	3,348,278	1,931,023
Derivative financial instruments ...	30	37,378	69,780	78,109	49,857
Total current liabilities		8,351,729	8,350,896	16,706,141	16,442,146
NET CURRENT LIABILITIES ..		(4,315,621)	(2,594,281)	(3,810,920)	(5,815,297)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,963,915	11,283,453	12,623,689	11,999,499
NON-CURRENT LIABILITIES					
Convertible redeemable preferred shares	38	456,006	509,001	588,387	152,891
Convertible bonds	39	923,094	1,028,856	1,188,672	309,584
Interest-bearing bank borrowings .	33	3,232,243	4,386,872	4,899,270	4,839,408
Finance lease payables	37	23,308	20,079	79,989	75,023
Deferred income	40	145,456	148,577	121,591	117,464
Due to related companies	23	2,510,002	2,761,817	—	—
Other long term payables	41	501,397	473,957	473,629	450,213
Deferred tax liabilities	25	848,054	788,521	724,662	682,881
Total non-current liabilities		8,639,560	10,117,680	8,076,200	6,627,464
Net (liabilities)/assets		(675,645)	1,165,773	4,547,489	5,372,035
EQUITY					
Equity attributable to owners of the parent					
Share capital	42	—	—	—	7
Reserves	43	(815,498)	1,050,130	4,617,490	5,109,359
		(815,498)	1,050,130	4,617,490	5,109,366
Non-controlling interests	45	139,853	115,643	(70,001)	262,669
Total equity		(675,645)	1,165,773	4,547,489	5,372,035

4. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2015

		Attributable to equity holders of the Company									
		Issued share capital	Share premium*	Fair value reserve*	Capital and other reserve*	Merger reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	a(i)	—	—	—	200,589	—	842	(119,952)	81,479	—	81,479
Loss for the year		—	—	—	—	—	—	(630,952)	(630,952)	(322,747)	(953,699)
Exchange differences on translation of foreign operations		—	—	—	—	—	(110,904)	—	(110,904)	(111,072)	(221,976)
Cash flow hedges, net of tax		—	—	—	(181)	—	—	—	(181)	(102)	(283)
Actuarial reserve relating to employee benefits, net of tax		—	—	—	(14,189)	—	—	—	(14,189)	(8,020)	(22,209)
Total comprehensive income for the year		—	—	—	(14,370)	—	(110,904)	(630,952)	(756,226)	(441,941)	(1,198,167)
Deemed contribution from subsidiaries of the Controlling Shareholder	a(i)	—	—	—	7,500	—	—	—	7,500	—	7,500
Dividends paid to non-controlling shareholders of subsidiaries		—	—	—	—	—	—	—	—	(13,759)	(13,759)
Capital contribution from non-controlling shareholders of subsidiaries		—	—	—	—	—	—	—	—	138,611	138,611
Acquisition of subsidiaries	46(a)	—	—	—	—	—	—	—	—	318,758	318,758
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of a subsidiary		—	—	—	(148,886)	—	—	—	(148,886)	138,598	(10,288)
Others		—	—	—	635	—	—	—	635	(414)	221
At 31 December 2015		—	—	—	45,468	—	(110,062)	(750,904)	(815,498)	139,853	(675,645)

Year ended 31 December 2016

		Attributable to equity holders of the Company									
		Issued share capital	Share premium*	Fair value reserve*	Capital and other reserve*	Merger reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016		—	—	—	45,468	—	(110,062)	(750,904)	(815,498)	139,853	(675,645)
Loss for the year		—	—	—	—	—	—	(350,212)	(350,212)	(122,345)	(472,557)
Exchange differences on translation of foreign operations		—	—	—	—	—	5,068	—	5,068	53,082	58,150
Cash flow hedges, net of tax		—	—	—	(12,151)	—	—	—	(12,151)	(5,902)	(18,053)
Actuarial reserve relating to employee benefits, net of tax		—	—	—	(2,579)	—	—	—	(2,579)	(1,253)	(3,832)
Total comprehensive income for the year		—	—	—	(14,730)	—	5,068	(350,212)	(359,874)	(76,418)	(436,292)
Deemed contribution from subsidiaries of the Controlling Shareholder	a(ii)(iii)	—	—	—	14,616	2,300,531	—	—	2,315,147	—	2,315,147
Transfer of capital and other reserves	a(iv)	—	—	—	(222,705)	222,705	—	—	—	—	—
Dividends paid to non-controlling shareholders of subsidiaries		—	—	—	—	—	—	—	—	(10,095)	(10,095)
Acquisition of additional interests in subsidiaries		—	—	—	(40,977)	—	—	—	(40,977)	25,517	(15,460)
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of a subsidiary		—	—	—	(48,181)	—	—	—	(48,181)	37,026	(11,155)
Others		—	—	—	(487)	—	—	—	(487)	(240)	(727)
At 31 December 2016		—	—	—	(266,996)	2,523,236	(104,994)	(1,101,116)	1,050,130	115,643	1,165,773

Year ended 31 December 2017

		Attributable to equity holders of the Company									
		Issued share capital	Share premium*	Fair value reserve*	Capital and other reserve*	Merger reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017		—	—	—	(266,996)	2,523,236	(104,994)	(1,101,116)	1,050,130	115,643	1,165,773
Loss for the year		—	—	—	—	—	—	(196,502)	(196,502)	(98,494)	(294,996)
Net changes in fair value of equity investments measured at fair value through other comprehensive income		—	—	(12,257)	—	—	—	—	(12,257)	(6,122)	(18,379)
Exchange differences on translation of foreign operations		—	—	—	—	—	(221,826)	—	(221,826)	(174,540)	(396,366)
Cash flow hedges, net of tax		—	—	—	(13,641)	—	—	—	(13,641)	(6,813)	(20,454)
Actuarial reserve relating to employee benefits, net of tax		—	—	—	(4,244)	—	—	—	(4,244)	(2,120)	(6,364)
Total comprehensive income for the year		—	—	(12,257)	(17,885)	—	(221,826)	(196,502)	(448,470)	(288,089)	(736,559)
Issue of shares	42(ii)(iii)	—	6,816,506	—	—	—	—	—	6,816,506	—	6,816,506
Disposal of subsidiaries	46(b)	—	—	—	—	—	—	—	—	(11,433)	(11,433)
Dividends paid to non-controlling shareholders of subsidiaries		—	—	—	—	—	—	—	—	(5,598)	(5,598)
Deemed contribution from the Controlling Shareholder	a(v)	—	—	—	—	1,225,100	—	—	1,225,100	—	1,225,100
Deemed contribution from the ultimate controlling shareholder		—	—	—	—	1,800	—	—	1,800	—	1,800
Deemed distribution to subsidiaries of the Controlling Shareholder	a(vi)	—	—	—	—	(3,907,610)	—	—	(3,907,610)	—	(3,907,610)
Disposal of partial interests in a subsidiary without losing control		—	—	—	12,323	—	—	—	12,323	(7,253)	5,070
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of a subsidiary		—	—	—	(132,289)	—	—	—	(132,289)	126,729	(5,560)
At 31 December 2017		—	6,816,506	(12,257)	(404,847)	(157,474)	(326,820)	(1,297,618)	4,617,490	(70,001)	4,547,489

Six months ended 30 June 2017 (unaudited)

		Attributable to equity holders of the Company									
		Issued share capital	Share premium*	Fair value reserve*	Capital and other reserve*	Merger reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017		—	—	—	(266,996)	2,523,236	(104,994)	(1,101,116)	1,050,130	115,643	1,165,773
Loss for the period		—	—	—	—	—	—	(149,008)	(149,008)	(40,057)	(189,065)
Exchange differences on translation of foreign operations		—	—	—	—	—	(125,528)	—	(125,528)	(101,629)	(227,157)
Cash flow hedges, net of tax		—	—	—	9,945	—	—	—	9,945	4,979	14,924
Actuarial reserve relating to employee benefits, net of tax		—	—	—	5,456	—	—	—	5,456	2,725	8,181
Total comprehensive income for the period		—	—	—	15,401	—	(125,528)	(149,008)	(259,135)	(133,982)	(393,117)
Issue of shares	42(ii)	—	4,146,506	—	—	—	—	—	4,146,506	—	4,146,506
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	(4,325)	(4,325)
Deemed contribution from the Controlling Shareholder	a(v)	—	—	—	—	1,225,100	—	—	1,225,100	—	1,225,100
Deemed distribution to subsidiaries of the Controlling Shareholer	a(vi)	—	—	—	—	(3,907,610)	—	—	(3,907,610)	—	(3,907,610)
Disposal of partial interests in a subsidiary without losing Control		—	—	—	12,781	—	—	—	12,781	(7,862)	4,919
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of a subsidiary		—	—	—	(66,988)	—	—	—	(66,988)	62,035	(4,953)
At 30 June 2017		—	4,146,506		(305,802)	(159,274)	(230,522)	(1,250,124)	2,200,784	31,509	2,232,293

Six months ended 30 June 2018

		Attributable to equity holders of the Company									
		Issued share Capital	Share premium*	Fair value reserve*	Capital and other reserve*	Merger reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018		—	6,816,506	(12,257)	(404,847)	(157,474)	(326,820)	(1,297,618)	4,617,490	(70,001)	4,547,489
Loss for the period		—	—	—	—	—	—	(254,524)	(254,524)	119,910	(134,614)
Net changes in fair value of equity investments measured at fair value through other comprehensive income		—	—	(100,938)	—	—	—	—	(100,938)	(46,687)	(147,625)
Exchange differences on translation of foreign operations		—	—	—	—	—	(116,009)	—	(116,009)	(22,135)	(138,144)
Cash flow hedges, net of tax		—	—	—	23,626	—	—	—	23,626	10,928	34,554
Actuarial reserve relating to employee benefits, net of tax		—	—	—	(168)	—	—	—	(168)	(78)	(246)
Total comprehensive income for the period		—	—	(100,938)	23,458	—	(116,009)	(254,524)	(448,013)	61,938	(386,075)
Issue of shares	42(vi)	—	1,346,426	—	—	—	—	—	1,346,426	—	1,346,426
Issue of restricted shares under share ownership plan	b	7	61,337	—	(61,344)	—	—	—	—	—	-
Equity-settled share-based payments	b	—	—	—	34,044	—	—	—	34,044	—	34,044
Dividends paid to non-controlling shareholders of subsidiaries		—	—	—	—	—	—	—	—	(22,251)	(22,251)
Deemed contribution from the ultimate controlling shareholder		—	—	—	—	1,000	—	—	1,000	—	1,000
Deemed distribution to the ultimate controlling shareholder		—	—	—	—	(2,800)	—	—	(2,800)	—	(2,800)
Acquisition of additional equity interests of a subsidiary		—	—	(30,217)	(201,500)	—	(94,527)	—	(326,244)	324,077	(2,167)
Capital contribution from non-controlling shareholders of subsidiaries		—	—	—	—	—	—	—	—	5,773	5,773
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of a subsidiary		—	—	—	(112,537)	—	—	—	(112,537)	(36,867)	(149,404)
At 30 June 2018		7	8,224,269	(143,412)	(722,726)	(159,274)	(537,356)	(1,552,142)	5,109,366	262,669	5,372,035

*: These reserve accounts comprise the consolidated reserves of RMB(815,498,000), RMB1,050,130,000, RMB4,617,490,000 and RMB5,109,359,000 in the consolidated statement of financial position as at 31 December 2015, 2016 and 2017 and 30 June 2018.

Note (i):

(a) Pursuant to the Reorganization, Fosun Luxembourg Holdings S.à r.l. ("Fosun Luxembourg"), Shanghai Fanyou Investment Management Co., Ltd. ("Shanghai Fanyou", formerly known as Shanghai Xiuping Investment Management Co., Ltd) and Shanghai Qijin Investment Management Co., Ltd. ("Qijin Investment") which are now comprising the Group were acquired by the Company from the Controlling Shareholder in 2017. These subsidiaries acquired by the Company were under the common control of the Controlling Shareholder before and after the acquisition. Accordingly, the principles of merger accounting was applied as if the acquisition had been completed on the date of incorporation of the Company.

(i) The amount of the share capital as at 1 January 2015 and the subsequent increase in share capital of Fosun Luxembourg, Shanghai Fanyou and Qijin Investment before the acquisition were recorded in capital and other reserve prior to the incorporation of the Company in September 2016. Upon the incorporation of the Company, it was reclassified to merger reserve accordingly.

(ii) In February 2016, Fosun Luxembourg capitalized its liabilities due to a subsidiary of the Controlling Shareholder amounted to EUR2,000,000 (equivalent to RMB14,616,000) to its share capital which was recorded in capital and other reserve before the incorporation of the Company.

(iii) In October 2016, Shanghai Fanyou and Qijin Investment, capitalized their payables due to a subsidiary of the Controlling Shareholder amounted to RMB2,300,531,000 to its share capital which was recorded in merger reserve after the incorporation of the Company.

(iv) Upon incorporation of the Company in September 2016, capital and other reserves which represents the share capital of Fosun Luxembourg, Shanghai Fanyou and Qijin Investment was reclassified to merge reserve accordingly.

(v) In February 2017, Fosun Luxembourg capitalized its liabilities due to a subsidiary of the Controlling Shareholder amounted to EUR159,504,725 (equivalent to RMB1,225,100,000) to its share capital which was recorded in merger reserve.

(vi) In February 2017, the Group completed the acquisition of the entire equity interests in Shanghai Fanyou and Qijin Investment at a consideration of RMB2,667,804,000. Amount due to the related companies was recorded and merger reserve decreased accordingly.

In May 2017, the Group completed the acquisition of the entire equity interests of Fosun Luxembourg. The consideration was settled in the form of additional issue of the shares of the Company to the Controlling Shareholder. The share capital and share premium of the Company increased while the merger reserve decreased by RMB1,239,806,000 accordingly. Details are set out in note 42(ii).

(b) On 18 June 2018, 9,038,501 shares were allotted and issued to eligible participants at a consideration of HKD8.05 per share under the share ownership plan as set out in note 44. The total consideration was HKD72,759,933 (equivalent to RMB61,344,000). The consideration amount exceeds the share capital was included in the share premium. The repurchase obligation of the Company for the restricted shares issued was recognized as liability (note 36) and debited to capital and other reserve.

The expenses recognized for the share-based payments amounted to RMB34,044,000 and credited to capital and other reserve. Details are set out in note 44.

5. CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
		2015	**2016**	**2017**	**2017**	**2018**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before income tax		(798,355)	(445,349)	(377,515)	(124,724)	(186,084)
Adjustments for:						
Depreciation of items of property, plant and equipment	7	314,749	494,537	521,801	259,123	303,115
Amortization of prepaid land land lease payments	7	21,420	22,013	22,062	11,007	11,110
Amortization of intangible assets	7	38,478	61,912	146,873	94,676	46,962
Provision for impairment of items of property, plant and equipment	7	950	6,455	37,425	5,183	25,414
Provision for impairment of intangible assets	7	842	—	10,614	—	15,800
Provision/(reversal of provision) for impairment of receivables	7	24,681	(4,718)	11,186	5,889	1,741
Provision/(reversal of provision) for inventories	7	1,536	(901)	2,258	1,827	(349)
Deferred income	40	(13,186)	(16,152)	(8,370)	(5,379)	(2,404)
Loss on the fair value change of investments measured at fair value through profit or loss	6	—	10,073	7,918	—	—
Gain on the fair value change of investments measured at fair value through profit or loss	6	—	—	—	—	(7,868)
Interest income	6	(23,561)	(16,207)	(33,403)	(13,794)	(12,615)
Interest expenses	8	426,145	497,165	433,092	249,964	198,818
Gain on disposal of items of property, plant and equipment	6	—	(17,525)	(91,566)	(26,792)	(25,830)
Gain on disposal of a subsidiary	6	—	—	(192,549)	—	—
Gain on disposal of investment in associates	6	—	(63,029)	—	—	—
(Gain)/loss on fair value adjustment on derivative financial instruments	7	(1,031)	8,131	(6,753)	(4,940)	3,513
Loss on disposal of loan receivables	7	—	33,640	—	—	—
Write-off receivables	7	22,850	—	—	—	—
Equity-settled share-based payments	7	—	—	—	—	34,044
Share of profits and losses of a joint venture		491	9,934	19,290	8,635	3,435
Share of profits and losses of associates		(4,487)	1,380	(1,478)	(854)	(1,607)
CASH INFLOWS BEFORE WORKING CAPITAL CHANGES		11,522	581,359	500,885	459,821	407,195

	Notes	Year ended 31 December 2015 RMB'000	2016 RMB'000	2017 RMB'000	Six months ended 30 June 2017 RMB'000 (Unaudited)	2018 RMB'000
(Increase)/decrease in completed properties for sale		(26,919)	(22,862)	22,200	49,781	(1,036,050)
(Increase)/decrease in properties under development		(106,348)	(209,414)	(642,645)	(259,291)	709,298
Decrease/(increase) in inventories		77,369	1,199	(10,020)	8,421	4,126
Increase in contract assets		—	(10,498)	(92,703)	(41,977)	(19,600)
(Increase)/decrease in trade receivables		(160,532)	(51,551)	(513,646)	30,601	155,202
Decrease/(increase) in prepayments, deposits and other receivables		48,348	(71,774)	(537,402)	(399,133)	(782,510)
(Increase)/decrease in restricted cash		(149)	(274,064)	(366,237)	(211,950)	311,982
Increase in amounts due from related companies		—	—	—	—	(1,223)
(Decrease)/increase in trade payables		(49,813)	101,549	111,093	14,331	67,301
Increase/(decrease) in amounts due to related companies		—	—	12,078	—	(4,606)
Increase/(decrease) in other long term payables		34,489	(24,181)	(17,603)	8,122	(18,104)
Increase in contract liabilities		187,597	1,210,746	4,719,401	3,065,194	1,003,924
Increase/(decrease) in other payables and accruals		251,246	207,925	425,084	85,904	(252,135)
CASH GENERATED FROM OPERATIONS		266,810	1,438,434	3,610,485	2,809,824	544,800
Income tax paid		(148,910)	(122,958)	(282,925)	(266,027)	(346,743)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		117,900	1,315,476	3,327,560	2,543,797	198,057
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(845,542)	(1,593,853)	(2,004,049)	(974,761)	(594,234)
Purchase of intangible assets		(52,232)	(76,562)	(160,984)	(54,900)	(119,202)
Purchase of investments measured at fair value		—	(44,285)	(130,000)	—	—
Proceeds from disposal of investments measured at fair value		—	—	—	—	141,433
Increase of prepaid land lease payment		(81,812)	—	(9,198)	—	(309)
Proceeds from disposal of intangible assets		4,892	2,188	5,873	3,225	16,435
Proceeds from disposal of items of property, plant and equipment		2,891	224,124	255,838	45,424	67,674
Acquisition of subsidiaries	46(a)	(4,801,820)	(29,810)	(411,302)	—	—
Prepayment for proposed acquisition of investment		—	(55,000)	—	—	—
Investment in a joint venture		(7,650)	(25,500)	—	—	—
Proceeds from disposal of investments in associates		—	105,186	—	—	—
Proceeds from disposal of non-current assets held for sale		—	59,529	—	—	—

		Year ended 31 December			Six months ended 30 June	
		2015	2016	2017	2017	2018
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Disposal of a subsidiary	46(b)	—	—	155,858	—	—
Government grant received related to items of property, plant and equipment	40	1,537	14,903	9,385	7,105	1,884
Loan to a related party		—	—	(25,500)	(25,500)	(20,400)
Interest received		23,561	11,183	33,227	13,794	9,578
Dividends received from associates		17,259	5,147	23,416	22,032	—
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(5,738,916)	(1,402,750)	(2,257,436)	(963,581)	(497,141)
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital contribution from non-controlling shareholders of subsidiaries		138,611	—	—	—	5,773
Deemed contribution from subsidiaries of the Controlling Shareholder		7,500	—	—	—	—
Deemed contribution from subsidiaries of the ultimate controlling shareholder		—	—	1,000	—	1,000
Deemed contribution to subsidiaries of the ultimate controlling shareholder		—	—	—	—	(2,800)
New bank and other borrowings		2,912,913	1,715,040	1,194,239	456,240	460,000
Proceeds from issuance of convertible bonds	39	841,004	—	—	—	—
Proceeds from issuance of preferred shares	38	415,585	—	—	—	—
Repayment of bank and other borrowings		(474,921)	(547,047)	(581,167)	(70,147)	(495,926)
Redemption of convertible bonds		—	—	—	—	(73,001)
Redemption of preference shares		—	—	—	—	(36,074)
Acquisition of additional interests in subsidiaries		—	(15,460)	—	—	(2,167)
Disposal of partial interests in a subsidiary without losing control		—	—	5,070	4,919	—
Funding repaid or provided to related companies		(1,575,102)	(180,055)	(2,194,444)	(2,184,545)	(2,374,145)
Funding received from related companies		162,133	200,368	501,717	34,160	3,414,294
Dividends paid to non-controlling shareholders of subsidiaries		(13,759)	(10,095)	(5,598)	(4,325)	(22,251)
Repayment of loan receivables from third parties		—	—	3,623	1,327	—
Interest paid		(202,770)	(292,395)	(370,314)	(209,734)	(158,706)
NET CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES		2,211,194	870,356	(1,445,874)	(1,972,105)	715,997
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,409,822)	783,082	(375,750)	(391,889)	416,913
Net foreign exchange differences		(120,510)	15,281	42,004	34,268	(12,969)
Cash and cash equivalents at beginning of the year/period		4,055,438	525,106	1,323,469	1,323,469	989,723
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	31	525,106	1,323,469	989,723	965,848	1,393,667

6. STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		As at 30 June
		2016	2017	2018
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Investment in a subsidiary	18	—	—	—
CURRENT ASSETS				
Prepayments, deposits and other receivables	24	—	—	61,344
Due from related companies	23	416	6,884,477	8,146,995
Cash and cash equivalents		—	227	29
Total current assets		416	6,884,704	8,208,368
CURRENT LIABILITIES				
Accrued liabilities and other payables	36	—	6	61,350
Total current liabilities		—	6	61,350
NET CURRENT ASSETS		416	6,884,698	8,147,018
TOTAL ASSETS LESS CURRENT LIABILITIES		416	6,884,698	8,147,018
Net assets		416	6,884,698	8,147,018
EQUITY				
Share capital	42	—	—	7
Reserves	43	416	6,884,698	8,147,011
Total equity		416	6,884,698	8,147,018

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GROUP INFORMATION

Fosun Tourism Group (the "Company", formerly known as Fosun Tourism and Culture Group (Cayman) Company Limited) was a limited liability company incorporated in the Cayman Islands on 30 September 2016. The registered company name was changed to Fosun Tourism Group on 2 August 2018. The registered office of the Company was changed from Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands to Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. During the Track Record Period, the subsidiaries now comprising the Group primarily engaged in providing pioneering and family-focused tourism and leisure solutions. Our principal business activities are:

- Resorts;
- Tourism destinations, and
- Services and solutions in various tourism and leisure settings.

The Company and its subsidiaries now comprising the Group underwent the Reorganization as set out in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Prospectus. Apart from the Reorganization, the Company has not commenced any business or operation since its incorporation.

As at the end of the Track Record Period, the Company had direct and indirect interests in the following principal subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong). The particulars of the principal subsidiaries are set out below:

Name of the principal subsidiaries	Notes	Place of incorporation/ registration and place of operations	Date of incorporation	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
					Direct	Indirect	
Hainan Atlantis Commerce and Tourism Development Co.,Ltd. ("海南亞特蘭蒂斯商旅發展有限公司")	(a)	People's Republic of China/Mainland China	15 May 2013	RMB801,500,000	—	100%	Tourism destination development and operation
Lijiang Derun Real Estate Co., Ltd. ("麗江德潤房地產開發有限公司")	(a)	People's Republic of China/Mainland China	2 March 2006	RMB10,000,000	—	100%	Tourism destination development and operation
Club Med Holding	(b)	France	9 September 2014	EUR67,136,345	—	86.66%	Investment holding
Club Med Invest	(b)	France	9 September 2014	EUR184,963,519	—	100%	Investment holding

Name of the principal subsidiaries	Notes	Place of incorporation/ registration and place of operations	Date of incorporation	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Club Med SAS	(b)	France	12 November 1957	EUR149,704,872	—	100%	Offering vacation resort services
Club Mediterranee (Bahamas) Ltd.	(a)	Bahamas	29 January 1976	EUR833,820	—	100%	Offering vacation resort services
Holiday Village of Punta Cana S.A.	(a)	The Dominican Republic	3 December 1976	EUR242,241	—	100%	Offering vacation resort services
Club Med Sales Inc.	(a)	United States	15 October 1971	EUR6,455,432	—	100%	Wholesale and retail of vacation resort products
Holiday Villages of Sandpiper, Inc.	(a)	United States	5 October 1993	EUR833,820	—	100%	Offering vacation resort services
Operadora de Aldeas Vacacionales, S.A. de C.V.	(a)	Mexico	11 April 1979	EUR35,442,838	—	100%	Offering vacation resort services
Vacation Properties de Mexico, S.A. de C.V.	(a)	Mexico	25 July 1994	EUR65,722,920	—	100%	Offering vacation resort services
Holiday Villages management Services Ltd.	(c)	Mauritius	26 May 1983	EUR748,690	—	100%	Offering vacation resort services
Club Med Marine	(d)	France	8 June 1970	EUR14,470,471	—	100%	Offering vacation resort services
Itaparica SA Empreendimentos Turisticos	(e)	Brazil	19 November 1973	EUR4,560,900	—	51.60%	Offering vacation resort services
Maldivian Holiday Villages Ltd.	(f)	Hong Kong/Maldives	29 March 1988	EUR865	—	100%	Offering vacation resort services
Club Med Brasil SA	(g)	Brazil	24 February 1999	EUR50,916,962	—	100%	Offering vacation resort services

Notes:

(a) No audited financial statements have been prepared for these entities as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

(b) The statutory financial statements of these entities for the years ended 31 October 2015, 2016 and 2017 prepared in accordance with French Generally Accepted Accounting Principles ("French GAAP") were audited by Ernst & Young Audit and Deloitte & Associes.

(c) The statutory financial statements of this entity for the years ended 31 December 2015, 2016 and 2017 prepared in accordance with International Financial Reporting Standards were audited by Deloitte & Associes.

(d) The statutory financial statements of this entity for the years ended 31 October 2015, 2016 and 2017 prepared in accordance with French GAAP were audited by Deloitte & Associes.

(e) The statutory financial statements of this entity for the years ended 31 October 2015, 2016 and 2017 prepared in accordance with Brazilian Generally Accepted Accounting Principles ("Brazilian GAAP") were audited by PriceWaterhouse Coopers, Ribeirão Preto.

(f) The statutory financial statements of this entity for the years ended 31 October 2015, 2016 and 2017 prepared in accordance with Hong Kong Financial Reporting Standards were audited by Ernst & Young.

(g) The statutory financial statements of this entity for the years ended 31 October 2015, 2016 and 2017 prepared in accordance with Brazilian GAAP were audited by Expertisa, Rio de Janeiro.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganization, as more fully explained in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Prospectus, the Company was incorporated in September 2016 and acquired the relevant subsidiaries now comprising the Group in the year of 2017 from Fosun International Limited, the controlling shareholder of the Company (the "Controlling Shareholder") and became the holding company of the companies now comprising the Group. The subsidiaries acquired by the Company were under the common control of the Controlling Shareholder before and after the Reorganization. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganization had been completed on the date of the incorporation of the Company.

The consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Track Record Period include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 and 30 June 2018 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganization.

Equity interests in subsidiaries and/or businesses held by parties other than the Controlling Shareholder, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

As the Company was incorporated in September 2016, there is no statement of financial position of the Company as at 31 December 2015.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from 1 January 2018, including IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and amendments to IFRS 15 *Clarification to IFRS 15 Revenue from Contracts with Customers*, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period and in the period covered by the Interim Comparative Financial Information. Early adoption of these IFRSs which are effective for the accounting period commencing from 1 January 2018, including IFRS 9, IFRS 15 and amendments to it are permitted.

The Historical Financial Information has been prepared under the historical cost convention, except for derivative financial instruments. Non-current assets/assets of a disposal group classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4.

The Group has net current liabilities of RMB4,315,621,000, RMB2,594,281,000, RMB3,810,920,000 and RMB5,815,297,000 as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively. Having taken into account of the expected cash flows from the operations and the current liabilities coming from the liabilities of RMB504,994,000, RMB1,719,908,000, RMB6,573,325,000 and RMB7,665,802,000 as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively will not be settled in cash in the next twelve months from the end of the Track Record Period, the Directors consider that it is appropriate to prepare the Historical Financial Information on a going concern basis.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

IFRS 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[2]
IFRIC Interpretation 23	*Uncertainty over Income Tax Treatments*[1]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
Annual Improvements 2015-2017 Cycle	Amendments to IFRSs including:
	Amendments to IFRS 3 *Business Combinations*[1]
	Amendments to IFRS 11 *Joint Arrangements*[1]
	Amendments to IAS 12 *Income Taxes*[1]
	Amendments to IAS 23 *Borrowing Costs*[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2021

3 No mandatory effective date yet determined but available for adoption

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

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

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases — Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transaction provisions permit certain reliefs. The Group expects to adopt IFRS 16 on 1 January 2019.

The Group considers that the adoption of IFRS 16 will primarily affect the Group's accounting treatment as a lessee of leases which are currently classified as operating leases. As disclosed in note 48 to the Historical Financial Information, at 30 June 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB12,968,528,000. Upon adoption of IFRS 16, based on the assessment of the Group, it is expected that there will be significant increases in both total assets and liabilities of the Group, and besides this, the adoption of IFRS 16 will not have significant impact on the Group's financial position and financial performance.

IFRIC Interpretation 23, issued in June 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same Track Record Period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Other than Reorganization, business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 October. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investments at fair value and its derivative financial instruments at the end of each of the Track Record Period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Track Record Period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, financial assets, deferred tax assets, and non-current asset/assets of a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Track Record Period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings and leasehold improvements	2% - 50%
Machinery	5% - 33%
Furniture, fixtures and other equipments	3% - 32%
Others	20% - 33%
Freehold land	Not depreciated
Construction in progress	Not depreciated

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Non-current assets and disposal groups held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable. All assets and liabilities of a subsidiary classified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets (other than deferred tax assets and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful lives of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Trademarks

Club Med trademark has been classified as assets with an indefinite useful life. They are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful lives of such intangible assets are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leasehold rights

The leasehold rights represent the access rights paid to enter the lease contract by the successive tenant to its predecessor. The payment for the access rights is determined generally based on economic performance and outcome of the underlying location. Most of the leasehold rights come from France and are treated as having the indefinite useful life where the tenants could realize the leasehold rights from the successor and in addition, the tenants have the legal protection to be entitled to an eviction indemnity against the lessor at the end of the lease if it is not renewed by the lessor to the successive tenants. The leasehold rights will not expire and will contribute to the future cash flow of the Group indefinitely. They are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful lives of such intangible assets are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

For the leasehold rights in other countries, situation is different as such legal protection of the tenants against the lessor does not exist. In such countries, leasehold rights are usually amortised over the length of the lease period.

Other intangible assets

Other intangible assets are qualified as having a finite life and are stated at cost less any impairment losses and are amortized on the straight-line basis over the respective estimated useful lives. The principal annual rates used for this purpose are as follows:

Software	4% - 33%
Others	10% - 33%

The annual rates for software is determined in accordance with the useful lives of the software which are assessed by Group considering different purpose and usage of the software. The software served as basement IT system or technological platform are amortised over a long period up to 26 years. Other software served as fast updating applications are amortised over a shorter period, such as 3 to 5 years.

Others include mainly certain client lists acquired under business combinations and some rights paid to enter contracts other than lease. They are either depreciated over the estimated useful life of the clients' relationship or the contract duration.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalized finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms. Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognized on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognized on the straight-line basis over the lease terms.

Financial instruments — initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables, due from related companies and deposits and other receivables included under other prepayments, deposits and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings, convertible redeemable preferred shares, convertible bonds, etc.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(iv) Hedge accounting

The Group elected to continue to apply the accounting policy of hedge accounting under IAS 39. For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the Track Record Period for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the consolidated statement of profit or loss as other expenses or other incomes. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognized in the consolidated statement of profit or loss as other expenses or other incomes.

For fair value hedges relating to items carried at amortized cost, the adjustment to carrying value is amortized through the consolidated statement of profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortized fair value is recognized immediately in the consolidated statement of profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the consolidated statement of profit or loss. The changes in the fair value of the hedging instrument are also recognized in the consolidated statement of profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in capital and other reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Amounts recognized in other comprehensive income are transferred to the consolidated statement of profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognized or when a forecast transaction occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognized in other comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment is met.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognized as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortized cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognized.

Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Properties under development

Properties under development are stated at cost which includes all development expenditures, including land costs, construction costs, borrowing costs and other costs directly attributable to such properties during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle.

Properties under development are valued at the lower of cost and net realisable value at the end of each of the Track Record Period and any excess of cost over the net realisable value of an individual item of properties under development is accounted for as a provision. Net realisable value is based on estimated selling prices in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

Completed properties for sale

Completed properties for sale are recognized in the consolidated statement of financial position at the lower of cost and net realisable value. Net realizable value is estimated by the directors based on the prevailing market conditions. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Any excess of cost over the net realizable value of an individual item of completed properties for sale is accounted for as a provision.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of each of the Track Record Period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

Restructuring provisions are recognized only when the Group has a constructive obligation, which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general guidance for provisions above; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the guidance for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Track Record Period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liabilities arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each Track Record Period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Track Record Period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of Track Record Period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Share-based payments

The Company operates a share option scheme and a share ownership plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value of options under the share option scheme is determined by management using a binomial model. The fair value of restricted shares under the share ownership plan is determined by management using an asset-based approach, further details of which are given in note 44 to the Historical Financial Information.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Track Record Period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable for services provided and the sales of properties in the ordinary course of the Group's activities. Revenue is shown net of taxes.

Resorts and destination operation

Resorts and destination operation mainly includes the operations of resorts and the provision of tourism destination design, operation and management services. The revenue is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Tourism and leisure services and solutions

Tourism and leisure services and solutions mainly includes the provision of travel and transportation solutions, entertainment and other services. The revenue is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Tourism-related property sales and construction services

Revenues are recognized when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- creates and enhances an asset that the purchaser controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each of the Track Record Period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognized when the customer obtains the physical possession of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

Customer loyalty program

The Group operated two loyalty programs which were Club Med Great Member loyalty program and Foryou Club loyalty program. A performance obligation is identified only if the option to acquire additional goods and services provides a material right to the customer that it would not receive without entering into that contract. For such contracts, the Group allocates contract price to those separate performance obligations attributed to the benefits granted to the customers under two loyalty programs. A portion of contract price attributable to the benefits granted are recognised as a reduction of revenue in deferred revenue and are recognised in revenues when those benefits are exercised or when the benefits expire. The revenue allocated to each performance obligations are calculated based on their relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using other suitable methods. The likelihood that the benefits will be exercised are assessed and adjusted in the estimation of the standalone selling price.

Significant financing component

In determining the transaction price, the Group adjusted the promised amount of consideration for the effective of a financial component if it is significant. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

The Group recognizes the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover these costs.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Employee benefits

The Group provides the post-employment benefits mainly as follows: (i) defined contribution pension schemes for all employees of the companies in Mainland China; (ii) accommodation benefits for all eligible employees of the companies in Mainland China, details of which are set out below; and (iii) employee benefits to all eligible employees of the subsidiary of Club Med Holding ("CMH").

(i) ***Defined contribution pension schemes for all eligible employees of the companies in Mainland China***

The full-time employees of the companies in Mainland China, are covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Group contributes a percentage of the employees' salaries to these retirement benefit schemes on a monthly basis. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made. Contributions to these schemes are expensed as incurred.

(ii) ***Accommodation benefits for all eligible employees of the companies in Mainland China***

According to the relevant People's Republic of China ("PRC") rules and regulations, the PRC companies now comprising the Group and their employees are each required to make contributions which are in proportion to the salaries and wages of the employees to an accommodation fund administered by the government agencies in the PRC. There is no further obligation on the part of the Group except for such contributions to the accommodation fund. Contributions to an accommodation fund administrated by the government agencies are charged to the consolidated statement of profit or loss as and when they are incurred.

(iii) ***Employee benefits for all eligible employees of CMH and its subsidiaries***

All eligible employees of CMH and its subsidiaries receive certain short-term benefits, such as vacation pay, "13th month" bonuses, sick leave, health insurance and unemployment insurance in France.

The post-employment benefit plans of CMH and its subsidiaries are based on legal obligations in each host country and on its subsidiaries' compensation policies. Long-term benefit plans include both defined contribution and defined benefit plans.

(a) *Defined contribution plans*

Under defined contribution plans, CMH pays contributions to an external fund that is responsible for paying the benefits. The payment of contributions releases the employer of its further obligation towards his employees. The main defined contribution plans consist of government-sponsored basic and supplementary pension plans in Europe and defined-contribution pension plans in North America.

Contributions to all of these plans are recognized as an expense for the period in which they are incurred.

(b) *Defined benefit plans*

CMH has an obligation to pay benefits to eligible employees either at the end of their employment or during their retirement. The Group's main defined benefit plans provide indemnities payable to employees on retirement or when they leave the Group.

The Group operates an unfunded defined benefit pension plan, which is covered by provisions recorded in the financial statements. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) is recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss at the earlier of:

(i) the date of the plan amendment or curtailment; and

(ii) the date that the Group recognises restructuring-related costs

Interest is calculated by applying the discount rate to the defined benefit liability. The Group recognizes the following changes in the net defined benefit obligation under "administrative expenses" and "other expenses" in the consolidated statement of profit or loss by function:

(i) service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements

(ii) interest expense or income

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the note 13 to the Historical Financial Information.

Foreign currencies

This Historical Financial Information is presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional rates of exchange ruling at the end of each of the Track Record Period.

Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of each of the Track Record Period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each of the Track Record Period and their statements of profit or loss are translated into RMB at the average exchange rates for the period.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Operating lease commitments — Group as lessee

The Group has entered into property, plant and equipment leases with various lessors. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessors retain all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Consolidation of Lijiang Derun Real Estate Co., Ltd ("Lijiang Derun") in which the Group delegates certain shareholder rights to Shanghai Yuyuan Tourist Mart Co., Ltd.("Yuyuan")

Qijin Investment, a subsidiary of the Group, which is the sole shareholder of Lijiang Derun entered into an equity entrustment agreement with Yuyuan on 20 November 2017 (the "Equity Entrustment Agreement"), pursuant to which, Yuyuan is entrusted by Qijin Investment with certain shareholder rights of Lijiang Derun such as decision-making rights, voting rights and right to appoint directors, rather than the right to disposal any equity interests of Lijiang Derun and share all variable returns generated by Lijiang Derun. The Equity Entrustment Agreement became effective on 11 May 2018 with the term of 2 years since the effective date.

The Group considers that it controls Lijian Derun even through Qijin Investment delegates certain shareholder rights in Lijiang Derun to Yuyuan on 11 May 2018 because Qijin Investment is entitled to all the variable return of Lijiang Derun and the right to dispose any equity interest of Lijiang Derun and all day-to-day operations of the Lijiang Derun is continued to be managed by the management team appointed by the Group from the effective date of the Equity Entrustment Agreement till the end of the Track Record Period. In addition, Yuyuan will not charge any service fee for the entrustment service but only reimburse the actual costs occurred in respect of the service which also indicated that Yuyuan does not have any incentive and intention to direct any relevant activities of Lijiang Derun through its shareholders rights granted by Qijin Investment.

As a result of the rights to variable return of Lijiang Derun from the Group's involvement in it and with the Group's ability to affect those returns through its power over Lijiang Derun, Lijiang Derun was continued to be consolidated by the Group as a principal from the effective date of the Equity Entrustment Agreement till the end of Track Record Period.

Revenue from tourism-related property sales and construction services solution

Revenue from tourism-related property sales and construction services solution during the Track Record Period is mainly from France and is recognized over time when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Otherwise, revenue is recognized at a point in time when the buyer obtains control of the completed property. In assessing whether the Group could recognise revenue from tourism-related property sales and construction services over time requires significant judgement which includes the assessment of the legal terms in the sales contract. The Group will make their judgement on a regular basis.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Track Record Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 December 2015, 2016 and 2017 and 30 June 2018 were RMB1,570,835,000, RMB1,617,682,000, RMB1,727,382,000 and RMB1,693,996,000, respectively. Further details are given in note 17 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Track Record Period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, impairment losses in the amounts of RMB1,792,000, RMB6,455,000, RMB48,039,000 and RMB41,214,000, respectively, have been recognized in profit or loss as set out in note 7 to the Historical Financial Information.

Impairment of receivables

Impairment of receivables is made based on assessment of their recoverability. The identification of impairment of receivables requires management's judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, the differences will impact the carrying value of the receivables and impairment loss/reversal of impairment in the period in which the estimate has been changed.

Useful lives of property, plant and equipment and intangible assets (other than goodwill)

The Group determines the estimated useful lives and related depreciation and amortization charges for its property, plant and equipment and intangible assets (other than goodwill). This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge or amortization charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amounts of unrecognized tax losses and deductible temporary differences at 31 December 2015, 2016 and 2017 and 30 June 2018 were RMB4,156,092,000, RMB4,942,656,000, RMB5,238,615,000 and RMB4,945,353,000, respectively.

Net realisable value of inventories and properties under development

Net realisable value of inventories, properties under development and completed properties for sale is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at the end of each of the Track Record Period.

Revenue recognition of tourism-related property sales and construction services solutions

The Group recognizes revenue from Tourism-related property sales and construction services solutions over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can have effect on the Group's revenue recognized. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

4. OPERATING SEGMENT INFORMATION

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

(a) The resorts segment comprises principally the operation and management of the resorts which offer vacation resort services at a package rate;

(b) The tourism destinations segment 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 comprises principally development and promotion of the cultural events, performing arts, live entertainment and culture-related services and the operation of online and offline tourism and leisure products and solution platforms.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment operating profits which 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.

Year ended 31 December 2015

	Resorts	Tourism destinations	Services and solutions in various tourism and leisure settings	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
External customers	8,902,569	—	—	—	8,902,569
Inter-segment sales	—	—	—	—	—
Total revenue	8,902,569	—	—	—	8,902,569
Segment operating loss	(94,947)	(65,158)	(35,929)	—	(196,034)
Unallocated expenses(*)					(180,172)
Total operating loss					(376,206)
Finance costs					(426,145)
Share of profits and losses of joint ventures					(491)
Share of profits and losses of associates					4,487
Loss before income tax					(798,355)

(*) The unallocated expenses for the year ended 31 December 2015 mainly represented cost relating to acquisition of Club Med SAS Group (note 6).

Year ended 31 December 2016

	Resorts	Tourism destinations	Services and solutions in various tourism and leisure settings	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
External customers	10,779,686	393	2,896	—	10,782,975
Inter-segment sales	—	—	—	—	—
Total revenue	10,779,686	393	2,896	—	10,782,975
Segment operating profit/(loss)	209,170	(144,459)	(1,572)	—	63,139
Unallocated expenses					(9)
Total operating profit					63,130
Finance costs					(497,165)
Share of profits and losses of joint ventures					(9,934)
Share of profits and losses of associates					(1,380)
Loss before income tax					(445,349)

Year ended 31 December 2017

	Resorts	Tourism destinations	Services and solutions in various tourism and leisure settings	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
External customers	11,758,411	13,939	27,044	—	11,799,394
Inter-segment sales	—	—	—	—	—
Total revenue	11,758,411	13,939	27,044	—	11,799,394
Segment operating profit/(loss)	464,445	(380,808)	(8,136)	—	75,501
Unallocated expenses					(2,112)
Total operating profit					73,389
Finance costs					(433,092)
Share of profits and losses of joint ventures					(19,290)
Share of profits and losses of associates					1,478
Loss before income tax					(377,515)

Six months ended 30 June 2017 (Unaudited)

	Resorts	Tourism destinations	Services and solutions in various tourism and leisure settings	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
External customers	6,174,491	3,530	6,628	—	6,184,649
Inter-segment sales	—	—	—	—	—
Total revenue	6,174,491	3,530	6,628	—	6,184,649
Segment operating profit/(loss)	309,291	(174,065)	(2,124)	—	133,102
Unallocated expenses					(81)
Total operating loss					133,021
Finance costs					(249,964)
Share of profits and losses of joint ventures					(8,635)
Share of profits and losses of associates					854
Loss before income tax					(124,724)

Six months ended 30 June 2018

	Resorts	Tourism destinations	Services and solutions in various tourism and leisure settings	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
External customers	6,368,570	216,557	82,289	—	6,667,416
Inter-segment sales	—	—	425	(425)	—
Total revenue	6,368,570	216,557	82,714	(425)	6,667,416
Segment operating profit/(loss)	436,747	(360,963)	2,484	—	78,268
Unallocated expenses(*)					(63,706)
Total operating profit					14,562
Finance costs					(198,818)
Share of profits and losses of joint ventures					(3,435)
Share of profits and losses of associates					1,607
Loss before income tax					(186,084)

(*) The unallocated expenses for the period ended 30 June 2018 mainly represented the equity-settled share-based payments expenses (note 44) and listing expenses (note 7).

Geographical information

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue from external customers					
Europe, Middle East and Africa	6,139,259	7,312,691	7,923,809	4,010,182	4,218,995
America	1,403,749	1,797,836	2,085,801	1,277,594	1,275,640
Asia Pacific	1,359,561	1,672,448	1,789,784	896,873	1,172,781
	8,902,569	10,782,975	11,799,394	6,184,649	6,667,416

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

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Europe, Middle East and Africa	5,798,870	5,726,916	5,877,430	5,731,233
America	3,331,072	3,579,382	3,241,095	3,168,374
Asia Pacific	2,458,996	3,889,331	6,506,388	7,418,734
	11,588,938	13,195,629	15,624,913	16,318,341

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

Information about a major customer

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 and 30 June 2018.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Revenue recognised over time					
Resorts and destination operation	6,917,211	8,357,195	9,096,180	4,865,586	5,396,340
Tourism and leisure services and solutions	1,915,701	2,079,934	2,211,036	1,103,392	1,252,346
Tourism-related property sales and construction services solutions	69,657	345,846	492,178	215,671	18,730
	8,902,569	10,782,975	11,799,394	6,184,649	6,667,416

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

An analysis of other (expenses)/incomes and gains, net, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Other income					
Interest income	23,561	16,207	33,403	13,794	12,615
Government grants	25,875	18,868	27,182	13,111	2,690
Compensation and indemnity	26,068	48,191	58,467	17,037	7,904
Others	21,389	24,853	26,935	8,012	1,625
	96,893	108,119	145,987	51,954	24,834
Gains					
Gain on disposal of:					
-A subsidiary (note 46(b))	—	—	192,549	—	—
-An associate	—	63,029	—	—	—
Gain on disposal of items of property, plant and equipment	—	17,525	91,566	26,792	25,830
Gain on the fair value change of investments measured at fair value through profit or loss	—	—	—	—	7,868
Gain on reversal of provisions relating to :					
-Resort closure costs	—	—	—	—	19,239
-Commercial claims or disputes	—	—	19,711	—	—
-Litigation claims	—	—	22,208	8,301	41,519
-Others	—	3,737	—	—	—
Exchange gain,net	—	35,788	—	—	32,318
	—	120,079	326,034	35,093	126,774
Other income and gains	96,893	228,198	472,021	87,047	151,608

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Other expenses					
Compensation costs relating to employees	(61,490)	(61,898)	(77,459)	(36,041)	(39,699)
Provision for litigation, including tax related	(14,498)	—	(40,671)	—	—
Provision for resort closure costs	(39,190)	(48,908)	(75,022)	(18,709)	(19,071)
Loss on the fair value change of investments measured at fair value through profit or loss	—	(10,073)	(7,918)	—	—
Loss on disposal of loan receivables	—	(33,640)	—	—	—
Write-off of receivables	(22,850)	—	—	—	—
Costs relating to acquisition of Club Med SAS Group:					
-Transaction costs (note 46(a))	(53,334)	—	—	—	—
-Restructuring costs relating to employees (note 46(a))	(126,335)	—	—	—	—
Impairment loss on:					
-Intangible assets	(842)	—	(10,614)	—	(15,800)
-property, plant and equipment	(950)	(6,455)	(37,425)	(5,183)	(25,414)
Exchange loss, net	(74,246)	—	(5,303)	(5,130)	—
Others	(25,821)	(40,916)	(9,099)	(5,676)	(12,094)
Other expenses	(419,556)	(201,890)	(263,511)	(70,739)	(112,078)
Other (expenses)/income and gains, net	(322,663)	26,308	208,510	16,308	39,530

7. LOSS BEFORE INCOME TAX

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

		Year ended 31 December			Six months ended 30 June	
		2015	2016	2017	2017	2018
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Cost of revenue:						
Cost of resorts and destination operation services and tourism and leisure service provided ..		6,784,674	7,910,419	8,506,426	4,375,296	4,854,020
Cost of tourism-related property sales and construction services..................................		50,023	331,758	462,619	207,879	14,894
		6,834,697	8,242,177	8,969,045	4,583,175	4,868,914
Employee benefit expense:						
Wages and salaries		1,898,784	1,999,346	2,244,641	1,112,629	1,304,924
Accommodation benefits and others						
- Defined contribution fund........		235,043	382,452	413,741	207,474	226,166
Pension scheme costs:						
- Defined benefit fund		10,473	21,379	26,037	12,549	10,472
- Defined contribution fund........		58,250	100,595	115,904	56,983	68,935
		2,202,550	2,503,772	2,800,323	1,389,635	1,610,497
Listing expenses (including reporting accountants' fee)......		—	—	—	—	17,062
Auditor's remuneration		8,079	9,599	11,430	5,670	27
Depreciation of property, plant and equipment	14	314,749	494,537	521,801	259,123	303,115
Amortization of prepaid land lease payments	15	21,420	22,013	22,062	11,007	11,110
Amortization of intangible assets....................................	16	38,478	61,912	146,873	94,676	46,962
(Reversal) of provision/ provision for impairment of receivables............................		24,681	(4,718)	11,186	5,889	1,741
(Reversal) of provision/ provision for inventories		1,536	(901)	2,258	1,827	(349)
Provision for impairment of items of property, plant and equipment	14	950	6,455	37,425	5,183	25,414

		Year ended 31 December			Six months ended 30 June	
		2015	2016	2017	2017	2018
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Provision for impairment of intangible assets	16	842	—	10,614	—	15,800
Loss on disposal of loan receivables	6	—	33,640	—	—	—
Write-off receivables	6	22,850	—	—	—	—
Fair value loss/(gain) on investments measured at fair value through profit or loss	6	—	10,073	7,918	—	(7,868)
Fair value (gain)/loss on derivative instruments, net		(1,031)	8,131	(6,753)	(4,940)	3,513
Operating rental expenses		1,021,619	1,197,233	1,305,048	650,419	676,625
Exchange loss/(gain), net		74,246	(35,788)	5,303	5,130	(32,318)
Equity-settled share-based payments		—	—	—	—	34,044
Gain on disposal of investments in an associate	6	—	(63,029)	—	—	—
Gain on disposal of a subsidiary	6	—	—	(192,549)	—	—
Gain on disposal of items of property, plant and equipment	6	—	(17,525)	(91,566)	(26,792)	(25,830)
Costs relating to acquisition of Club Med SAS Group						
-Transaction costs	46(a)	53,334	—	—	—	—
-Restructuring costs relating to employees	46(a)	126,335	—	—	—	—

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Interest on bank borrowings	200,319	288,663	368,781	208,295	154,373
Interest on loans from related companies	161,344	168,766	15,267	15,082	180
Interest from significant financing component of contract liabilities	—	4,168	134,016	51,658	88,553
Interest on convertible bonds (note 39)	58,335	80,625	87,834	42,143	33,065
Interest on convertible redeemable preferred shares (note 38)	30,923	39,550	44,550	21,100	16,249
Interest on finance leases	1,222	1,813	1,706	862	1,876
Bank charges and other financial costs	3,081	5,767	3,461	1,403	3,991
	455,224	589,352	655,615	340,543	298,287
Less: interest capitalized (notes 14 and 22)	29,079	92,187	222,523	90,579	99,469
Total finance costs	426,145	497,165	433,092	249,964	198,818

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration from the date of incorporation of the Company to 31 December 2016, the year ended 31 December 2017 and the six months ended 30 June 2017 and 2018, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		Six months ended 30 June	
	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Salaries, allowances and benefits in kind	—	—	—	1,218
Performance related bonus	—	—	—	721
Equity-settled share-based payments expenses	—	—	—	16,466
Pension scheme contributions	—	—	—	40
	—	—	—	18,445

During the six months ended 30 June 2018, certain directors were granted share options and restricted shares, in respect of their services to the Group, under the share option scheme and share ownership plan of the Company, further details of which are set out in note 44 to the Historical Financial Information . The fair values of such options and restricted shares, which have been recognized in the consolidated statement of profit or loss over the vesting period, were determined as at the date of grant and the amount included in the consolidated financial statements for the six months ended 30 June 2018 is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

From the date of incorporation of the Company to 31 December 2016, the year ended 31 December 2017 and the six months ended 30 June 2017 and 2018, there were no independent non-executive directors.

(b) Executive directors, a non-executive director and the chief executive

There were no emoluments paid by the Group to the directors as an inducement to join the Group, or upon joining the Group, or as compensation for loss of office during the Track Record Period.

Directors

	Fees	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Equity-settled share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2018						
Qian Jiannong(*)	—	768	563	16	15,100	16,447
Xu Bingbin	—	265	104	12	960	1,341
Xu Meng	—	185	54	12	406	657
	—	1,218	721	40	16,466	18,445

(*) Mr Qian Jiannong is both director and chief executive of the Company from the date of incorporation of the Company.

On 2 August 2018, Mr. Henri GISCARD d' ESTAING, Mr. Wang Wenping, Mr. Wang Can were appointed as directors, and Mr. Xu Bingbin and Mrs. Xu Meng were resigned as directors. On 17 August 2018, Mr. Qian Jiannong, Mr. Henri GISCARD d' ESTAING and Mr. Wang Wenping were appointed as executive directors, and Mr. Wang Can was appointed as the non-executive director.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 and 2018.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees include nil director for the period since the incorporation of the Company to 31 December 2016 and 2017 and the six months ended 30 June 2017. For the six months ended 30 June 2018, the five highest paid employees include one director and chief executive. Details of the remuneration for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 and 30 June 2018 who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	12,083	12,909	13,666	6,719	6,498
Performance related bonus	5,481	10,992	16,529	4,323	4,668
Equity-settled share-based payments expense	—	—	—	—	847
Pension scheme contributions	2,180	2,253	2,425	1,199	1,191
	19,744	26,154	32,620	12,241	13,204

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	Number of employees	*Number of employees*	*Number of employees*	*Number of employees* *(Unaudited)*	*Number of employees*
RMB1,000,001 to RMB2,000,000	—	—	—	3	2
RMB2,000,001 to RMB4,000,000	3	3	1	1	1
RMB4,000,001 to RMB6,000,000	1	1	2	1	—
RMB6,000,001 to RMB8,000,000	—	—	1	—	1
RMB8,000,001 to RMB10,000,000	1	—	—	—	—
RMB10,000,001 to RMB12,000,000	—	1	1	—	—

11. 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.

(a) Income tax in the consolidated statements of profit or loss represents:

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current tax					
Mainland China	—	—	—	—	70
France and others	154,502	120,220	86,333	61,262	63,231
Deferred (note 25)	842	(93,012)	(168,852)	3,079	(114,771)
Income tax expense/(credit) for the year/period	155,344	27,208	(82,519)	64,341	(51,470)

The provision for income tax of CMH and its subsidiaries incorporated in France in the years of 2015 and 2017 and the six months ended 30 June 2017 and 2018 was based on a rate of 38%, 34.43%, 34.43% and 34.43%, respectively. For the year of 2016, from January to October, the applicable tax rate was 38%, while from November 2016 onwards, the applicable tax rate decreased to 34.43% because of the change of the tax regulation in France.

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits for the Track Record Period of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

A reconciliation between the tax expense and loss before tax excluding share of profits and losses of associates and joint ventures at the French statutory income tax rates for the Company and its subsidiaries domiciled in France and other jurisdictions and at the statutory income tax rates in Mainland China for subsidiaries domiciled in Mainland China is shown as follows:

	France and others	Mainland China	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2015			
Loss before income tax	(732,296)	(66,059)	(798,355)
Tax at the applicable tax rates	(278,273)	(16,515)	(294,788)
Different tax rates for specific entities	83,538	—	83,538
Tax effect of:			
Income not subject to tax	(18,658)	—	(18,658)
(Profit)/loss attributable to a joint venture and associates	(1,705)	123	(1,582)
Expenses not deductible for tax	130,446	542	130,988
Tax losses and temporary differences not recognized	233,704	15,850	249,554
Tax losses utilized from prior years	(23,631)	—	(23,631)
Others(*)	29,923	—	29,923
Tax expense	155,344	—	155,344

	France and others	Mainland China	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2016			
Loss before income tax	(287,973)	(157,376)	(445,349)
Tax at the applicable tax rates	(109,430)	(39,344)	(148,774)
Different tax rates for specific entities	76,629	—	76,629
Tax effect of:			
Income not subject to tax	(29,497)	—	(29,497)
Loss attributable to a joint venture and associates	524	2,483	3,007
Effect of decrease in applicable tax rates on opening deferred tax	(52,108)	—	(52,108)
Expenses not deductible for tax	77,011	453	77,464
Tax losses and temporary differences not recognized	195,056	36,408	231,464
Tax losses utilized from prior years	(169,119)	—	(169,119)
Underprovision in prior years	1,057	—	1,057
Others(*)	37,085	—	37,085
Tax expense	27,208	—	27,208

	France and others	Mainland China	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2017			
Profit/(loss) before income tax	70,576	(448,091)	(377,515)
Tax at the applicable tax rates	24,299	(112,023)	(87,724)
Different tax rates for specific entities	907	—	907
Tax effect of:			
Income not subject to tax	(57,815)	—	(57,815)
(Profit)/loss attributable to a joint venture and associates	(509)	4,823	4,314
Effect of decrease in applicable tax rates on opening deferred tax	(3,538)	—	(3,538)
Expenses not deductible for tax	61,421	599	62,020
Tax losses and temporary differences not recognized	127,449	(53,709)	73,740
Tax losses utilized from prior years	(117,436)	(357)	(117,793)
Overprovision in prior years	(5,292)	—	(5,292)
Others(*)	48,662	—	48,662
Tax expense/(credit)	78,148	(160,667)	(82,519)

	France and others	Mainland China	Total
	RMB'000	*RMB'000*	*RMB'000*
Six months ended 30 June 2017 (Unaudited)			
Profit/(loss) before income tax	71,789	(196,513)	(124,724)
Tax at the applicable tax rates	24,717	(49,128)	(24,411)
Different tax rates for specific entities	(14,376)	—	(14,376)
Tax effect of:			
Income not subject to tax	(29,634)	—	(29,634)
(Profit)/loss attributable to a joint venture and associates	(294)	2,159	1,865
Expenses not deductible for tax	50,312	631	50,943
Tax losses and temporary differences not recognized	75,709	46,338	122,047
Tax losses utilized from prior years	(78,976)	—	(78,976)
Underprovision in prior years	7,807	—	7,807
Others(*)	29,076	—	29,076
Tax expense	64,341	—	64,341

	France and others	Mainland China	Total
	RMB'000	*RMB'000*	*RMB'000*
Six months ended 30 June 2018			
Profit/(loss) before income tax	307,601	(493,685)	(186,084)
Tax at the applicable tax rates	105,907	(123,421)	(17,514)
Different tax rates for specific entities	(18,092)	—	(18,092)
Tax effect of:			
Income not subject to tax	(38,097)	—	(38,097)
(Profit)/loss attributable to a joint venture and associates	(553)	859	306
Expenses not deductible for tax	53,839	6,723	60,562
Tax losses and temporary differences not recognized	52,131	16,021	68,152
Tax losses utilized from prior years	(115,922)	(60)	(115,982)
Overprovision in prior years	(12,295)	—	(12,295)
Others(*)	21,490	—	21,490
Tax expense/(credit)	48,408	(99,878)	(51,470)

* Others mainly include the surcharge taxes in France and Italy which were calculated on the basis of the results of the relevant entities in France and Italy.

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

Loss per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganization.

13. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings and leasehold improvements	Machinery	Furniture, fixtures and other equipments	Construction in progress	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015:							
Cost	—	—	—	948	193,682	—	194,630
Accumulated depreciation and impairment	—	—	—	(136)	—	—	(136)
Net carrying amount	—	—	—	812	193,682	—	194,494
At 1 January 2015, net of accumulated depreciation and impairment	—	—	—	812	193,682	—	194,494
Additions	—	95,673	31,337	26,760	773,978	—	927,748
Acquisition of subsidiaries (note 46(a))	1,612,564	3,468,173	328,807	279,081	180,336	—	5,868,961
Disposals	—	(139)	(1)	(2,524)	(227)	—	(2,891)
Depreciation provided during the year	—	(209,304)	(66,181)	(39,264)	—	—	(314,749)
Impairments	—	(510)	694	1,450	(2,584)	—	(950)
Transfer	—	60,918	21,609	26,819	(109,346)	—	—
Exchange realignment	(58,158)	(37,639)	(1,051)	3,138	3,160	—	(90,550)
At 31 December 2015, net of accumulated depreciation and impairment	1,554,406	3,377,172	315,214	296,272	1,038,999	—	6,582,063
At 31 December 2015 and at 1 January 2016:							
Cost	1,554,406	3,584,546	380,448	334,504	1,041,583	—	6,895,487
Accumulated depreciation and impairment	—	(207,374)	(65,234)	(38,232)	(2,584)	—	(313,424)
Net carrying amount	1,554,406	3,377,172	315,214	296,272	1,038,999	—	6,582,063

	Freehold land	Buildings and leasehold improvements	Machinery	Furniture, fixtures and other equipments	Construction in progress	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016, net of accumulated depreciation and impairment	1,554,406	3,377,172	315,214	296,272	1,038,999	—	6,582,063
Additions	—	183,873	82,435	78,103	1,528,349	—	1,872,760
Disposals	(61,670)	(113,750)	—	(3,016)	(28,163)	—	(206,599)
Depreciation provided during the year	—	(321,816)	(102,970)	(69,751)	—	—	(494,537)
Impairments	—	2,812	970	—	(10,237)	—	(6,455)
Transfer	—	204,114	48,727	35,953	(288,794)	—	—
Exchange realignment	61,016	174,984	17,303	11,034	20,127	—	284,464
At 31 December 2016, net of accumulated depreciation and impairment	1,553,752	3,507,389	361,679	348,595	2,260,281	—	8,031,696
At 31 December 2016 and at 1 January 2017:							
Cost	1,553,752	4,059,493	536,727	459,814	2,273,102	—	8,882,888
Accumulated depreciation and impairment	—	(552,104)	(175,048)	(111,219)	(12,821)	—	851,192
Net carrying amount	1,553,752	3,507,389	361,679	348,595	2,260,281	—	8,031,696
At 1 January 2017, net of accumulated depreciation and impairment	1,553,752	3,507,389	361,679	348,595	2,260,281	—	8,031,696
Additions	—	253,663	109,448	197,108	2,201,812	3,116	2,765,147
Acquisition of subsidiaries (note 46(a))	—	—	—	40	—	—	40
Disposals	(73,393)	(113,236)	(1,820)	(11,889)	(57)	—	(200,395)
Disposal of subsidiaries (note 46(b))	—	(223,046)	—	—	—	—	(223,046)
Depreciation provided during the year	—	(327,589)	(109,045)	(85,064)	—	(103)	(521,801)
Impairments	—	(44,886)	(2,784)	(417)	10,662	—	(37,425)
Transfer	—	31,541	37,918	53,703	(123,162)	—	—
Exchange realignment	(40,919)	(74,874)	(6,003)	20,203	(162)	—	(101,755)
At 31 December 2017, net of accumulated depreciation and impairment	1,439,440	3,008,962	389,393	522,279	4,349,374	3,013	9,712,461
At 31 December 2017 and at 1 January 2018:							
Cost	1,439,440	3,913,502	672,404	725,825	4,351,533	3,116	11,105,820
Accumulated depreciation and impairment	—	(904,540)	(283,011)	(203,546)	(2,159)	(103)	(1,393,359)
Net carrying amount	1,439,440	3,008,962	389,393	522,279	4,349,374	3,013	9,712,461

	Freehold land	Buildings and leasehold improvements	Machinery	Furniture, fixtures and other equipments	Construction in progress	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018, net of accumulated depreciation and impairment	1,439,440	3,008,962	389,393	522,279	4,349,374	3,013	9,712,461
Additions	—	96,314	70,345	177,157	358,777	8,548	711,141
Disposals	—	(2,060)	(1,247)	(8,022)	(29,905)	(610)	(41,844)
Depreciation provided during the period	—	(179,873)	(60,515)	(62,227)	—	(500)	(303,115)
Impairments	—	(18,366)	(3,124)	(3,924)	—	—	(25,414)
Transfer	—	3,923,193	217,654	5,722	(4,146,569)	—	—
Exchange realignment	(40,079)	(81,143)	(8,575)	(11,047)	(2,005)	—	(142,849)
At 30 June 2018, net of accumulated depreciation and impairment	1,399,361	6,747,027	603,931	619,938	529,672	10,451	9,910,380
At 30 June 2018:							
Cost	1,399,361	7,837,523	945,922	885,335	531,831	11,054	11,611,026
Accumulated depreciation and impairment	—	(1,090,496)	(341,991)	(265,397)	(2,159)	(603)	(1,700,646)
Net carrying amount	1,399,361	6,747,027	603,931	619,938	529,672	10,451	9,910,380

(1) The net book values of property, plant and equipment pledged as security for interest-bearing bank loans are as follows (note 33):

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction in progress	772,807	2,086,356	4,233,909	399,294
Property, plant and equipment	—	—	—	4,070,177
	772,807	2,086,356	4,233,909	4,469,471

(2) Capitalized interest expenses included in construction in progress of the Group are as follows (note 8):

	Year ended 31 December			Six months ended 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest expenses capitalized	29,079	81,706	127,781	37,073

15. PREPAID LAND LEASE PAYMENTS

	Year ended 31 December			Six months ended 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At beginning of year/period	839,262	921,074	921,074	930,272
Additions	81,812	—	9,198	309
At end of year/period	921,074	921,074	930,272	930,581
Accumulated amortization:				
At beginning of year/period	9,983	31,403	53,416	75,478
Amortization provided during the year/period	21,420	22,013	22,062	11,110
At end of year/period	31,403	53,416	75,478	86,588
Net book value:				
At beginning of year/period	829,279	889,671	867,658	854,794
At end of year/period	889,671	867,658	854,794	843,993

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net book value pledged as security for bank loans (note 33)	889,671	867,658	854,794	843,993
Portion classified as current assets included in prepayments, deposits and other receivables (note 24)	22,013	22,013	22,062	22,220
Non-current portion	867,658	845,645	832,732	821,773

16. INTANGIBLE ASSETS

	Trademarks and patents	Software	Leasehold rights	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015					
Cost	—	—	—	—	—
Accumulated amortization and impairment	—	—	—	—	—
Net carrying amount	—	—	—	—	—
Additions	185	41,798	10,182	67	52,232
Acquisition of subsidiaries (note 46(a))	1,808,328	258,116	86,085	26,729	2,179,258
Disposals	—	(1,634)	(3,251)	(7)	(4,892)
Amortization provided during the year	(277)	(34,103)	(1,105)	(2,993)	(38,478)
Impairments	—	—	(842)	—	(842)
Exchange realignment	44,276	6,320	2,246	(371)	52,471
At 31 December 2015	1,852,512	270,497	93,315	23,425	2,239,749
At 31 December 2015 and at 1 January 2016:					
Cost	1,852,796	305,868	95,293	26,379	2,280,336
Accumulated amortization and impairment	(284)	(35,371)	(1,978)	(2,954)	(40,587)
Net carrying amount	1,852,512	270,497	93,315	23,425	2,239,749
Cost at 1 January 2016, net of accumulated amortization and impairment	1,852,512	270,497	93,315	23,425	2,239,749
Additions	1,262	72,799	51	2,450	76,562
Acquisition of a subsidiary (note 46(a))	—	—	—	930	930
Disposals	(52)	—	(2,136)	—	(2,188)
Amortization provided during the year	—	(56,754)	(1,762)	(3,396)	(61,912)
Exchange realignment	54,872	8,199	2,802	1,357	67,230
At 31 December 2016	1,908,594	294,741	92,270	24,766	2,320,371

	Trademarks and patents	Software	Leasehold rights	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2016 and 1 January 2017:					
Cost	1,908,887	389,703	96,104	31,421	2,426,115
Accumulated amortization and impairment	(293)	(94,962)	(3,834)	(6,655)	(105,744)
Net carrying amount	1,908,594	294,741	92,270	24,766	2,320,371
Cost at 1 January 2017, net of accumulated amortization and impairment	1,908,594	294,741	92,270	24,766	2,320,371
Additions	804	121,335	735	87,652	210,526
Acquisition of subsidiaries	—	—	—	800	800
Disposals	(30)	(2,167)	(3,676)	—	(5,873)
Amortization provided during the year	—	(64,086)	(1,838)	(80,949)	(146,873)
Impairments	—	(10,614)	—	—	(10,614)
Exchange realignment	128,875	20,597	6,171	1,109	156,752
At 31 December 2017	2,038,243	359,806	93,662	33,378	2,525,089
At 31 December 2017 and 1 January 2018:					
Cost	2,038,556	537,315	99,654	123,701	2,799,226
Accumulated amortization and impairment	(313)	(177,509)	(5,992)	(90,323)	(274,137)
Net carrying amount	2,038,243	359,806	93,662	33,378	2,525,089

	Trademarks and patents	Software	Leasehold rights	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost at 1 January 2018, net of accumulated amortization and impairment	2,038,243	359,806	93,662	33,378	2,525,089
Additions	83	108,755	154	33	109,025
Disposals	—	(16,435)	—	—	(16,435)
Depreciation provided during the period	(266)	(37,746)	(923)	(8,027)	(46,962)
Impairments	(15)	(7,950)	(7,835)	—	(15,800)
Exchange realignment	(39,411)	(4,225)	(1,767)	(275)	(45,678)
At 30 June 2018	1,998,634	402,205	83,291	25,109	2,509,239
At 30 June 2018					
Cost	1,999,216	623,561	97,929	122,495	2,843,201
Accumulated amortization and impairment	(582)	(221,356)	(14,638)	(97,386)	(333,962)
Net carrying amount	1,998,634	402,205	83,291	25,109	2,509,239

The intangible assets of the Group with indefinite life are mainly trademarks amounting to EUR260,800,000 (equivalent to RMB1,850,428,000, RMB1,905,613,000, RMB2,034,840,000 and RMB1,995,511,000 as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively) which arose from the acquisition of Club Med SAS and its subsidiaries ("Club Med SAS Group"). The intangible assets have indefinite life as the extension cost is low and assets can be used indefinitely. The intangible assets have been allocated to groups of resorts based in geographic zones as the cash-generating units ("CGUs") for impairment testing.

The recoverable amount of the cash-generating units have been determined based on a value in use calculation using cash flow projections based on an operational plan for a maximum period of three years, and the application of a growth rate of 2.5% on the subsequent two years as approved by senior management. The discount rates applied to the cash flow projections are 12.35%, 12.50%, 12.09% for each of the years ended 31 December 2015, 2016 and 2017, respectively. The growth rate used to extrapolate the cash flows of the above cash-generating units beyond the fifth year period is 1.9%, which is also an estimate of the long-term rate of inflation.

Assumptions were used in the value in use calculation of the cash-generating units for the Track Record Period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of indefinite life intangible assets:

Discount rates - The discount rates used are before tax and reflect specific risks relating to the relevant units.

Long-term growth rate - The basis used to determine the value assigned to long-term growth rate is the forecast price indices during the budget year from where the main accommodations are located.

The values assigned to the key assumptions on market development of the tourism industry, discount rates and consumer price index are based on the long-term growth rates in the industry and the Group's historical experience.

Sensitivity to changes in key assumptions

Trademarks

As at December 31, 2015, 2016 and 2017, the recoverable amount of trademarks exceeds the carrying amounts by RMB617,117,000, RMB663,214,000 and RMB836,185,000, respectively.

The following table sets forth the impact of reasonably possible changes in each of the key assumptions, with all other variables held constant, of trademarks impairment testing of the Group as of the dates indicated.

Possible changes of key assumptions	Recoverable amount of trademarks exceeds its carrying amount by As at December 31,		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Pre-tax discount rate increase by 1%	402,529	436,469	573,880
Long-term growth rate decrease by 1%	325,553	405,097	499,927

With regard to the assessment of value in use, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amounts of trademarks to be materially lower than their carrying amounts.

17. GOODWILL

	RMB'000
Cost and net carrying amount at 1 January 2015	—
Acquisition of subsidiaries (note 46(a))	1,533,286
Exchange realignment	37,549
Cost and net carrying amount at 31 December 2015	1,570,835
Exchange realignment	46,847
Cost and net carrying amount at 31 December 2016	1,617,682
Exchange realignment	109,700
Cost and net carrying amount at 31 December 2017	1,727,382
Exchange realignment	(33,386)
Cost and net carrying amount at 30 June 2018	1,693,996

Impairment testing of goodwill

The Group's goodwill acquired through business combination is from the acquisition of Club Med SAS Group in February 2015 and the goodwill has been allocated to group of resorts based on geographic zones as the CGUs for impairment testing.

The recoverable amount of the cash-generating units have been determined based on a value in use calculation using cash flow projections based on an operational plan for a maximum period of three years, and the application of a growth rate of 2.5% on the subsequent two years as approved by senior management. The discount rates applied to the cash flow projections are 12.35%, 12.50%, 12.09% for each of the years ended 31 December 2015, 2016 and 2017, respectively. The growth rate used to extrapolate the cash flows of the above cash-generating units beyond the fifth year period is 1.9%, which is also an estimate of the long-term rate of inflation.

Assumptions were used in the value in use calculation of the cash-generating units for the Track Record Period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

Long-term growth rate — The basis used to determine the value assigned to long-term growth rate is the forecast price indices during the budget year from where the main accommodations are located.

The values assigned to the key assumptions on market development of the tourism industry, discount rates and consumer price index are based on the long-term growth rates in the industry and the Group's historical experience.

Sensitivity to changes in key assumptions

As at December 31, 2015, 2016 and 2017 the recoverable amount of the cash-generating unit exceeds its carrying amount by RMB5,417,960,000, RMB6,257,465,000 and RMB9,259,975,000, respectively.

The following table sets forth the impact of reasonable possible changes in each of the key assumptions, with all other variables held constant, of goodwill impairment testing of the Group as of the dates indicated.

Possible changes of key assumptions	Recoverable amount of the cash-generating unit exceeds its carrying amount by As at December 31,		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Pre-tax discount rate increase by 1%	4,613,229	5,418,874	8,224,191
Long-term growth rate decrease by 1%	4,672,360	5,884,238	8,287,773

With regard to the assessment of value in use, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amounts of the CGUs for which goodwill is allocated to be materially lower than their carrying amounts.

18. INVESTMENT IN A SUBSIDIARY

Company

	As at 31 December		As at 30 June
	2016	2017	2018
	RMB	*RMB*	*RMB*
Unlisted shares, at cost	1	1	1

Particulars of the Group's principal subsidiaries are set out in note 1 to the Historical Financial Information.

19. INVESTMENTS IN JOINT VENTURES

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	7,159	22,725	3,435	—

The Group's amounts due from joint ventures and amounts due to joint ventures are disclosed in note 23 to the Historical Financial Information.

The share of the joint ventures' losses of the Group during the Track Record Period mainly came from Kuyi International Travel Agency (Shanghai) Co. Ltd. which was established in September 2015. Based on the Group's assessment at each end of the Track Record Period, no impairment indications were noted and no impairment were required in respect of the investment in the joint venture as at each end of the Track Record Period.

As at 31 December 2015, 2016 and 2017 and 30 June 2018, there was no material joint venture within the Group.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	Year ended 31 December			Six months ended 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the joint ventures' losses for the year/period	(491)	(9,934)	(19,290)	(3,435)

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate carrying amount of the Group's investments in the joint ventures	7,159	22,725	3,435	—

20. INVESTMENTS IN ASSOCIATES

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	198,034	150,907	143,672	156,976

The Group's amounts due from associates and amounts due to associates are disclosed in note 23 to the Historical Financial Information.

As at 31 December 2015, 2016 and 2017 and 30 June 2018, there were no material associates within the Group.

The carrying amounts of the investment in an associate, Val Thorens Le Cairn, of RMB9,110,000, RMB8,343,000, RMB7,779,000 and RMB7,113,000 as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively, were pledged to a bank to provide funding to such associate.

The carrying amount of the investment in an associate, Valmorel Bois de la Croix, of RMB42,053,000 as at 31 December 2015 was pledged to a bank to provide funding to such associate. Such associate was disposed of in the year of 2016.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	Year ended 31 December			Six months ended 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the associates' profits/(losses) for the year/period	4,487	(1,380)	1,478	1,607

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate carrying amount of the Group's investments in the associates	198,034	150,907	143,672	156,976

21. INVESTMENTS MEASURED AT FAIR VALUE

		As at 31 December			As at 30 June
		2015	2016	2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term investments					
Unlisted equity investment, at fair value through other comprehensive income	(i)	—	195,004	190,064	39,482
Listed equity investments at fair value through other comprehensive income	(i)	—	—	—	769,458
		—	195,004	190,064	808,940
Unlisted investments at fair value through profit or loss - Non-trading		54,952	46,990	18,499	15,992
Short-term investment					
Unlisted investments at fair value through profit or loss - Non-trading	(ii)	—	—	130,000	—
Total		54,952	241,994	338,563	824,932

Notes:

(i) The Group designated the equity investments as an investment at fair value through other comprehensive income on the basis that they are not held for trading.

The fair value adjustment on the unlisted equity investment measured at fair value through other comprehensive income for the years ended 31 December 2016 and 2017 and the six months ended 30 June 2018 are in amount of nil, loss of RMB18,379,000 and loss of RMB147,625,000, respectively.

(ii) The short term investments measured at fair value consists the investment in the People's Bank of China national bonds and financial products issued by the PRC financial institution with the amount of RMB80,000,000 and RMB50,000,000 respectively as at 31 December 2017. The investment was settled during the six months ended 30 June 2018.

22. PROPERTIES UNDER DEVELOPMENT

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Land cost	1,238,076	1,256,327	1,703,721	1,569,660
Construction costs	187,883	434,499	1,102,803	756,853
Capitalized finance costs	8,410	18,891	113,634	71,987
	1,434,369	1,709,717	2,920,158	2,398,500
Portion classified as current assets	1,434,369	1,709,717	2,433,876	1,899,214
Non-current portion	—	—	486,282	499,286

The properties pledged to banks to secure bank loans and other borrowings are as follows:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net book value pledged (note 33)	1,380,438	1,665,043	2,394,576	—
Additions to properties under development include:				
Interest expense capitalized (note 8)	—	10,481	94,742	62,396

The Group's properties under development are situated in Mainland China, France and Mauritius.

23. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

Group

		As at 31 December			As at 30 June
		2015	**2016**	**2017**	**2018**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Due from related companies:					
The holding company	(i)	—	416	2,675,190	1,898,412
Associates	(ii)	51,632	53,223	35,532	38,326
A joint venture	(iii)	688	754	26,076	46,476
Other related companies	(iv)	490	178,569	2,352,807	8,832
Total		52,810	232,962	5,089,605	1,992,046
Portion classified as current assets		21,591	200,761	5,029,720	1,937,758
Non-current portion		31,219	32,201	59,885	54,288

Notes:

(i) As at 31 December 2016 and 2017 and 30 June 2018, the balances due from the holding company were non-trade in nature, unsecured, interest-free and repayable on demand. As at 31 December 2017 and 30 June 2018, the balances mainly come from the unpaid subscription price for the shares of the Company issued to the Controlling Shareholder. The Group's settlement plan of the payables and the receivables with the Controlling Shareholder and its subsidiaries are set out in the disclosure under "Onshore Payables and Offshore Receivables" of "Financial Independence" in the section headed "Relationship with our Controlling Shareholders" in the Prospectus.

(ii) As at 31 December 2015, 2016 and 2017 and 30 June 2018, the balances due from associates with the amounts of RMB20,413,000, RMB21,022,000, RMB1,147,000 and RMB4,438,000 were non-trade in nature, unsecured, interest-free and repayable on demand.

As at 31 December 2015, 2016 and 2017 and 30 June 2018, the balances due from the associate with the amounts of RMB31,219,000, RMB32,201,000, RMB34,385,000 and RMB33,888,000 bear interest at a fixed interest rate of 1.00% per annum and is repayable in 2031. The amounts due from associates were pledged to bank to provide funding to such associates.

(iii) As at 31 December 2015, 2016 and 2017 and 30 June 2018, the balances due from a joint venture with the amounts of RMB688,000, RMB754,000, RMB576,000 and RMB576,000 were non-trade in nature, unsecured, interest-free and repayable on demand.

As at 31 December 2017, the balance due from a joint venture with the amount of RMB25,500,000 was non-trade in nature, unsecured and interest-free. The maturity date was 30 April 2019. During the six months ended 30 June 2018, additional funding amounting to RMB20,400,000 was provided to this joint venture with the maturity date of 19 March 2020.

(iv) As at 30 June 2018, the balances due from other related companies with the amount of RMB1,223,000 were trade in nature, unsecured, interest-free and repayable on demand.

The remaining balances due from other related companies were non-trade in nature, unsecured, interest-free and repayable on demand.

Company

	Notes	As at 31 December 2016 RMB'000	As at 31 December 2017 RMB'000	As at 30 June 2018 RMB'000
Due from related companies:				
The holding company	(v)	416	2,675,190	1,898,412
A subsidiary	(vi)	—	4,209,287	6,248,583
Total		416	6,884,477	8,146,995

(v) As at 31 December 2016 and 2017 and 30 June 2018, the balances due from the holding company were non-trade in nature, unsecured, interest-free and repayable on demand. As at 31 December 2017 and 30 June 2018, the balances mainly come from the unpaid subscription price for the shares of the Company issued to the Controlling Shareholder. The Group's settlement plan of the payables and the receivables with the Controlling Shareholder and its subsidiaries are set out in the disclosure under "Onshore Payables and Offshore Receivables" of "Financial Independence" in the section headed "Relationship with our Controlling Shareholders" in the Prospectus.

(vi) As at 31 December 2015, 2016 and 2017 and 30 June 2018, the balance due from a subsidiary was non-trade in nature, unsecured, interest-free and repayable on demand.

Group

	Notes	As at 31 December 2015 RMB'000	As at 31 December 2016 RMB'000	As at 31 December 2017 RMB'000	As at 30 June 2018 RMB'000
Due to related companies:					
The holding company	(vii)	78,411	365	—	—
Associates	(viii)	2,781	1,286	741	—
A joint venture	(ix)	—	9,309	19,891	19,448
Other related companies	(x)	5,857,178	4,088,543	3,327,646	1,911,575
Total		5,938,370	4,099,503	3,348,278	1,931,023
Portion classified as current liabilities		3,428,368	1,337,686	3,348,278	1,931,023
Non-current portion	(xi)	2,510,002	2,761,817	—	—

(vii) As at 31 December 2015 and 2016, the balances due to the holding company were non-trade in nature, unsecured, interest-free and repayable on demand.

(viii) As at 31 December 2015, 2016 and 2017, the balances due to associates were non-trade in nature, unsecured, interest-free and repayable on demand.

(ix) As at 31 December 2016 and 2017, the balance due to a joint venture with the amounts of RMB9,138,000 and RMB9,508,000, respectively, pledged by investment in a subsidiary, bears interest at a fixed interest rate of 4.00% per annum and is repayable in 2018.

The remaining balance due to a joint venture was non-trade in nature, unsecured, interest-free and repayable on demand.

(x) As at 31 December 2015 and 2016, the balances due to other related companies included the amounts of RMB647,120,000 and RMB692,248,000, respectively, which were due to a related company with a maturity date on 17 February 2025 at a fixed interest rate of 4.00% per annum.

As at 31 December 2015 and 2016, the balances due to other related companies included the amounts of RMB1,862,882,000 and RMB2,060,431,000, respectively, which were due to a related company with a maturity date on 15 February 2019 at a fixed interest rate of 8.00% per annum.

As at 31 December 2017, the amounts of RMB12,078,000 are trade in nature and the remaining balances with the amounts of RMB3,315,568,000 are non-trade in nature. The balances are unsecured, interest-free and repayable on demand.

As at 30 June 2018, the balances include RMB7,472,000 which are trade in nature. The remaining balances amounting to RMB1,904,103,000 are non-trade in nature which include the amount of RMB1,900,229,000 due to Zhejiang Fosun Commercial Co. Ltd. and amounts of RMB3,874,000 due to a fellow subsidiary which is under the common control of the ultimate controlling shareholder, Mr Guo Guangchang. The balances are unsecured, interest-free and repayable on demand.

(xi) During the year of 2017, the non-current portion of the amounts due to other related companies was capitalized and transferred to the share capital and share premium of the Company.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments consist of:				
Prepayments for various goods and services	892,467	1,002,516	1,184,676	1,099,546
Current portion of prepaid land lease payments due in one year	22,013	22,013	22,062	22,220
Prepayment for acquisition of land use right	—	—	—	645,580
Prepayment for proposed acquisition of investment	—	55,000	—	—
Prepaid value-added tax and surcharges	391,431	457,019	833,026	926,171
Deposits	174,159	156,716	156,878	136,925
Other receivables consist of:				
Tax recoverable	—	34,064	407,294	453,138
Loans to third parties	319,355	126,605	130,135	131,858
Others	160,841	140,382	109,190	209,614

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less: impairment	(13,065)	(1,395)	(3,207)	(2,285)
	1,947,201	1,992,920	2,840,054	3,622,767
Portion classified as current assets	1,344,472	1,514,818	2,364,453	2,630,783
Non-current portion	602,729	478,102	475,601	991,984
Non-current portion of prepayments, deposits and other receivables:				
Deposits for lease contracts	159,934	144,894	151,606	133,435
Loans to third parties	319,355	126,605	130,135	131,858
Prepayments for purchase of construction materials, equipment and others	123,440	151,035	193,416	80,910
Prepayment for acquisition of land use right	—	—	—	645,580
Prepayment for proposed acquisition of investment	—	55,000	—	—
Others	—	568	444	201
	602,729	478,102	475,601	991,984

There are no significant balances that are overdue or impaired. Movements in the provision for impairment are as follows:

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
At beginning of year/period	—	13,065	1,395	1,395	3,207
Provision for impairment losses	11,985	852	636	60	32
Reversal of provision	—	(13,244)	—	—	(593)
Exchange realignment	1,080	722	1,176	7	(361)
At end of year/period	13,065	1,395	3,207	1,462	2,285

Company

	As at 31 December		As at 30 June
	2016	2017	2018
	RMB	*RMB*	*RMB*
Receivable for repurchase obligation of restricted shares (note 44)	—	—	61,344

25. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits	Accruals and provisions	Advertising fee for offsetting against future taxable profits	Unrealized revenue in contract liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax assets at 1 January 2015	—	—	—	—	—	—
Acquisition of subsidiaries (note 46(a))	354,958	36,013	—	—	35,744	426,715
Deferred tax (charged)/credited to the consolidated statement of profit or loss during the year	(20,124)	(573)	—	—	4,357	(16,340)
Exchange realignment	10,731	866	—	—	86	11,683
Gross deferred tax assets at 31 December 2015 and 1 January 2016	345,565	36,306	—	—	40,187	422,058
Deferred tax (charged)/credited to the consolidated statement of profit or loss during the year	(48,925)	(609)	—	—	13,119	(36,415)
Exchange realignment	15,091	1,086	—	—	(24)	16,153
Gross deferred tax assets at 31 December 2016 and 1 January 2017	311,731	36,783	—	—	53,282	401,796
Deferred tax credited to the consolidated statement of profit or loss during the year	76,164	2,318	13,767	8,845	11,863	112,957
Exchange realignment	9,727	2,482	—	—	4,113	16,322
Gross deferred tax assets at 31 December 2017 and 1 January 2018	397,622	41,583	13,767	8,845	69,258	531,075
Deferred tax credited /(charged) to the consolidated statement of profit or loss during the period	92,421	(1,784)	5,892	7,602	497	104,628
Exchange realignment	3,561	(739)	—	—	(5,721)	(2,899)
Gross deferred tax assets at 30 June 2018	493,604	39,060	19,659	16,447	64,034	632,804

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax liabilities at 1 January 2015			
Acquisition of subsidiaries (note 46(a))	1,165,876	—	1,165,876
Deferred tax credited to the consolidated statement of profit or loss during the year	(15,498)	—	(15,498)
Exchange realignment	(5,404)	—	(5,404)
Gross deferred tax liabilities at 31 December 2015 and 1 January 2016	1,144,974	—	1,144,974
Deferred tax credited to the consolidated statement of profit or loss during the year	(129,427)	—	(129,427)
Exchange realignment	38,359	—	38,359
Gross deferred tax liabilities at 31 December 2016 and 1 January 2017	1,053,906	—	1,053,906
Disposal of subsidiaries (note 46(b))	(21,486)	—	(21,486)
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the year	(72,764)	16,869	(55,895)
Exchange realignment	19,705	—	19,705
Gross deferred tax liabilities at 31 December 2017 and 1 January 2018	979,361	16,869	996,230
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the period	(15,216)	5,073	(10,143)
Exchange realignment	(22,344)	—	(22,344)
Gross deferred tax liabilities at 30 June 2018	941,801	21,942	963,743

For presentation purposes, certain deferred tax liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax offset in the consolidated statement of financial position	296,920	265,385	271,568	280,862
Net deferred tax assets recognized in the consolidated statement of financial position	125,138	136,411	259,507	351,942
Net deferred tax liabilities recognized in the consolidated statement of financial position	848,054	788,521	724,662	682,881

Deferred tax assets have not been recognized in respect of the following items:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	4,149,340	4,909,224	5,238,615	4,945,353
Deductible temporary differences	6,752	33,432	—	—
	4,156,092	4,942,656	5,238,615	4,945,353

Tax losses carried forward as at the end of each of the Track Record Period can be analyzed by expiry date as follows:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than one year	147,999	116,310	44,013	39,750
One to five years	330,944	542,035	347,745	384,215
Beyond five years	288,704	—	74,551	71,098
Without limitation	3,381,693	4,250,879	4,772,306	4,450,290
	4,149,340	4,909,224	5,238,615	4,945,353

Tax losses arising in Mainland China that will expire in one to five years for offsetting against future taxable profits. Tax losses arising in location other than Mainland China will be available indefinitely or expire in one to over five years for offsetting against future taxable profits as shown above. Deferred tax assets have not been recognized in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilized.

26. INVENTORIES

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Goods for resale	77,571	69,109	78,107	81,974
Consumables and supplies	72,708	80,085	81,215	71,345
Less: impairment	(6,644)	(5,857)	(8,223)	(7,713)
	143,635	143,337	151,099	145,606

27. COMPLETED PROPERTIES FOR SALE

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Completed properties for sale	26,919	49,781	27,581	1,296,964

The completed properties for sales pledged to banks to secure bank loans and other borrowings are as follows:

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net book value pledged (note 33)	—	—	—	1,241,559

The completed properties for sales are situated in France and Mainland China.

28. TRADE RECEIVABLES

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	460,784	512,335	1,025,981	868,570
Less: impairment	(13,893)	(22,925)	(36,044)	(35,385)
	446,891	489,410	989,937	833,185

The Group seeks to maintain strict control over its outstanding receivables to minimize the credit risk. Overdue balances are reviewed regularly by the 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.

The carrying amounts of the trade receivables in the consolidated statements of financial position approximate to their fair values.

An aging analysis of the trade receivables as at the end of each of the Track Record Period (based on the invoice date) is as follows:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Outstanding balances with ages:				
Within 90 days	413,260	469,097	965,099	823,106
91-180 days	23,698	17,514	24,440	7,859
181 to 365 days	9,933	2,799	398	2,220
1-2 years	2,483	10,230	12,988	1,550
Over 2 years	11,410	12,695	23,056	33,835
	460,784	512,335	1,025,981	868,570

The movements in the provision for impairment of trade receivables are as follows:

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
At beginning of year/period	—	13,893	22,925	22,925	36,044
Amount written off as uncollectible	—	—	—	—	(2,209)
Provision for impairment losses	12,696	7,674	10,550	5,829	2,302
Exchange realignment	1,197	1,358	2,569	2,319	(752)
At end of year/period	13,893	22,925	36,044	31,073	35,385

An aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Neither past due nor impaired	328,665	385,646	841,858	821,400
Past due but not impaired				
Within 30 days past due	48,778	49,052	63,519	3,103
Over 30 days part due	69,448	54,712	84,560	8,682
	446,891	489,410	989,937	833,185

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, the balances are grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables that are categorised as not past due or past due within 30 days are assessed to be 0.1%, while the expected loss rate for the trade receivables balances over 30 days past due are assessed to be 0.5%. The expected loss rate is reviewed, and adjusted if appropriate, at each end of the Track Record Period. The credit loss rate remained the same during the Track Record Period as the business and customer base of the Group remained stable and there were no significant fluctuation on the historical credit loss incurred. In addition, there is no significant change on the economic indicators based on the assessment of the forward looking information. Other than the provision provided for the specific balances which is more than 30 days past due, based on evaluation on expected loss rate and gross carrying amount of the remaining balances, the directors of the Company are of the opinion that the ECL in respect of these balances is considered immaterial.

29. CONTRACT ASSETS

		As at 31 December			As at 30 June
		2015	2016	2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets related to sales of properties and construction services	(1)	—	—	35,727	35,036
Costs for obtaining contracts	(2)	—	10,498	67,474	87,765
		—	10,498	103,201	122,801

The movements in contract assets are as follows:

	Year ended 31 December			Six months ended 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	—	—	10,498	103,201
Additions	—	10,498	92,041	20,291
Transferred to trade receivables	—	—	—	—
Exchange realignment	—	—	662	(691)
At end of year/period	—	10,498	103,201	122,801

Notes:

(1) Contract assets related to property development and sales consist of unbilled amounts resulting from sales of properties when revenue recognized over time exceeds the amounts billed to the property purchasers, which was primarily due to the growth of the Group's contracted sales.

(2) Management expects the incremental costs, primarily sales commission and stamp duty paid/payable as a result of obtaining the property sales contracts, are recoverable. The Group has capitalized the amounts and amortized when the related revenue is recognised. The amounts of amortization were nil for the years ended 31 December 2015, 2016 and 2017 and six months ended 30 June 2017 and 2018.

30. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2015

	Fair value	
	Assets	**Liabilities**
	RMB'000	*RMB'000*
Derivatives not qualifying for hedge accounting		
Interest rate derivatives		
Interest rate swaptions	—	2,175
Qualifying for hedge accounting		
Cash flow hedge derivatives		
Currency swaps	3,489	1,682
Forward currency contracts	27,831	13,422
Interest rate swaps	—	15,403
Fair value hedge derivatives		
Currency swaps	2,127	4,696
	33,447	35,203
	33,447	37,378

As at 31 December 2016

	Fair value	
	Assets	**Liabilities**
	RMB'000	*RMB'000*
Derivatives not qualifying for hedge accounting		
Interest rate derivatives		
Interest rate swaptions	—	10,333
Qualifying for hedge accounting		
Cash flow hedge derivatives		
Currency swaps	4,930	3,677
Forward currency contracts	28,959	21,625
Interest rate swaps	—	27,072
Fair value hedge derivatives		
Currency swaps	6,722	7,073
	40,611	59,447
	40,611	69,780

As at 31 December 2017

	Fair value	
	Assets	Liabilities
	RMB'000	*RMB'000*
Derivatives not qualifying for hedge accounting		
Interest rate derivatives		
Interest rate swaptions	—	4,153
Qualifying for hedge accounting		
Cash flow hedge derivatives		
Currency swaps	7,872	14,619
Forward currency contracts	20,240	37,585
Interest rate swaps	—	17,913
Fair value hedge derivatives		
Currency swaps	7,069	3,839
	35,181	73,956
	35,181	78,109

As at 30 June 2018

	Fair value	
	Assets	Liabilities
	RMB'000	*RMB'000*
Derivatives not qualifying for hedge accounting		
Interest rate derivatives		
Interest rate swaptions	2,953	10,521
Qualifying for hedge accounting		
Cash flow hedge derivatives		
Currency swaps	19,772	12,549
Forward currency contracts	13,658	8,437
Interest rate swaps	—	15,212
Currency options purchased	314	—
Fair value hedge derivatives		
Currency swaps	1,706	3,138
	35,450	39,336
	38,403	49,857

Cash flow hedges

The Group operates resorts all over the world and is exposed to the risk of fluctuations in foreign exchange rates. Forward currency contracts and currency swaps are designated as hedging instruments in respect of the transaction currency risk arising from the future cashflows denominated in a currency other than the functional currency of the entities within the Group. The balances of the forward currency contracts and currency swaps vary with the levels of expected foreign currency transactions and changes in foreign exchange forward rates. The terms of the above hedging instruments match the expected highly probable forecast transactions.

Interest rate swaps whereby the Group receives interest at variable rates and pays interest at fixed rates are designated as hedging instruments in respect of forecast future interest expenses on interest-floating borrowings to which the Group has firm commitments. The balances of the interest rate swaps vary with the terms and principal amount of the interest-floating borrowings and changes in variable rates which are generally based on the Europe Interbank Offered Rate. The terms of the above hedging instruments match the terms of the commitments.

The cash flow hedges were assessed to be highly effective and net losses of RMB283,000, RMB18,053,000, RMB20,454,000, net gains of RMB14,924,000 and RMB34,554,000 for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 and 2018, respectively, were included in the hedging reserve as follows:

	Year ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Effective portion of changes in fair value of hedging instruments arising during the periods	(283)	(18,354)	(39,599)	27,024	20,422
Reclassification adjustments for gains/(losses) included in the consolidated statements of profit or loss	—	301	19,145	(12,100)	14,132
Total	(283)	(18,053)	(20,454)	14,924	34,554

In addition, the Group has entered into interest rate swaption contracts to manage its interest rate exposures on borrowings. These interest rate swaption contracts are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging interest rate derivatives were charged to the consolidated statement of profit or loss.

Fair value hedge

Currency swaps are designated as hedging instruments in respect of the currency risk on intercompany financing denominated in a currency other than the functional currency of the borrowing entities within the Group. The hedge of the currency swaps was assessed to be effective.

31. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

		As at 31 December			As at 30 June
		2015	2016	2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and current deposits		323,116	1,378,964	1,312,313	1,479,915
Time deposits		38,757	10,941	97,072	28,974
Other cash equivalents		163,382	207,777	220,788	213,246
		525,255	1,597,682	1,630,173	1,722,135
Less: Pledged bank balances	(1)	—	—	49,393	44,413
Time deposits with original maturity of more than three months		149	1,903	164	—
Restricted pre-sale proceeds	(2)	—	272,310	590,893	284,055
Restricted cash		149	274,213	640,450	328,468
Cash and cash equivalents		525,106	1,323,469	989,723	1,393,667

Notes:

(1) It mainly comprises the following:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank balances as various deposits	—	—	49,393	44,413

(2) In accordance with relevant regulations issued by the PRC State-Owned Land and Resource Bureau, certain subsidiaries involved in property development of the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees for the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained.

Cash and cash equivalents and restricted cash of the Group denominated in RMB amounted to RMB104,119,000, RMB1,082,283,000, RMB1,002,892,000 and RMB1,129,423,000 as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The cash and cash equivalents and restricted cash are deposited with creditworthy banks with no recent history of default.

32. NON-CURRENT ASSETS HELD FOR SALE

Property, plant and equipment held for sale:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost	107,691	—	—	—
Accumulated depreciation	(38,960)	—	—	—
Impairment	(9,202)	—	—	—
	59,529	—	—	—

As at 31 December 2015, assets held for sale included the property, plant and equipment held for sale with a net book value of RMB59,529,000, as the sale within 12 months from the date of the said classification was considered highly probable. The sale of the assets was completed in 2016.

33. INTEREST-BEARING BANK BORROWINGS

		As at 31 December			As at 30 June
		2015	2016	2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans:					
Secured	(a)	3,382,682	4,690,862	5,550,846	5,478,762
Unsecured		258,990	228,169	60,707	35,460
Total		3,641,672	4,919,031	5,611,553	5,514,222
Repayable:					
Within one year		409,429	532,159	712,283	674,814
In the second year		245,471	633,291	701,251	547,987
In the third to fifth years, inclusive		1,017,865	1,719,201	3,080,906	2,935,810
Over five years		1,968,907	2,034,380	1,117,113	1,355,611
		3,641,672	4,919,031	5,611,553	5,514,222
Portion classified as current liabilities		409,429	532,159	712,283	674,814
Non-current portion		3,232,243	4,386,872	4,899,270	4,839,408

Notes:

(a) Certain of the Group's bank loans are secured by the pledges of the following assets with carrying values at the end of each of the Track Record Period as follows:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledge of assets:				
Prepaid land lease payments	889,671	867,658	854,794	843,993
Properties under development	1,380,438	1,665,043	2,394,576	—
Property, plant and equipment	772,807	2,086,356	4,233,909	4,469,471
Completed properties for sales	—	—	—	1,241,559
Total	3,042,916	4,619,057	7,483,279	6,555,023

Apart from the above, certain interest-bearing bank borrowings are secured by investments in subsidiaries as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively.

In addition, Shanghai Fosun High Technology (Group) Co., Ltd., a fellow subsidiary of Fosun International Limited, has provided guarantees to certain of the Group's bank loans amounting to RMB610,340,000, RMB2,047,320,000, RMB3,081,540,000 and RMB3,265,399,000 at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively.

(b) Certain of the Group's bank loans bear interest at rates ranging from 3.60% to 6.90% per annum in 2015, from 2.75% to 6.23% per annum in 2016, from 2.75% to 6.34% per annum in 2017, and from 2.75% to 7.00% per annum in the six months ended 30 June 2018.

34. CONTRACT LIABILITIES

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	504,994	1,719,908	6,573,325	7,665,802

The Group receives payments from customers based on the billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts from property sales and resort operation.

The following table shows the amounts of the revenue recognized in the Track Record Period related to carried forward contract liabilities.

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Revenue recognized in the Track Record Period that was included in the contract liabilities balance at the beginning of the year/period	—	522,538	654,679	640,496	639,980

The following table includes the transaction price allocated to the remaining unsatisfied performance obligations related to property sales and resorts operation as at the end of each of the Track Record Periods.

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected to be recognized within one year	507,339	826,890	5,742,518	6,404,969
Expected to be recognized after one year	—	2,076,593	1,400,321	1,532,347
Total	507,339	2,903,483	7,142,839	7,937,316

35. TRADE PAYABLES

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	978,166	1,135,167	1,244,064	1,669,942

An aging analysis of the trade payables as at 31 December 2015, 2016 and 2017 and 30 June 2018, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Outstanding balances with ages:				
Within 90 days	961,802	1,092,430	1,241,388	1,640,817
91 to 180 days	1,858	1,357	—	29,040
181 to 365 days	8,045	38,325	106	35
1 to 2 years	6,461	3,055	2,570	50
	978,166	1,135,167	1,244,064	1,669,942

Trade payables are non-interest-bearing.

36. ACCRUED LIABILITIES AND OTHER PAYABLES

Group

		As at 31 December			As at 30 June
		2015	2016	2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers	(i)	1,712,919	2,011,511	2,206,477	2,018,607
Payables related to:					
Purchases of property, plant and equipment		162,989	372,849	966,516	876,333
Deposits received		69,993	76,607	80,080	91,987
Payroll		310,355	330,699	434,313	442,186
Tax liabilities (other than income tax)		129,612	167,255	148,112	143,805
Interest payables		630	2,665	4,593	4,251
Provisions for litigation and others	(ii)	426,072	341,944	405,061	286,610
Unpaid cash consideration on acquisition of subsidiaries		28,880	—	—	—
Put option granted to non-controlling shareholders of a subsidiary	(iii)	10,288	21,443	27,003	176,407
Payment for repurchase obligation of restricted shares (note 44)		—	—	—	61,344
Others		82,248	138,627	185,504	286,959
		2,933,986	3,463,600	4,457,659	4,388,489

(i) The balance mainly represents the proceeds from the customers in advance arose from certain contracts which can be cancelled without any condition before the service and goods are delivered by the Group.

(ii) Mainly includes the provisions for litigation which cover commercial claims, employee claims, and disputes with government agencies and the provisions for the site restructuring and closures of the resorts.

(iii) Pursuant to the put option agreements signed in February 2015 between Fosun Luxembourg, a subsidiary of the Company, and certain non-controlling shareholders of CMH, the non-controlling shareholders of CMH, except Fidelidade - Companhia de Seguros, S.A. ("Fidelidade"), a fellow subsidiary of the Controlling Shareholder who holds 18.29% (Nil as at 30 June 2018) equity interests in CMH, had certain embedded put rights that were exercisable commencing on the departure of the relevant employee shareholder or on the fourth or fifth anniversary of the agreement date and if exercised, would require Fosun Luxembourg to acquire the non-controlling interests at a price based on certain multiples of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of CMH after being adjusted by certain items. The put options will expire from 18 February 2020 to 19 July 2022. In accordance with IFRS 10, the Company recorded the non-controlling shareholders' portion of profit or loss in its consolidated statement of profit or loss, and the put option amount was classified as a financial liability at the end of each of the Track Record Period and the changes in the amount of the option were recognized in equity (other reserve).

Company

	As at 31 December		As at 30 June
	2016	**2017**	**2018**
	RMB	*RMB*	*RMB*
Payment for repurchase obligation of restricted shares (note 44)	—	—	61,344
Others	—	6	6
	—	6	61,350

37. FINANCE LEASE PAYABLES

Total future minimum lease payments under finance leases and their present values are as follows:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	4,137	4,260	9,855	6,317
In the second year	4,137	4,260	9,854	9,661
In the third to fifth years, inclusive	12,402	12,772	29,555	28,982
More than five years	13,353	9,828	58,431	52,252
Total minimum finance lease payments	34,029	31,120	107,695	97,212
Less: Future finance charges	(8,323)	(6,781)	(21,394)	(15,869)
	25,706	24,339	86,301	81,343
Portion classified as current	2,398	4,260	6,312	6,320
Non-current portion	23,308	20,079	79,989	75,023

38. CONVERTIBLE REDEEMABLE PREFERRED SHARES

To finance the acquisition of Club Med SAS Group, in February 2015, CMH (formerly known as Holding Gaillon II), an indirectly owned subsidiary of the Company, issued 51,578,995 Class B preference shares (the "Preferred Shares B") with a par value of EUR4 per share for cash. Among them, Fosun Luxembourg, together with another subsidiary of the Group subscribed 36,377,244 Preferred Shares B which were eliminated on group level. And the rest of 15,001,751 Preferred Shares B were subscribed by a related party of the Group and other various third party holders at a total amount of EUR60,007,004 (equivalent to RMB415,585,000). In February and May 2018, Fosun Luxembourg acquired 11,176,968 Preferred Shares B from non-controlling shareholders at a total consideration of EUR57,006,754 (equivalent to RMB436,692,000).

The Preferred Shares B hold voting rights, have no maturity date and entitle the holders to a preferred, cumulative and exclusive compound dividend rate of 8.25% on the principals. In case of the liquidation, Preferred Shares B are redeemable at subscription price plus the preferred dividend and the redemption of the Preferred Shares B is in priority to ordinary shares and other equity instruments. Preferred Shares B are treated pari passu with the holders of the convertible bonds with the details set out in note 39. In case of an exit (except an initial public offering ("IPO") of CMH), allocation of exit price will be in priority to Convertible Bonds and Preferred Shares B which are treated pari passu. Only in case of an exit through an IPO of CMH, Preferred Shares B could be converted into ordinary shares.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option ("Market Interest"). The residual amount is assigned as the equity component and is included in shareholders' equity. Since the rate of return is close to the Market Interest, the entire issue was recognised as a liability with no equity component.

The Preferred Shares B were classified as financial liabilities.

	Year ended 31 December			Six months ended 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	—	456,006	509,001	588,387
Issued during the year/period	415,585	—	—	—
Redemption	—	—	—	(436,692)
Interest expense (note 8)	30,923	39,550	44,550	16,249
Exchange realignment	9,498	13,445	34,836	(15,053)
At the end of year/period	456,006	509,001	588,387	152,891

39. CONVERTIBLE BONDS

To finance the acquisition of Club Med SAS Group, in February and March 2015, CMH issued a total of 102,415,337 convertible bonds (the "Convertible Bonds") with a par value of EUR4 per bond. Among them, Fosun Luxembourg subscribed 72,056,820 Convertible Bonds which were eliminated on group level. The rest of 30,358,517 Convertible Bonds were subscribed by a related party of the Group and other various third party holders at a total amount of EUR121,434,000 (equivalent to RMB841,004,000). In February and May 2018, Fosun Luxembourg acquired 22,618,437 Convertible Bonds from non-controlling shareholders at a total consideration of EUR116,320,021 (equivalent to RMB882,991,000).

The Convertible Bond can be converted into Preferred Share B and the conversion can be requested at the option of the bondholders at any time until the maturity date of 18 February 2025. The Convertible Bonds bear interest at a compound rate of 8.25% per annum until the Convertible Bonds mature. The holders could early redeem the Convertible Bonds only in the case of liquidation and before any other dividends and any redemption of net equity.

The fair value of the liability component was estimated at the issuance date using an Market Interest. The residual amount is assigned as the equity component and is included in shareholders' equity. Since the rate of return is close to the Market Interest, the entire issue was recognized as a liability with no equity component.

	Year ended 31 December			Six months ended 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	—	923,094	1,028,856	1,188,672
Issued during the year/period	841,004	—	—	—
Redemption	—	—	—	(882,991)
Interest expense (note 8)	58,335	80,625	87,834	33,065
Exchange realignment	23,755	25,137	71,982	(29,162)
At the end of year/period	923,094	1,028,856	1,188,672	309,584

40. DEFERRED INCOME

Deferred income represents government grants received related to assets.

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants for fixed asset construction	145,456	148,577	121,591	117,464

The movements of government grants are as follows:

	Year ended 31 December			Six months ended 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	—	145,456	148,577	121,591
Acquisition of subsidiaries	153,707	—	—	—
Addition	1,537	14,903	9,385	1,884
Recognized as income during the year/period	(13,186)	(16,152)	(8,370)	(2,404)
Disposal*	—	—	(36,123)	—
Exchange realignment	3,398	4,370	8,122	(3,607)
At the end of year/period	145,456	148,577	121,591	117,464

* The disposal of the deferred income is due to the disposal of the property, plant and equipment for which government grant was received.

41. OTHER LONG TERM PAYABLES

		As at 31 December			As at 30 June
		2015	2016	2017	2018
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accrued rental expenses	(i)	270,689	234,930	209,277	187,468
Defined benefit plans	(ii)	215,708	239,027	264,352	262,745
Others		15,000	—	—	—
		501,397	473,957	473,629	450,213

Notes:

(i) Accrued rental expenses relates to long-term rental contracts with rent-free periods.

(ii) Under defined-benefit plans, the Group has an obligation to provide benefits to employees either on their retirement or when they leave the Group. The Group's defined benefit plans are unfunded and are covered by provisions recorded in the financial statements.

The Group's obligations under defined benefit plans are measured using the projected unit credit method. This method involves the use of long-term actuarial assumptions concerning demographic variables (such as employee turnover and mortality) and financial variables (such as future increases in salaries and discount rates). These variables are reviewed each year.

The discount rate is determined by reference to the market yields at the reporting date on high quality corporate bonds.

The principal actuarial assumptions used for the major defined benefit plan of the Group as at the end of each of the Track Record Period are as follows:

	As at 31 December		As at 30 June	
	2015	2016	2017	2018
Discount rate	1.71%	0.87%	1.50%	1.47%
Expected rate of salary increase	2.60%	2.57%	2.90%	2.90%

A quantitative sensitivity analysis for significant assumptions for the major defined benefit plan of the Group as at the end of each of the Track Record Period is shown below:

	As at 31 December		As at 30 June	
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Discount rate changed to	2.21%	1.37%	2.00%	1.97%
Adjustment to liability	(6,655)	(6,920)	(7,116)	(7,595)
Discount rate changed to	1.21%	0.37%	1.00%	0.97%
Adjustment to liability	7,187	7,460	7,654	8,188
Expected rate of salary increase changed to	3.10%	3.07%	3.40%	3.40%
Adjustment to liability	7,422	7,731	7,896	8,462
Expected rate of salary increase changed to	2.10%	2.07%	2.40%	2.40%
Adjustment to liability	(6,939)	(7,102)	(7,412)	(7,785)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of each of the Track Record Period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The total expenses recognized in the consolidated statement of profit or loss in respect of the plan are as follows:

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current service cost	7,670	16,504	22,346	11,096	8,258
Interest expense	2,803	4,875	3,691	1,453	2,214
Net benefit expenses	10,473	21,379	26,037	12,549	10,472

The movements in the present value of the defined benefit obligations are set out below:

	Year ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
At beginning of year/period	—	215,708	239,027	239,027	264,352
Acquisition of subsidiaries	186,548	—	—	—	—
Current service cost	7,670	16,504	22,346	11,096	8,258
Interest expense	2,803	4,875	3,691	1,453	2,214
Benefits paid	(5,847)	(9,801)	(17,988)	(11,253)	(6,766)
Loss/(gains) from actuarial changes in other comprehensive income	22,209	3,832	6,364	(8,181)	246
Exchange realignment	2,325	7,909	10,912	11,314	(5,559)
At the end of year/period	215,708	239,027	264,352	243,456	262,745

The defined benefit plan is unfunded, there are no expected contributions in the next 12 months.

The average duration of the defined benefit obligations at 31 December 2015, 2016 and 2017 and 30 June 2018 was 9 years, 8.5 years, 8 years and 8 years, respectively.

42. SHARE CAPITAL

Shares

	Notes	Numbers of shares	Nominal value of USD0.001 each	Nominal value of EUR0.001 each	Nominal value of EUR0.0001 each	Nominal value
			USD	*EUR*	*EUR*	*RMB*
Authorised:						
Upon incorporation and at 31 December 2016	(i)	1,000,000,000	1,000,000	—	—	6,652,870
Authorisation	(ii)	1,000,000,000	—	1,000,000	—	7,676,000
Cancellation	(ii)	(1,000,000,000)	(1,000,000)	—	—	(6,652,870)
Subdivision of shares	(iv)	9,000,000,000	—	(1,000,000)	1,000,000	—
At 31 December 2017 and 30 June 2018		10,000,000,000	—	—	1,000,000	7,676,000
Issued:						
Upon incorporation and at 31 December 2016	(i)	1,000	1	—	—	7
Issue of shares	(ii)	1,000	—	1	—	8
Repurchase and cancellation	(ii)	(1,000)	(1)	—	—	(7)
Issue of shares	(iii)	1,000	—	1	—	8
Subdivision of shares	(iv)	18,000	—	(2)	2	—
Issue of shares	(v)	999,980,000	—	—	—	—
At 31 December 2017 and 1 January 2018		1,000,000,000	—	—	2	16
Issue of shares	(vi)	2	—	—	—	—
Issue of restricted shares under share ownership plan	(vii)	9,038,501	—	—	904	6,916
At 30 June 2018		1,009,038,503	—	—	906	6,932

Notes:

(i) On 30 September 2016, the Company was incorporated in the Cayman Islands with authorised share capital of USD1,000,000.00 divided into 1,000,000,000 shares at a par value of USD0.001 each. On the same date, 1,000 shares were issued and fully paid by Fosun International Limited.

(ii) In May 2017, the authorized share capital of the Company was changed from USD1,000,000 to EUR1,000,000 by way of repurchasing and cancelling the 1,000 ordinary shares with a par value of USD0.001 each; and then allotting and issuing 1,000 shares with a par value of EUR0.001 each to the Controlling Shareholder at a consideration of EUR540,191,026 (equivalent to RMB4,146,506,000). The consideration is settled by the 100% equity investment in Fosun Luxemburg amounted to EUR161,517,224 (equivalent to RMB1,239,806,000) and the receivables of Fosun International Limited from Fosun Luxemburg amounted to EUR378,673,802 (equivalent to RMB2,906,700,000). The consideration exceeding the nominal amount of the issued share capital amounted to RMB4,146,506,000 was recorded in share premium of the Company.

(iii) On 29 December 2017, 1,000 Shares of EUR0.001 each were allotted and issued to the Controlling Shareholder at a consideration of RMB2,670,000,000. The consideration amount exceeding the nominal amount of the shares issued amounting to RMB2,670,000,000 was recorded in share premium of the Company. The consideration was not received and recorded in the amount due from the holding company in the statement of financial position of the Company.

(iv) On 29 December 2017, the authorised shares of the Company were subdivided from 1,000,000,000 shares at a par value of EUR0.001 each to 10,000,000,000 shares at a par value of EUR0.0001 each. The issued 2,000 shares were subdivided into 20,000 shares at a par value of EUR0.0001 each.

(v) On 29 December 2017, 999,980,000 shares were allotted and issued to the Controlling Shareholder at nil consideration. Upon completion, the Controlling Shareholder held 1,000,000,000 shares of the Company.

(vi) On 25 April 2018, 2 shares at a par value of EUR0.0001 each were allotted and issued to the Controlling Shareholder at a consideration of HKD19,319,788 (equivalent to RMB15,441,000) and EUR173,499,642 (equivalent to RMB1,330,985,000) for each share respectively. The consideration was settled by the receivables of the Controlling Shareholder from the Company. The total consideration exceeding the nominal amount of the issued share capital amounting to RMB1,346,426,000 was recorded in share premium of the Company.

(vii) On 18 June 2018, 9,038,501 shares were allotted and issued to eligible participants at a consideration of HKD8.05 per share under the share ownership plan as set out in note 44.

43. RESERVES

Group

The Group's reserves and the movements therein for the Track Record Period are presented in the consolidated statements of changes in the equity of the Historical Financial Information.

Merger reserve

The Company was incorporated in September 2016 and acquired relevant subsidiaries now comprising the Group in the year of 2017 from the Controlling Shareholder. The merger reserve of the Group mainly represents the reserve arose pursuant to the Reorganization as mentioned in note 2.1 to the Historical Financial Information. Details of the movements in the merger reserve are set out in the consolidated statements of changes in equity.

Capital and other reserve

(i) The Group has granted put options to the certain of non-controlling shareholders of CMH. The put options provide the holders the option to require the Group to purchase the shares held by the non-controlling shareholders at a determinable price. Details are set out in note 36(iii). As at 31 December 2015, 2016 and 2017 and 30 June 2018, although the put options remained unexercised, the Group derecognized the non-controlling interests as if they were acquired at that date, and recognized as financial liabilities, which are measured on the basis of the estimated present value of the consideration to be transferred upon the exercise of the put options. The difference between the amounts of the non-controlling interests and the financial liabilities was recognized to capital and other reserves.

(ii) During the years of 2016 and 2017 and the six months ended 30 June 2018, the Group acquired additional interests in its subsidiaries and disposed of partial interests in a subsidiary without losing control. The differences between the consideration and the proportionate shares of net assets acquired or disposed of were recorded in capital and other reserve respectively.

(iii) The share capital of Fosun Luxembourg, Shanghai Fanyou and Qijin Investment, which are now comprising the Group under the Reorganization, was recorded in capital and other reserve before the incorporation of the Company, and upon the completion of the Reorganization, it was reclassified to merger reserve. Details are set out in consolidated statements of the changes in equity.

(iv) The remaining amount of capital and other reserve mainly consists of fair value adjustments of hedging instruments in cash flow hedges, actuarial reserve relating to employee benefits in the defined benefit plans, and reserves relating to the share-based payments.

Company

A summary of the Company's reserves is as follows:

	Share premium	Capital and other reserve	Exchange fluctuation reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 30 September 2016 (the incorporation date of the Company)	—	—	—	—	—
Profit for the period	—	—	—	418	418
Exchange differences on translation of foreign operations	—	—	(2)	—	(2)
At 31 December 2016 and 1 January 2017	—	—	(2)	418	416
Issue of shares (note 42(ii))	6,816,506	—	—	—	6,816,506
Loss for the year	—	—	—	(469)	(469)
Exchange differences on translation of foreign operations	—	—	68,245	—	68,245
At 31 December 2017 and 1 January 2018	6,816,506	—	68,243	(51)	6,884,698
Issue of shares (note 42(vi))	1,346,426	—	—	—	1,346,426
Issue of restricted shares under share ownership plan (note 44)	61,337	(61,344)	—	—	(7)
Profit for the period	—	—	—	52,707	52,707
Exchange differences on translation of foreign operations	—	—	(136,813)	—	(136,813)
At 30 June 2018	8,224,269	(61,344)	(68,570)	52,656	8,147,011

44. SHARE-BASED PAYMENTS

Share option scheme

The Company operates a share option scheme (the "Option Scheme") for the purpose of providing the eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage the eligible participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholder(s) as a whole. The eligible participants include directors, full time employees of the Company or any of its subsidiaries and any person who the board of directors considers to be able to enhance the operations or the value of the Group. The Option Scheme was approved by the shareholders of Fosun International Limited and became effective on 23 February 2018. Unless otherwise cancelled or amended, the Option Scheme will remain in force for 10 years from the date of adoption.

The maximum number of share options currently permitted to be granted under the Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company as at the date of adoption. The maximum number of shares issuable under share options to each eligible participant in the Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at grant date. Any further grant of share options in excess of this limit is subject to the approval of the shareholders of Fosun International Limited in a general meeting. And the number of shares of which options may be granted under the Option Scheme shall be increased by the same number of options lapsed and/or cancelled.

The offer of a grant of share options may be accepted within 5 business days from the date of offer, upon payment of a nominal consideration of RMB1 (or any other amount as determined by the board of directors) in total by the grantee. The exercise period of the share options granted is determinable by the grantee, and commences after a vesting period of one to eight years and is subject to the listing of the shares on an internationally recognized stock exchange (the "Listing"), and shall not exceed a period of 10 years from the date of grant of the share options (the "Option Period").

The exercise price of share options is determinable by the directors, but may not be less than the new issue price (if any) either after the Company has resolved to seek a Listing or during the period commencing six months before the lodgement of an application with the relevant stock exchange for the Listing up to the date of Listing. In such event, the Board shall have the discretion to adjust the exercise price of options granted during such period to not lower than the new issue price (if any).

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Option Scheme during the periods:

	Weighted average exercise price	Number of options
	HKD per share	*'000*
At 31 December 2017 and 1 January 2018	—	—
Granted during the six months period	8.43	31,829
Forfeited during the six months period	8.43	(106)
At 30 June 2018	8.43	31,723

No share options were exercised during the six months ended 30 June 2018.

The exercise prices and exercise periods of the share options outstanding as at 30 June 2018 are as follows:

Number of options	Exercise price HKD per share	Exercise period
'000		
6,931	8.43	23 February 2019 to 23 February 2028
6,931	8.43	23 February 2020 to 23 February 2028
6,931	8.43	23 February 2021 to 23 February 2028
6,930	8.43	23 February 2022 to 23 February 2028
1,000	8.43	23 February 2023 to 23 February 2028
1,000	8.43	23 February 2024 to 23 February 2028
1,000	8.43	23 February 2025 to 23 February 2028
1,000	8.43	23 February 2026 to 23 February 2028
31,723		

The fair value of the share options granted during the six months ended 30 June 2018 was RMB132,515,000 (RMB4.00-RMB4.59 each), based on different vesting periods, of which the Group recognized a share option expense of RMB20,740,000 during the six months ended 30 June 2018.

The fair value of equity-settled share options granted during the six months ended 30 June 2018 was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Six months ended 30 June 2018
Dividend yield (%)	—
Expected volatility (%)	24.89%
Historical volatility (%)	24.89%
Risk-free interest rate (%)	2.78%
Weighted average share price (RMB per share)	10

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

As at 30 June 2018, the Company had 31,723,000 share options outstanding under the Option Scheme which represented approximately 3.2% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 31,723,000 additional ordinary shares of the Company and additional share capital and share premium of HKD267,425,000 (before issue expenses).

Subsequent to 30 June 2018, 13,816,520 share options were granted on 19 November 2018 and no share options were exercised.

2017 share ownership plan

The Company operates the 2017 share ownership plan (the "Share Ownership Plan") for the purpose to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives in the form of share ownership in the Company to selected employees, directors, and consultants and to promote the success of the Company's business by offering these individuals an opportunity to acquire a proprietary interest in the success of the Company or to increase this interest, by permitting them to acquire shares of the Company. The Share Ownership Plan was approved by the board of directors of the Company and became effective on 29 December 2017. Unless otherwise cancelled or amended, the Share Ownership Plan will remain in force for 10 years from the date of adoption.

The maximum aggregate number of restricted shares that may be issued under the Share Ownership Plan shall not exceed 15,000,000 shares. The restricted shares can only be transferred freely after completion of a listing on any stock exchange. The Company has an obligation to repurchase the restricted shares when the participants exit the plan before completion of a listing on any stock exchange.

On 1 January 2018, pursuant to the Share Ownership Plan, 9,098,501 restricted shares of the Company were granted to eligible participants at a grant price of HKD8.05 per share, which represented approximately 0.9% of the Company's Shares in issue as at that date. The following restricted shares were outstanding under the Share Ownership Plan during the periods.

	Weighted average subscription price	Number of options
	HKD per share	*'000*
At 31 December 2017 and 1 January 2018	—	—
Granted during the six months period	8.05	9,099
Forfeited during the six months period	8.05	(60)
At 30 June 2018	8.05	9,039

All of the participants have accepted the granted restricted shares by signing off the offer letters. As at 30 June 2018, the issuance of the restricted shares were completed, but the payment of the subscription price by the participants were not completed. No restricted shares have met the condition to be transferred freely during the six months ended 30 June 2018.

The fair value of restricted shares granted during the six months ended 30 June 2018 was estimated as at the date of grant, using the market approach and income approach.

The aggregate fair value of the restricted shares granted amounted to approximately RMB90,385,000, the total considerations to be received for the issuance of the restricted shares amounting up to HKD72,760,000 (equivalent to RMB61,344,000). The Group has recorded HKD72,760,000 (equivalent to RMB61,344,000) into other payables and accruals and credited to the capital and other reserve due to the restricted shares repurchase obligation. RMB29,565,000 will be charged to profit or loss and the other reserve as costs of share-based compensation in aggregate from the date of grant to the date on which the listing on a stock exchange is being completed. The Group has recognized expense of RMB13,304,000 for the six months ended 30 June 2018.

Subsequent to the end of Track Record Period, on 4 July 2018, a total of 645,000 restricted shares were granted to eligible participants at a grant price of EUR2 per share.

All of the participants have accepted the granted restricted shares by signing off the offer letters and completed the payment of subscription price.

2018 free share ownership plan

The Company operates the 2018 free share ownership plan (the "Free Share Ownership Plan") for the purpose to provide the directors of the Company and other employees of the Group with the opportunity to receive proprietary interests in the shares of the Company and to encourage the eligible participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Free Share Ownership Plan was approved by the board of directors of the Company and became effective on 29 June 2018. Unless otherwise cancelled or amended, the Free Share Ownership Plan will remain in force for 10 years from the date of adoption.

The maximum aggregate number of shares that may be issued for free under the Free Share Ownership Plan shall not exceed 5% of the number of ordinary shares in issue on 29 June 2018. As at 30 June 2018, no share unit was granted under the Free Share Ownership Plan.

On 4 July 2018, pursuant to the Free Share Ownership Plan, share units for 3,505,539 ordinary shares of the Company which represented approximately 0.3% of the Company's ordinary shares in issue as at that date were granted to eligible participants with vesting periods from one to four years.

45. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

CMH was established in France on 9 September 2014 by Fosun Luxemburg and other non-controlling shareholders for the acquisition of Club Med SAS Group. Non-controlling interests are set out below:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
Percentage of equity interests held by non-controlling interests:				
CMH(*)	18.29%	18.29%	18.29%	—%

*: The percentages of non-controlling interests as at 31 December 2015, 2016 and 2017 represent the interests held by Fidelidade, a subsidiary of the Controlling Shareholder. In May 2018, the Group further acquired the non-controlling interests of 18.29% of CMH held by Fidelidade.
The percentages of non-controlling interests as at each end of the Track Record Period disclosed above exclude those held by non-controlling shareholders (interests of 17.82%, 14.40%, 15.02% and 13.34% as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively) which were entitled to the put option granted by Fosun Luxemburg. For these non-controlling interests which are entitled to put rights, in accordance with IFRS 10, the Group recorded the non-controlling shareholders' portion of profit or loss in its consolidated statement of profit or loss. As at 31 December 2015, 2016 and 2017 and 30 June 2018, although the put options remained unexercised, the Group derecognized the non-controlling interests as if they were acquired at that date, and recognized as financial liabilities, which are measured on the basis of the estimated present value of the consideration to be transferred upon the exercise of the put options (note 36(iii)). The difference between the amounts of the non-controlling interests and the financial liabilities was recognized to capital and other reserves (note 43(i)).

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit/(loss) for the year allocated to non-controlling interests:					
CMH	(328,490)	(146,998)	(108,337)	(47,961)	102,307
Dividends paid to non-controlling Interests:					
CMH	—	—	—	—	—

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated balances of non-controlling interests:				
CMH	(120,839)	(207,695)	(352,155)	5,313

The following tables illustrate the summarized financial information of CMH. The amounts disclosed are before any inter-company eliminations:

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Revenue	8,902,569	10,779,686	11,758,411	6,174,491	6,368,570
Total expense	(9,806,521)	(11,204,705)	(12,073,802)	(6,310,356)	(6,287,477)
Profit/(loss) for the year/period	(903,952)	(425,019)	(315,391)	(135,865)	81,093
Total comprehensive loss for the year/period	(1,146,849)	(390,943)	(844,825)	(396,930)	(21,764)

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	2,548,447	2,659,522	3,015,916	2,822,793
Non-current assets	10,507,615	10,711,922	10,442,442	10,022,287
Current liabilities	(4,675,368)	(5,102,909)	(5,564,488)	(5,111,417)
Non-current liabilities	(8,805,399)	(9,105,478)	(9,561,835)	(9,455,028)

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Net cash flows from operating activities	262,742	793,478	862,707	448,064	560,907
Net cash flows used in investing activities	(5,204,512)	(251,388)	(70,950)	(280,596)	(268,517)
Net cash flows (used in)/from financing activities	5,439,158	(446,336)	(705,813)	(202,957)	(356,419)
Net increase/(decrease) in cash and cash equivalents	497,388	95,754	85,944	(35,489)	(64,029)

46 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(i) ***Acquisition of subsidiaries accounted for as business combination***

CMH was established in France on 9 September 2014 by Fosun Luxemburg and other non-controlling shareholders for the acquisition of Club Med SAS Group. In February 2015, Club Med Invest, a subsidiary of CMH, acquired 100% equity interests in Club Med SAS Group, at an consideration of EUR916 million (equivalent to RMB6,348,476,000). In addition, a cash offer was made by Club Med Invest to repurchase the securities of Club Med SAS held under the stock option plans amounting to EUR4,169,000 (equivalent to RMB28,880,000).

The fair values of the identifiable assets and liabilities of Club Med SAS Group acquired during the Track Record Period were as follows:

	Fair value recognized on acquisition
	RMB'000
Property, plant and equipment (note 14)	5,868,961
Intangible assets (note 16)	2,179,258
Cash and cash equivalents	481,876
Trade receivables	300,252
Inventories, property under development and completed properties for sales	222,540
Investment measured at fair value	54,061
Investments in associates	210,981
Prepayments, deposits and other receivables	1,677,789
Amounts due from related companies	50,398
Deferred tax assets (note 25)	426,715
Non-current assets held for sale	57,337
Interest-bearing bank borrowings	(913,861)
Trade payables	(1,016,789)
Contract liabilities	(317,397)
Tax payables	(51,418)
Accrued liabilities and other payables	(2,305,919)
Deferred income (note 40)	(153,707)
Other long term payable	(442,373)
Deferred tax liabilities (note 25)	(1,165,876)
Total identifiable net assets at fair value	5,162,828
Non-controlling interests	(318,758)
Total net assets acquired	4,844,070
Goodwill on acquisition (note 17)	1,533,286
	6,377,356

	RMB'000
Satisfied by:	
Cash consideration paid	5,283,696
Investments measured at fair value through profit or loss	1,064,780
Additional consideration to repurchase the securities held under the stock option plan	28,880
	6,377,356

The fair values of the trade receivables and prepayments, deposits and other receivables as at the dates of acquisition amounted to RMB300,252,000 and RMB1,677,789,000, respectively. The gross contractual amounts of trade receivables and prepayments, deposits and other receivables were RMB300,252,000 and RMB1,677,789,000, respectively.

The Group incurred transaction costs of RMB53,334,000 for the acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss. The Group also incurred restructuring costs relating to employees in France amounted to RMB126,335,000. These restructuring costs related to acquisition have been expensed and are included in other expenses in the consolidated statement of profit or loss.

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

None of the goodwill recognized is expected to be deductible for income tax purposes.

Since the acquisition, Club Med SAS Group contributed RMB8,902,569,000 to the Group's revenue and a loss of RMB434,938,000 to the consolidated statement of profit or loss for the year ended 31 December 2015.

Had the acquisition taken place at the beginning of 2015, revenue and the loss of the Group for the year ended 31 December 2015 would have been RMB9,993,469,000 and RMB842,999,000, respectively.

An analysis of the cash flows in respect of the acquisition of Club Med SAS Group is as follows:

	2015
	RMB'000
Consideration settled by cash	(5,283,696)
Cash and cash equivalents acquired	481,876
Net outflow of cash and cash equivalents included in cash flows from investing activities	(4,801,820)
Transaction costs of the acquisition included in cash flows from operating activities	(53,334)
	(4,855,154)

	2016
	RMB'000
Payment of unpaid cash consideration at 31 December 2015	(28,880)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(28,880)

(ii) ***Acquisition of subsidiaries accounted for as acquisition of assets***

The major acquisition of subsidiaries accounted for as acquisition of assets is set out as follow:

In January 2016, Shanghai Fanyou, an indirectly owned subsidiary of the Company, acquired 100% of the equity interests in Beijing Xiuping at a total consideration of RMB1,230,000.

The allocation of the purchase cost on the basis of the relative fair values of the assets and liabilities acquired as at the date of the purchase is as follows:

	2016 Allocation of purchase cost
	RMB'000
Cash and cash equivalents	300
Intangible assets (note 16)	930
Total net assets acquired	1,230

	RMB'000
Satisfied by:	
Cash	1,230

An analysis of the cash flows in respect of the acquisition is as follows :

	RMB'000
Consideration settled by cash	(1,230)
Cash and cash equivalents acquired	300
Net outflow of cash and cash equivalents included in cash flows from investing activities	(930)

In November 2017, Qijin Investment, an indirectly owned subsidiary of the Company, completed the acquisition of 100% of the equity interests in Lijiang Derun, at a total consideration of RMB480,000,000 which owns land use right of one piece of undeveloped land in Yunan province, PRC only and did not constitute a business.

The allocation of the purchase cost on the basis of the relative fair values of the assets and liabilities acquired as at the date of the purchase is as follows:

	2017 Allocation of purchase cost
	RMB'000
Property, plant and equipment (note 14)	40
Cash and cash equivalents	13,698
Prepayments, deposits and other receivables	148
Properties under development	475,250
Accrued liabilities and other payables	(9,136)
Total net assets acquired	480,000

	RMB'000
Satisfied by:	
Cash consideration paid	480,000

An analysis of the cash flows in respect of the acquisition of Lijiang Derun is as follows:

	RMB'000
Consideration settled by cash	(480,000)
Cash and cash equivalents acquired	13,698
Cash consideration already paid in the prior year	55,000
Net outflow of cash and cash equivalents included in cash flows from investing activities	(411,302)

(b) The major disposal during the year is set out as follows:

In October 2017, the Group completed the disposal of its 84% equity interests in a subsidiary Compagnie des Villages de Vacances de I'lsle de France — COVIFRA ("Covifra") with 84% equity interest at a consideration of EUR26,608,000 (equivalent to RMB208,500,000).

The total net assets disposed of in respect of the disposal of the subsidiary during the year were as follows:

	2017
	RMB'000
Property, plant and equipment (note 14)	223,046
Cash and cash equivalents	52,642
Prepayments, deposits and other receivables	35,003
Interest-bearing bank borrowings	(216,234)
Accrued liabilities and other payables	(45,587)
Deferred tax liabilities (note 25)	(21,486)
Total net assets disposed of	27,384
Non-controlling interests	(11,433)
	15,951
Net gain on disposal of a subsidiary (note 6)	192,549
	208,500

	RMB'000
Satisfied by:	
Cash	208,500

An analysis of the cash flows in respect of the disposal of Covifra is as follows:

	RMB'000
Cash consideration	208,500
Cash and cash equivalents disposed of	(52,642)
Net inflow of cash and cash equivalents included in cash flows from investing activities	155,858

47. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Significant financing components included in contract liabilities	Finance lease payable	Convertible bond	Convertible redeemable preferred shares	Due to related companies	Interest payable included in accrued liabilities and other payables
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	110,402	—	—	—	—	6,719,363	—
Changes from financing cash flows	2,437,992	—	—	841,004	415,585	(1,412,281)	—
Purchase of investment without cash paid	—	—	—	—	—	610,380	—
Interest paid	—	—	—	—	—	—	(202,770)
New finance lease	—	—	24,484	—	—	—	—
Exchange realignment	179,417	—	—	23,755	9,498	(140,436)	—
Interest expense	—	—	1,222	58,335	30,923	161,344	174,321
Interest capitalized	—	—	—	—	—	—	29,079
Increase arising from acquisition of subsidiaries	913,861	—	—	—	—	—	—
At 31 December 2015 and 1 January 2016	3,641,672	—	25,706	923,094	456,006	5,938,370	630
Changes from financing cash flows	1,167,993	—	—	—	—	198,872	—
Interest paid	—	—	—	—	—	—	(292,395)
Exchange realignment	109,366	—	(3,180)	25,137	13,445	108,642	—
Interest expense	—	—	1,813	80,625	39,550	168,766	206,411
Conversion of balance due to the related companies to the equity of the subsidiaries of the Company	—	—	—	—	—	(2,315,147)	—
Interest capitalized	—	4,168	—	—	—	—	88,019
At 31 December 2016 and 1 January 2017	4,919,031	4,168	24,339	1,028,856	509,001	4,099,503	2,665

	Interest-bearing bank borrowings	Significant financing components included in contract liabilities	Finance lease payable	Convertible bond	Convertible redeemable preferred shares	Due to related companies	Interest payable included in accrued liabilities and other payables
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2016 and 1 January 2017	4,919,031	4,168	24,339	1,028,856	509,001	4,099,503	2,665
Changes from financing cash flows	613,072	—	—	—	—	501,959	—
Changes from operating cash flows	—	—	—	—	—	12,078	—
Interest paid	—	—	—	—	—	—	(370,314)
New finance lease	—	—	60,627	—	—	—	—
Exchange realignment	295,684	—	(371)	71,982	34,836	198,173	—
Interest expense	—	35,380	1,706	87,834	44,550	15,267	248,355
Interest capitalized	—	98,636	—	—	—	—	123,887
Conversion of balance due to the related companies to the equity of the Company	—	—	—	—	—	(4,146,506)	—
Deemed contribution from subsidiaries of the Controlling Shareholder	—	—	—	—	—	2,667,804	—
Decrease arising from disposal of subsidiaries	(216,234)	—	—	—	—	—	—
At 31 December 2017	5,611,553	138,184	86,301	1,188,672	588,387	3,348,278	4,593
At 31 December 2016 and 1 January 2017	4,919,031	4,168	24,339	1,028,856	509,001	4,099,503	2,665
Changes from financing cash flows	386,093	—	—	—	—	32,254	—
Interest paid	—	—	—	—	—	—	(209,734)
Exchange realignment	209,886	—	(952)	63,867	31,553	198,171	—
Interest expense	—	8,618	862	42,143	21,100	15,082	162,159
Interest capitalized	—	43,040	—	—	—	—	47,539
Conversion of balance due to the related companies to the equity of the Company	—	—	—	—	—	(4,146,506)	—
Deemed contribution from subsidiaries of the Controlling Shareholder	—	—	—	—	—	2,667,804	—
At 30 June 2017	5,515,010	55,826	24,249	1,134,866	561,654	2,866,308	2,629

	Interest-bearing bank borrowings	Significant financing components included in contract liabilities	Finance lease payable	Convertible bond	Convertible redeemable preferred shares	Due to related companies	Interest payable included in accrued liabilities and other payables
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2017 and 1 January 2018	5,611,553	138,184	86,301	1,188,672	588,387	3,348,278	4,593
Changes from financing cash flows	(35,926)	—	—	(73,001)	(36,074)	(1,303,754)	—
Changes from operating cash flows	—	—	—	—	—	(4,606)	—
Interest paid	—	—	—	—	—	—	(158,706)
Exchange realignment	(61,405)	—	(6,834)	(29,162)	(15,053)	11,135	—
Interest expense	—	30,410	1,876	33,065	16,249	180	117,038
Interest capitalized	—	58,143	—	—	—	—	41,326
Redemption without cash paid	—	—	—	(809,990)	(400,618)	1,226,216	—
Conversion of balance due to the related companies to the equity of the Company (note 42(vii))	—	—	—	—	—	(1,346,426)	—
At 30 June 2018	5,514,222	226,737	81,343	309,584	152,891	1,931,023	4,251

48. OPERATING LEASE ARRANGEMENTS

As lessee

The Group occupies offices and sales agencies under non-cancelable leases. Some office equipment and village telephone and video equipment are also leased.

Under the Group's asset financing policy, certain villages as well as other assets are also leased under non-cancelable operating leases. It presents the minimum future lease payments due under these non-cancelable operating leases. The amounts have been translated at the exchange rate prevailing at the end each of the Track Record Period.

At the end of each of the Track Record Period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	1,010,577	1,100,288	1,291,271	1,271,810
In the second to fifth years, inclusive	3,508,727	3,889,536	5,012,876	4,450,281
Over five years	3,474,058	4,152,036	4,548,884	7,246,437
	7,993,362	9,141,860	10,853,031	12,968,528

49. COMMITMENTS

In addition to the operating lease commitments detailed in note 48 above, the Group had the following capital commitments at the end of each of the Track Record Period:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided:	1,226,948	1,447,570	1,422,980	825,013

50. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of each of the Track Record Period:

		As at 31 December			As at 30 June
	Note	2015	2016	2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantees given related to					
-qualified buyers' mortgage loans	(i)	—	—	298,410	388,300
-interest bearing loans of a related company		32,418	27,554	21,004	11,906
-others		7,095	7,307	7,802	7,652
		39,513	34,861	327,216	407,858

(i) The Group provided guarantees in favour of their customers in respect of mortgage loans provided by banks to these customers for their purchases of the Group's developed properties where the underlying real estate certificates can only be provided to the banks in a time delayed manner due to administrative procedures in the People's Republic of China. These guarantees provided by the Group will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the outstanding principal together with the accrued interest and penalties and therefore no provision has been made in the Historical Financial Information for the guarantees.

51. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

Name of related parties	Nature of transactions	Year ended 31 December 2015	Year ended 31 December 2016	Year ended 31 December 2017	Six months ended 30 June 2017	Six months ended 30 June 2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Service income						
Hoshino Resort Tomamu Corporation (Notes 3 & 4)..	Resort services provided to the related company	—	—	6,920	—	44,661
Shanghai Guangxin Technology Development Co.,Ltd (Notes 1 & 4)	Tourism services provided to the related company	—	—	—	—	478
Shanghai Fosun High Technology Group Co., Ltd. (Notes 1 & 4)	Tourism services to the related company	—	—	90	—	253
Kuyi International Travel Agency (Shanghai) Co., Ltd (Notes 2 & 4)	Consulting services provided to the related company	—	—	—	—	3,830
Pramerica Fosun Life Insurance Co., Ltd (Notes 2 & 4)..................................	Travel agency services provided to the related company	—	—	—	—	523
Other related parties (Notes 1 & 4)	Other related services provided to the related company	—	—	—	—	563
Total service income		—	—	7,010	—	50,308
Purchase of goods						
Shanghai Yunji Information and Technology Co., Ltd (Notes 1 & 5)	Purchase of goods	—	—	370	370	144
Zhejiang Fosun Yi Cosmetic Co.,Ltd (Notes 1 & 5)	Purchase of goods	—	—	483	—	311
Total purchase of goods..........		—	—	853	370	455
Interest income						
Shanghai Fosun High Technology Group Finance Co., Ltd. (Notes 1 & 9)......	Interest income	38	497	1,911	1,656	1,087

Name of related parties	Nature of transactions	Year ended 31 December 2015	2016	2017	Six months ended 30 June 2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest expense						
Fosun Property Holdings Limited Co., Ltd. (Notes 1 & 7)	Interest expense	21,204	25,953	2,292	2,292	—
Fosun Industrial Holdings Limited (Notes 1 & 7)	Interest expense	140,140	142,675	12,605	12,605	—
Fidelidade (Notes 1 & 7)	Interest expense	61,076	80,847	91,004	43,685	30,190
Kuyi International Travel Agency (Shanghai) Co., Ltd (Notes 2 & 7)	Interest expense	—	138	370	185	180
Total interest expense		222,420	249,613	106,271	58,767	30,370
Other expenses						
Beijing China Insurance BrokerCo., Ltd. (Notes 1 & 6)	Consulting services provided by the related company	—	—	215	—	—
Shanghai Fosun High Technology (Group) Co., Ltd. (Notes 1 & 6)	Talent services provided by the related company	12,577	23,317	3,678	1,473	—
Shanghai Zhuqun Information & Technology Service Co., Ltd. (Notes 1 & 6)	Talent services provided by the related company	—	—	202	96	110
Shanghai Xingfu Management Consulting Co., Ltd (Notes 1 & 6)	Technical services provided by the related company	—	—	—	—	113
Shanghai Ziku Information Technology Co., Ltd (Notes 1 & 6)	Technical services provided by the related company	—	—	—	—	178
Shanghai Golte Property Management Co., Ltd (Notes 1 & 6)	Property Management services provided by the related company	1,869	6,339	8,870	4,075	1,801

Name of related parties	Nature of transactions	Year ended 31 December			Six months ended 30 June	
		2015	2016	2017	2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Shanghai Fosun Startup Investment Co., Ltd. (Notes 1 & 6)	Rental services provided by the related company	570	570	570	285	285
Shanghai Zendai Bund International Finance Services Centre Real Estate Co., Ltd. (Notes 2 & 6)	Rental services provided by the related company	—	220	3,304	1,322	3,513
Shanghai Xinshihua Investment Management Co., Ltd Beijing Branch (Notes 1 & 6)	Rental services provided by the related company	—	77	920	460	458
Fidelidade (Notes 1 & 6)	Insurance services provided by the related company	518	551	858	431	448
Yong'an Property Insurance Co., Ltd (Notes 3 & 6)	Insurance services provided by the related company	173	218	228	228	—
Other related parties (Notes 1 & 6)	Other services provided by the related company	76	50	322	37	164
Total other expenses		15,783	31,342	19,167	8,407	7,070
Loans from/to related companies						
Shanghai Fosun High Technology Group Finance Co., Ltd (Notes 1 & 9).......	Maximum daily outstanding balance of deposits	1,359	185,255	81,268	14,653	37
Kuyi International Travel Agency (Shanghai) Co., Ltd (Notes 2 & 7)	Loans provided by the related companies	—	9,000	—	—	—
Kuyi International Travel Agency (Shanghai) Co., Ltd (Notes 2 & 7)	Loans provided to the related companies	—	—	25,500	25,500	20,400
Guarantees of bank loans						
Shanghai Fosun High Technology (Group) Co., Ltd. (Notes 1 & 8)	Bank loans guaranteed by the related company	610,340	2,047,320	3,081,540	2,479,347	3,265,399

Name of related parties	Nature of transactions	Year ended 31 December 2015	2016	2017	Six months ended 30 June 2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Holiday Hotel AG (Notes 2 & 8)	Bank loans guaranteed by the related company	32,418	27,554	21,004	19,144	11,906
Total guarantees		642,758	2,074,874	3,102,544	2,498,491	3,277,305

Notes:

(1) These are entities under the common control of the ultimate controlling shareholder, Mr. Guo Guangchang.

(2) These are joint ventures of the Group or joint ventures of Fosun International Limited.

(3) These are associates of the Group or Fosun International Limited.

(4) The directors consider that the revenue for services provided to the related parties were determined based on prices available to third party customers.

(5) The directors consider that the purchases were undertaken on commercial terms similar to those offered by unrelated suppliers in the ordinary course of business of the relevant companies.

(6) The directors consider that the service charge for the service provided by the related parties was determined based on prices available to third party customers.

(7) The directors consider that the applicable interest rates are determined in accordance with the prevailing market borrowing rates.

(8) The bank loans were guaranteed by the related companies free of charge.

(9) Shanghai Fosun High Technology Group Finance Co., Ltd., a subsidiary of Fosun International Limited provide deposit services, to subsidiaries of the Group. These transactions will be on normal commercial terms and the parties will comply with the relevant requirements.

(a) Other significant transactions with related parties:

(i) In April 2018, the Group acquired 18.68% equity interests in Vigor Kobo Co., Ltd ("Vigor") from a subsidiary of the Controlling Shareholder at a consideration of HKD19,319,787 which was mutually agreed by both parties based on the quoted market price of Vigor. Vigor was accounted for as an associate of the Group at 30 June 2018.

(ii) In May 2018, the Group acquired additional equity interests of 18.29% of CMH from Fidelidade, a fellow subsidiary of the Controlling Shareholder at a consideration of EUR159,406,497 which was mutually agreed by both parties by reference to the acquisition price agreed with the third party non-controlling shareholders.

(iii) In June 2018, the Group acquired 5.37% equity interest in Thomas Cook Group PLC ("TCG", a company listed on the London Stock Exchange, from the Controlling Shareholder at a consideration of GBP89,562,597 which was determined based on the quoted market price of TCG.

(b) Commitments with related parties

As at 31 December 2015, 2016 and 2017 and 30 June 2018, the total future minimum lease payments under non-cancellable operating leases with its associates, SAS Val Thorens Le Cairn, Holiday Hotel, SPFT - Carthago and Valmorel Bois de la Croix amounted to RMB1,553,301,000, RMB947,082,000, RMB886,572,000 and RMB867,555,000, respectively.

(c) Compensation of key management personnel of the Group:

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Short term employee benefits	13,302	18,399	21,855	8,316	12,889
Post-employment benefits	1,743	1,782	1,922	953	1,040
Equity-settled share option expense.	—	—	—	—	19,321
Total compensation paid to key management personnel	15,045	20,181	23,777	9,269	33,250

Further details of directors' and chief executive's emoluments are included in note 9 to the Historical Financial Information.

52. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each of the Track Record Period are as follows:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
Long-term investments measured at fair value through profit or loss..................................	54,952	46,990	18,499	15,992
Derivative financial instruments......................	33,447	40,611	35,181	38,403
Short-term investments measured at fair value through profit or loss..................................	—	—	130,000	—
	88,399	87,601	183,680	54,395

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income				
Long-term investments measured at fair value through other comprehensive income	—	195,004	190,064	808,940
Financial assets at amortized cost				
Restricted cash	149	274,213	640,450	328,468
Cash and cash equivalents	525,106	1,323,469	989,723	1,393,667
Trade receivables	446,891	489,410	989,937	833,185
Financial assets included in prepayments, deposits and other receivables	641,290	421,740	392,552	475,911
Due from related companies	52,810	232,962	5,089,605	1,992,046
	1,666,246	2,741,794	8,102,267	5,023,277
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	37,378	69,780	78,109	49,857
Financial liabilities at amortized cost				
Interest-bearing bank borrowings	3,641,672	4,919,031	5,611,553	5,514,222
Convertible redeemable preferred shares	456,006	509,001	588,387	152,891
Convertible bonds	923,094	1,028,856	1,188,672	309,584
Trade payables	978,166	1,135,167	1,244,064	1,669,942
Financial liabilities included in accrued liabilities and other payables	355,028	612,191	1,263,696	1,497,281
Due to related companies	5,938,370	4,099,503	3,348,278	1,931,023
Financial liabilities included in other long term payables	15,000	—	—	—
Finance lease payables	25,706	24,339	86,301	81,343
	12,333,042	12,328,088	13,330,951	11,156,286

53. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	As at 31 December 2015		As at 31 December 2016		As at 31 December 2017		As at 30 June 2018	
	Carrying amounts	Fair values	Carrying amounts	Fair values	Carrying amounts	Fair values	Carrying amounts	Fair values
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets								
Long-term investments measured at fair value through profit or loss	54,952	54,952	46,990	46,990	18,499	18,499	15,992	15,992
Long-term investments measured at through other comprehensive income	—	—	195,004	195,004	190,064	190,064	808,940	808,940
Due from related companies (non-current portion)	31,219	32,418	32,201	33,516	59,885	58,647	54,288	53,014
Financial assets included in prepayments, deposits and other receivables (non-current portion)	479,289	507,889	271,499	294,742	281,741	301,520	265,293	279,789
Derivative financial instruments	33,447	33,447	40,611	40,611	35,181	35,181	38,403	38,403
Short-term investments measured at fair value through profit or loss	—	—	—	—	130,000	130,000	—	—
	598,907	628,706	586,305	610,863	715,370	733,911	1,182,916	1,196,138

	As at 31 December 2015		As at 31 December 2016		As at 31 December 2017		As at 30 June 2018	
	Carrying amounts	Fair values	Carrying amounts	Fair values	Carrying amounts	Fair values	Carrying amounts	Fair values
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities								
Interest-bearing bank borrowings (non-current portion)	3,232,243	3,215,497	4,386,872	4,351,604	4,899,270	4,806,670	4,839,408	4,810,354
Convertible redeemable preferred shares	456,006	453,463	509,001	519,446	588,387	610,545	152,891	173,485
Convertible bonds	923,094	917,980	1,028,856	1,050,481	1,188,672	1,234,802	309,584	351,283
Financial liabilities included in other long term payables	15,000	15,000	—	—	—	—	—	—
Finance lease payables	25,706	25,706	24,339	24,339	86,301	86,301	81,343	81,343
Due to related companies (non-current portion)	2,510,002	2,510,002	2,761,817	2,761,817	—	—	—	—
Derivative financial instruments	37,378	37,378	69,780	69,780	78,109	78,109	49,857	49,857
	7,199,429	7,175,026	8,780,665	8,777,467	6,840,739	6,816,427	5,433,083	5,466,322

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, trade payables, current portion of financial assets included in prepayments, deposits and other receivables, financial liabilities included in accrued liabilities and other payables, the finance lease payables, the current portion of due from related companies, due to related companies, current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

Management has assessed that the fair values of financial liabilities included in other long term payables, finance lease payables and non-current portion of due from related companies approximate to their carrying amounts largely due to that the effective interest rates on these financial instruments are close to the discount rates used to determine their fair values.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of due from related companies, financial assets included in prepayments, deposits and other receivables and interest-bearing bank borrowings, convertible redeemable preferred shares and the liability component of convertible bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank borrowings as at 31 December 2015, 2016 and 2017 and 30 June 2018 was assessed to be insignificant.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments include forward currency contracts, currency and interest rate swaps and interest swaptions. As at 31 December 2015, 2016 and 2017 and 30 June 2018, the fair values of the forward currency contracts, currency and interest rate swaps and interest swaptions were measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs include the credit quality of counterparties and interest rate curves. The carrying amounts of the forward currency contracts, currency and interest rate swaps and interest swaptions are the same as their fair values.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are included in level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in level 3.

For Level 3 financial assets, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, income approach etc. The fair value measurement of these financial instruments may involve unobservable inputs such as discount rate and long term growth rate. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial assets in Level 3.

Below is a summary of significant unobservable inputs to the valuation of long-term investments measured at fair value in Level 3 together with a quantitative sensitivity analysis as at each end of the Track Record Period:

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
Pre-tax discount rate	11.9%	12.7%	14.2%	14.9%
Long-term growth rate	1%	1%	1%	1%

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pre-tax discount rate increase by 1%	(7,805)	(30,689)	(22,627)	(10,712)
Pre-tax discount rate decrease by 1%	10,643	40,187	33,550	18,364
Long-term growth rate increase by 1%	5,676	27,766	21,846	10,712
Long-term growth rate decrease by 1%	(7,095)	(21,190)	(17,165)	(4,591)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term investments measured at fair value through profit or loss	—	—	54,952	54,952
Derivative financial instruments	—	33,447	—	33,447
	—	33,447	54,952	88,399

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term investments measured at fair value through profit or loss	—	—	46,990	46,990
Long-term investments measured at fair value through other comprehensive income	—	—	195,004	195,004
Derivative financial instruments	—	40,611	—	40,611
	—	40,611	241,994	282,605

As at 31 December 2017

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term investments measured at fair value through profit or loss	—	—	18,499	18,499
Long-term investments measured at fair value through other comprehensive income	—	—	190,064	190,064
Derivative financial instruments	—	35,181	—	35,181
Short-term investments measured at fair value through profit or loss	80,000	50,000	—	130,000
	80,000	85,181	208,563	373,744

As at 30 June 2018

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term investments measured at fair value through profit or loss	—	—	15,992	15,992
Long-term investments measured at fair value through other comprehensive income	769,458	—	39,482	808,940
Derivative financial instruments	—	38,403	—	38,403
	769,458	38,403	55,474	863,335

Assets for which fair values are disclosed:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, deposits and other receivables (non-current portion)	—	507,889	—	507,889
Due from related companies (non-current portion)	—	32,418	—	32,418
	—	540,307	—	540,307

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, deposits and other receivables (non-current portion)	—	294,742	—	294,742
Due from related companies (non-current portion)	—	33,516	—	33,516
	—	328,258	—	328,258

As at 31 December 2017

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, deposits and other receivables (non-current portion)	—	301,520	—	301,520
Due from related companies (non-current portion)	—	58,647	—	58,647
	—	360,167	—	360,167

As at 30 June 2018

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, deposits and other receivables (non-current portion)	—	279,789	—	279,789
Due from related companies (non-current portion)	—	53,014	—	53,014
	—	332,803	—	332,803

Liabilities measured at fair value:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	—	37,378	—	37,378

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets Level 1	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	—	69,780	—	69,780

As at 31 December 2017

	Fair value measurement using			
	Quoted prices in active markets Level 1	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	—	78,109	—	78,109

As at 30 June 2018

	Fair value measurement using			
	Quoted prices in active markets Level 1	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	—	49,857	—	49,857

Liabilities for which fair values are disclosed:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings (non-current portion)	—	3,215,497	—	3,215,497
Convertible redeemable preferred shares	—	453,463	—	453,463
Convertible bonds	—	917,980	—	917,980
Financial liabilities included in other long term payables	—	15,000	—	15,000
Due to related companies (non-current portion)	—	2,510,002	—	2,510,002
Finance lease payables	—	25,706	—	25,706
	—	7,137,648	—	7,137,648

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings (non-current portion)	—	4,351,604	—	4,351,604
Convertible redeemable preferred shares	—	519,446	—	519,446
Convertible bonds	—	1,050,481	—	1,050,481
Due to related companies (non-current portion)	—	2,761,817	—	2,761,817
Finance lease payables	—	24,339	—	24,339
	—	8,707,687	—	8,707,687

As at 31 December 2017

	Fair value measurement using			
	Quoted prices in active markets Level 1	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings (non-current portion)	—	4,806,670	—	4,806,670
Convertible redeemable preferred shares	—	610,545	—	610,545
Convertible bonds	—	1,234,802	—	1,234,802
Finance lease payables	—	86,301	—	86,301
	—	6,738,318	—	6,738,318

As at 30 June 2018

	Fair value measurement using			
	Quoted prices in active markets Level 1	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings (non-current portion)	—	4,810,354	—	4,810,354
Convertible redeemable preferred shares	—	173,485	—	173,485
Convertible bonds	—	351,283	—	351,283
Finance lease payables	—	81,343	—	81,343
	—	5,416,465	—	5,416,465

The movements in fair value measurements which in Level 3 during the Track Record Period are as follows:

Assets measured at fair value:

	Year ended 31 December			Six months ended 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	—	54,952	241,994	208,563
Addition	—	196,170	—	—
Disposal	(421)	—	—	(2,014)
Acquisition of subsidiaries	54,061	—	—	—
Change in fair value	—	(16,740)	(49,271)	(147,625)
Exchange gains/(losses)	1,312	7,612	15,840	(3,450)
At the end of year/period	54,952	241,994	208,563	55,474

During the Track Record Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank borrowings, convertible redeemable preferred shares, convertible bonds, finance lease payables, due from/to related companies, financial assets included in prepayments, deposits and other receivables, short-term investments measured at fair value, cash and cash equivalents, and restricted cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps, forward currency contracts and currency swaps. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the Historical Financial Information.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group also carried out hedging activities by entering into interest rate swaps on certain variable rate debts. At 31 December 2015, 2016, and 2017 and 30 June 2018, approximately 61%, 41%, 33%, and 35% of the Group's interest-bearing borrowings bore interest at fixed rates after hedging, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate after hedging, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

After hedging

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax
		RMB'000
For the year ended 31 December 2015	25	(4,748)
	(25)	4,748
For the year ended 31 December 2016	25	(10,400)
	(25)	10,400
For the year ended 31 December 2017	25	(6,958)
	(25)	6,958
For the six months ended 30 June 2018	25	(12,969)
	(25)	12,969

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies. The major subsidiaries exposed to the above currency risks use EUR or CNY as their functional currencies. As more detailed disclosed in note 30, the Group also uses currency forward contracts and currency swaps to hedge the currency risk. The following table demonstrates the sensitivity at the end of each of the Track Record Period to a reasonably possible change in major currencies, with all other variables held constant, of the Group's profit before tax.

	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit before tax
	%	*RMB'000*
As at 31 December 2015		
If EUR weakens against USD	5	(16,203)
If EUR strengthens against USD	(5)	16,203
If EUR weakens against RMB	5	7,532

	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit before tax
	%	*RMB'000*
If EUR strengthens against the RMB	(5)	(7,532)
If EUR weakens against the MAD*	5	(12,215)
If EUR strengthens against the MAD	(5)	12,215
If RMB weakens against USD	5	(3,052)
If RMB strengthens against USD	(5)	3,052
As at 31 December 2016		
If EUR weakens against USD	5	(11,138)
If EUR strengthens against USD	(5)	11,138
If EUR weakens against RMB	5	3,902
If EUR strengthens against the RMB	(5)	(3,902)
If EUR weakens against the MAD	5	(11,735)
If EUR strengthens against the MAD	(5)	11,735
If RMB weakens against USD	5	(8,151)
If RMB strengthens against USD	(5)	8,151
As at 31 December 2017		
If EUR weakens against USD	5	(1,427)
If EUR strengthens against USD	(5)	1,427
If EUR weakens against RMB	5	136,935
If EUR strengthens against the RMB	(5)	(136,935)
If EUR weakens against the MAD	5	(16,527)
If EUR strengthens against the MAD	(5)	16,527
If RMB weakens against USD	5	(6,665)
If RMB strengthens against USD	(5)	6,665
As at 30 June 2018		
If EUR weakens against USD	5	(14,174)
If EUR strengthens against USD	(5)	14,174
If EUR weakens against RMB	5	91,760
If EUR strengthens against the RMB	(5)	(91,760)
If EUR weakens against the MAD	5	(13,456)
If EUR strengthens against the MAD	(5)	13,456
If RMB weakens against the USD	5	(6,683)
If RMB strengthens against USD	(5)	6,683

* Moroccan Dirham ("MAD")

Credit risk

The Group has no significant concentrations of credit risk due to its large number of customers. The carrying amounts of restricted cash, cash and cash equivalents, trade receivables, deposits and other receivables, short-term investments measured at fair value through profit or loss , amounts due from related parties included in the statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 December 2015, 2016 and 2017 and 30 June 2018, all restricted cash and cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is generally within one month and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The expected credit losses also incorporated forward looking information based on key economic variables such as the per capita disposable income of urban residents and central bank base rate. To measure the expected credit losses, the balances are grouped based on shared credit risk characteristics and the days past due. Details are set out in Note 28.

For deposits and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other receivables based on historical settlement records and past experience. The directors of the Group believe that there is no material credit risk inherent in the Group's outstanding balance of deposits and other receivables.

For the financial guarantee contracts, the Group has taken measures to manage credit risk, including credit examination, fraud examination, and risk monitoring alert. The directors of the Group believe that there is no material credit risk inherent in the Group's contingent liabilities relating to financial guarantee contracts.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

— when there is a breach of financial covenants by the counterparty; or

— information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 30 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Except for the Group has applied the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for financial assets included in trade receivables, the Group has established a policy to perform an assessment of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument, as described below:

Stage 1 When financial assets included in prepayments, deposits and other receivables and due from related companies are initial recognised and without significant increase in credit risk after initial recognition, the Group recognises an allowance based on 12 months' ECLs.

Stage 2 When financial assets included in prepayments, deposits and other receivables and loan receivables has shown a significant increase in credit risk since initial recognition but have no objective evidence of impairment, the Group records an allowance for the lifetime ECLs.

Stage 3 Financial assets included in prepayments, deposits and other receivables and loan receivables considered credit-impaired. The Group records an allowance for the lifetime ECLs.

The Group shall measure ECL of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic condition.

When measuring the ECL, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

The Group conducts an assessment of ECL according to forward-looking information and uses assumptions which relate to the future macroeconomic conditions and counterparty's creditworthiness (e.g., the likelihood of default by the counterparty and the corresponding losses). The Group adopts judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as the criteria for judging significant increases in credit risk, the definition of credit-impaired financial asset, the forward-looking information, etc.

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each end of the Track Record Period. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments at each end of the Track Record Period with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

Definition of credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

— significant financial difficulty of the debtor;

— a breach of contract such as a default or past due event;

— it is probable that the debtor will enter bankruptcy or other financial reorganization;

Forward-looking information

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types.

Writes-off

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank loans and other borrowings, amounts due to related companies, convertible bonds and convertible redeemable preferred shares. At 31 December 2015, 2016 and 2017 and 30 June 2018, 35%, 18%, 38% and 33% of the Group's debts would mature in less than one year based on the carrying value of borrowings reflected in the financial statements.

The maturity profile of the Group's financial liabilities as at the end of each of the Track Record Period, based on the contractual undiscounted payments, is as follows:

31 December 2015

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	258,989	150,440	1,287,847	2,201,914	3,899,190
Convertible redeemable preferred shares	—	—	—	940,688	940,688
Convertible bonds	—	—	—	1,903,637	1,903,637
Trade payables	—	978,166	—	—	978,166
Financial liabilities included in accrued liabilities and other payables	355,028	—	—	—	355,028
Due to related companies	3,428,368	—	2,292,731	875,526	6,596,625
Finance lease payables	—	4,137	16,539	13,353	34,029
Financial liabilities included in other long term payables	—	—	15,000	7,063	22,063
Derivative financial instruments	—	37,378	—	—	37,378
	4,042,385	1,170,121	3,612,117	5,942,181	14,766,804

31 December 2016

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	228,169	303,990	2,132,153	2,810,359	5,474,671
Convertible bonds	—	—	—	1,960,410	1,960,410
Convertible redeemable preferred shares	—	—	—	968,742	968,742
Trade payables	—	1,135,167	—	—	1,135,167
Financial liabilities included in accrued liabilities and other payables	597,191	—	15,000	—	612,191
Due to related companies	1,337,686	—	2,361,107	901,637	4,600,430
Finance lease payables	—	4,260	17,032	9,828	31,120
Derivative financial instruments	—	69,780	—	—	69,780
	2,163,046	1,513,197	4,525,292	6,650,976	14,852,511

31 December 2017

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	79,491	632,792	3,510,895	2,061,096	6,284,274
Convertible bonds	—	—	—	2,093,352	2,093,352
Convertible redeemable preferred shares	—	—	—	1,034,436	1,034,436
Trade payables	—	1,244,064	—	—	1,244,064
Financial liabilities included in accrued liabilities and other payables	1,263,696	—	—	—	1,263,696
Due to related companies	3,348,278	—	—	—	3,348,278
Finance lease payables	—	9,855	39,409	58,431	107,695
Derivative financial instruments	—	78,109	—	—	78,109
	4,691,465	1,964,820	3,550,304	5,247,315	15,453,904

30 June 2018

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	35,457	639,356	4,079,999	1,396,285	6,151,097
Convertible bonds	—	—	—	523,397	523,397
Convertible redeemable preferred shares	—	—	—	258,638	258,638
Trade payables	—	1,669,942	—	—	1,669,942
Financial liabilities included in accrued liabilities and other payables	1,497,281	—	—	—	1,497,281
Due to related companies	1,931,023	—	—	—	1,931,023
Finance lease payables	—	6,317	38,643	52,253	97,213
Derivative financial instrument	—	49,857	—	—	49,857
	3,463,761	2,365,472	4,118,642	2,230,573	12,178,448

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by the total assets. Net debt includes interest-bearing bank borrowings, non-current portion of due to related companies, finance lease payables, convertible bonds and convertible redeemable preferred shares, less cash and cash equivalents. The gearing ratios as at the end of each of the Track Record Period were as follows:

	As at December 31			As at June 30
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	3,641,672	4,919,031	5,611,553	5,514,222
Due to related companies (non-current portion)	2,510,002	2,761,817	—	—
Finance lease payables	25,706	24,339	86,301	81,343
Convertible bonds	923,094	1,028,856	1,188,672	309,584
Convertible redeemable preferred shares	456,006	509,001	588,387	152,891
Less:cash and cash equivalents	(525,106)	(1,323,469)	(989,723)	(1,393,667)
Net debt	7,031,374	7,919,575	6,485,190	4,664,373
Total assets	16,315,644	19,634,349	29,329,830	28,441,645
Gearing ratio	43%	40%	22%	16%

55. EVENTS AFTER THE TRACK RECORD PERIOD

There have been no significant events since the end of the Track Record Period except other subsequent information disclosed elsewhere.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2018.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Global Offering had taken place on 30 June 2018.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at 30 June 2018 or any future dates.

The following statement of unaudited pro forma adjusted consolidated net tangible assets is based on the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2018 as shown in the Accountants' Report of the Group, the text of which is set forth in Appendix I to this prospectus, and is adjusted as follows:

	Audited consolidated net tangible assets attributable to owners of the Company as at 30 June 2018	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets**	**Unaudited pro forma adjusted net tangible assets per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*equivalent*
Based on an Offer Price of HK$15.60 per Share	906,131	2,840,714	3,746,845	3.06	3.46
Based on an Offer Price of HK$20.00 per Share	906,131	3,655,855	4,561,986	3.73	4.21

Notes:

1) The audited consolidated net tangible assets attributable to owners of the Company as of 30 June 2018 is arrived at after deducting RMB2,509,239,000 intangible assets other than goodwill and RMB1,693,996,000 goodwill from the audited consolidated equity attributable to owners of the Company of RMB5,109,366,000 as of 30 June 2018, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

2) The estimated net proceeds from the Global Offering are based on estimated offer prices of HK$15.60 or HK$20.00 per Share after deduction of the underwriting fees and other related expenses payable by our Company and take no account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds are converted into RMB at the rate of HK$1=RMB0.88532. No representation is made that the Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at the rate or at any other rates at all.

3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis of 214,200,000 Shares to be issued during the Global Offering, which is assumed to have been completed on 30 June 2018 with 1,223,120,863 Shares to be outstanding, and the Over-allotment Option is not exercised, and without taking into account any Shares that can be issued under the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter received from the Company's reporting accountants, Ernst &Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

EY 安永

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of Fosun Tourism Group

We have completed our assurance engagement to report on the compilation of pro forma financial information of Fosun Tourism Group (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 June 2018, and related notes as set out on pages II-1 to II-2 of the prospectus dated 30 November 2018 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 June 2018 as if the transaction had taken place at 30 June 2018. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2018, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
30 November 2018

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Set out below are certain financial statements of Thomas Cook extracted from the public information of Thomas Cook, full text of which is available for download through the following links:

https://www.thomascookgroup.com/investors/reports_presentations

(A) FOR THE SIX MONTHS ENDED 31 MARCH 2018 AND THE SIX MONTHS ENDED 31 MARCH 2017

(I) *Income Statement*

	Unaudited Six months ended 31 March 2018			Unaudited Six months ended 31 March 2017		
	Underlying results	Separately disclosed items	Total	Underlying results	Separately disclosed items	Total
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Revenue	**3,227**	**—**	**3,227**	2,994	—	2,994
Cost of providing tourism services	**(2,555)**	**(5)**	**(2,560)**	(2,361)	—	(2,361)
Gross profit	**672**	**(5)**	**667**	633	—	633
Personnel expenses	**(480)**	**(19)**	**(499)**	(446)	(15)	(461)
Depreciation and amortisation	**(114)**	**—**	**(114)**	(111)	—	(111)
Net operating expenses	**(247)**	**(45)**	**(292)**	(253)	(10)	(263)
Amortisation of business combination intangibles	**—**	**(4)**	**(4)**	—	(3)	(3)
Profit on disposal of subsidiaries and fixed assets	**—**	**28**	**28**	—	—	—
Loss from operations	**(169)**	**(45)**	**(214)**	(177)	(28)	(205)
Share of results of associates and joint ventures	**(1)**	**—**	**(1)**	—	—	—
Finance income	**2**	**—**	**2**	2	—	2
Finance costs	**(68)**	**(22)**	**(90)**	(76)	(35)	(111)

	Unaudited Six months ended 31 March 2018			Unaudited Six months ended 31 March 2017		
	Underlying results	Separately disclosed items	Total	Underlying results	Separately disclosed items	Total
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Loss before tax	**(236)**	**(67)**	**(303)**	(251)	(63)	(314)
Tax			**48**			42
Loss for the period			**(255)**			(272)
Attributable to:						
Equity holders of the parent			**(254)**			(267)
Non-controlling interests			**(1)**			(5)
			(255)			(272)
Basic and diluted loss per share (pence)			**(16.6)**			(17.4)

	Unaudited Six months ended 31 March 2018	Unaudited Six months ended 31 March 2017
	£m	*£m*
Loss for the period	**(255)**	(272)
Other comprehensive income/(loss)		
Items that will not be reclassified to the Income Statement		
Actuarial gains on defined benefit pension schemes	**23**	54
Tax on actuarial gains	**—**	(15)
Items that may be reclassified subsequently to the Income Statement		
Foreign exchange translation losses	**(84)**	(7)
Fair value gains and losses		
Gains deferred for the period	**85**	68
Tax on gains deferred for the period	**(7)**	(15)
Gains transferred to the income statement	**(9)**	(34)
Tax on gains transferred to the income statement	**(1)**	(5)
Total net other comprehensive income for the period	**7**	46
Total comprehensive loss for the period	**(248)**	(226)
Attributable to:	**(247)**	(220)
Equity holders of the parent		
Non-controlling interests	**(1)**	(6)
Total comprehensive loss for the period	**(248)**	(226)

(II) ***Cash Flow Statement***

	Unaudited Six months ended 31 March 2018	Unaudited Six months ended 31 March 2017
	£m	*£m*
Loss before tax	**(303)**	(314)
Adjustments for:		
Net finance costs	**88**	109
Net investment income and share of results of joint ventures and associates	**1**	—
Depreciation, amortisation and impairment	**119**	125
Share-based payments	**3**	3
Profit on disposal of subsidiaries and fixed assets	**(28)**	—
Increase/(decrease) in provisions	**(37)**	11
Additional pension contributions	**(12)**	(12)
Interest received	**2**	2
Increase in working capital:		
Inventories	**(2)**	(3)
Receivables	**(283)**	(198)
Payables	**(124)**	(173)
Cash used in operations	**(576)**	(450)
Income taxes paid	**(26)**	(30)
Net cash used in operating activities	**(602)**	(480)
Proceeds on disposal of property, plant and equipment	**14**	1
Investment in joint ventures and associates	**(7)**	—
Purchase of tangible assets	**(69)**	(62)
Purchase of intangible assets	**(35)**	(30)
Net cash used in investing activities	**(97)**	(91)
Interest paid	**(70)**	(77)
Dividends paid to non-controlling interests	**—**	(32)
Draw down of borrowings	**671**	904
Repayment of borrowings	**(630)**	(848)
Payment of facility set-up fees	**(25)**	(10)
Repayment of finance lease obligation	**(21)**	(20)
Net cash used in financing activities	**(75)**	(83)
Net decrease in cash and cash equivalents	**(774)**	(654)
Cash and cash equivalents net of overdrafts at beginning of year	**1,399**	1,234
Effect of foreign exchange rate changes	**(6)**	29
Cash and cash equivalents net of overdrafts at end of the period	**619**	609

(III) ***Balance Sheet Statement***

	Unaudited as at 31 March 2018	Unaudited as at 31 March 2017	Audited as at 30 September 2017
	£m	*£m*	*£m*
Non-current assets			
Intangible assets	3,063	3,078	3,136
Property, plant and equipment			
Aircraft and aircraft spares	577	580	581
Other	156	228	139
Investment in joint ventures and associates	75	7	6
Other investments	1	1	1
Deferred tax assets	263	261	216
Pension asset	178	63	123
Trade and other receivables	84	74	65
Derivative financial instruments	12	4	6
Current assets	4,409	4,296	4,273
Inventories	44	47	42
Tax assets	1	5	1
Trade and other receivables	932	800	735
Derivative financial instruments	139	122	56
Cash and cash equivalents	624	619	1,407
	1,740	1,593	2,241
Non-current assets held for sale	52	—	101
Total assets	6,201	5,889	6,615
Current liabilities			
Retirement benefit obligations	(9)	(9)	(9)
Trade and other payables	(1,419)	(1,367)	(2,343)
Borrowings	(233)	(179)	(245)
Obligations under finance leases	(32)	(43)	(39)
Tax liabilities	(41)	(60)	(57)
Revenue received in advance	(2,075)	(1,916)	(1,355)
Short-term provisions	(155)	(136)	(168)
Derivative financial instruments	(129)	(45)	(109)
	(4,093)	(3,755)	(4,325)

	Unaudited as at 31 March 2018	Unaudited as at 31 March 2017	Audited as at 30 September 2017
	£m	*£m*	*£m*
Non-current liabilities			
Retirement benefit obligations	(466)	(447)	(439)
Trade and other payables	(21)	(34)	(25)
Long-term borrowings	(1,070)	(1,066)	(1,047)
Obligations under finance leases	(167)	(124)	(115)
Non-current tax liabilities	(5)	(6)	(7)
Deferred tax liabilities	(52)	(54)	(61)
Long-term provisions	(274)	(320)	(307)
Derivative financial instruments	(18)	(12)	(9)
	(2,073)	(2,063)	(2,010)
Total liabilities	(6,166)	(5,818)	(6,335)
Net assets	35	71	280
Equity			
Called-up share capital	69	69	69
Share premium account	524	524	524
Merger reserve	1,547	1,547	1,547
Hedging and translation reserves	(8)	123	8
Capital redemption reserve	8	8	8
Accumulated losses	(2,095)	(2,191)	(1,867)
Investment in own shares	(8)	(8)	(8)
Equity attributable to equity owners of the parent	37	72	281
Non-controlling interests	(2)	(1)	(1)
Total equity	35	71	280

(B) FOR THE YEAR ENDED 30 SEPTEMBER 2017

(I) *Income Statement*

	Year ended 30 September 2017			Year ended 30 September 2016 Restated		
	Underlying results	Separately disclosed items	Total	Underlying results	Separately disclosed items	Total
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Continuing operations						
Revenue	9,007	—	9,007	7,810	—	7,810
Cost of providing tourism services	(7,012)	(2)	(7,014)	(5,981)	(9)	(5,990)
Gross profit	1,995	(2)	1,993	1,829	(9)	1,820
Personnel expenses	(975)	(28)	(1,003)	(882)	(39)	(921)
Depreciation and amortisation	(222)	—	(222)	(204)	—	(204)
Net operating expenses	(468)	(52)	(520)	(441)	(41)	(482)
Loss on disposal of assets	—	(9)	(9)	—	(10)	(10)
Amortisation of business combination intangibles	—	(8)	(8)	—	(6)	(6)
Profit from operations	330	(99)	231	302	(105)	197
Share of results of joint venture and associates	(1)	—	(1)	(1)	—	(1)
Net investment income	—	—	—	1	—	1
Finance income	4	—	4	6	—	6
Finance costs	(147)	(41)	(188)	(146)	(23)	(169)
Profit before tax	186	(140)	46	162	(128)	34
Tax			(34)			(33)
Profit for the year			12			1
Attributable to:						
Equity holders of the parent			13			4
Non-controlling interests			(1)			(3)
			12			1
Basic and diluted earnings per share (pence)			0.8			0.3

	Year ended 30 September 2017	Year ended 30 September 2016 Restated
	£m	*£m*
Profit for the year	12	1
Other comprehensive income and expense		
Items that will not be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit pension schemes	114	(144)
Tax on actuarial gains and losses	(28)	30
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation losses	(27)	(15)
Fair value gains and losses		
(Losses)/gains deferred for the year	(20)	53
Tax on (losses)/gains deferred for the year	5	5
(Gains)/losses transferred to the income statement	(60)	105
Tax on (gains)/losses transferred to the income statement	(5)	(21)
Total net other comprehensive income/(loss) for the year	(21)	13
Total comprehensive income/(loss) for the year	(9)	14
Attributable to:		
Owners of the parent	(8)	17
Non-controlling interests	(1)	(3)
Total comprehensive income/(loss) for the year	(9)	14

(II) *Cash Flow Statement*

	Year ended 30 September 2017	Year ended 30 September 2016 Restated
	£m	*£m*
Profit before tax	46	34
Adjustments for:		
Net finance costs	184	163
Net investment income and share of results of joint ventures and associates	1	—
Increase in provisions	20	1
Depreciation, amortisation and impairment	238	216
Loss on disposal of assets	9	10
Share-based payments	3	1
Additional pension contributions	(28)	(29)
Interest received	4	6
Decrease/(increase) in working capital:		
Inventories	2	(7)
Receivables	(110)	(88)
Payables	164	103
Cash generated from operations	533	410
Income taxes paid	(37)	(15)
Net cash from operating activities	496	395
Proceeds on disposal of property, plant and equipment	7	9
Investment in joint ventures and associates	—	(3)
Purchase of tangible assets	(132)	(117)
Purchase of intangible assets	(74)	(89)
Net cash used in investing activities	(199)	(200)
Dividends paid to non-controlling interests	(32)	(4)
Dividends paid	(8)	—
Interest paid	(144)	(135)
Draw down of borrowings	1,011	157
Repayment of borrowings	(948)	(340)
Payment of facility set-up fees	(10)	—
Repayment of finance lease obligations	(44)	(38)
Net cash used in financing activities	(175)	(360)
Net (decrease)/increase in cash and cash equivalents	122	(165)
Cash and cash equivalents at beginning of year	1,234	1,286
Effect of foreign exchange rate changes	43	113
Cash, cash equivalents and overdrafts at end of year	1,399	1,234

(III) ***Balance Sheet Statement***

	30 September 2017	Restated 30 September 2016
	£m	*£m*
Non-current assets		
Intangible assets	3,136	3,077
Property, plant and equipment:		
— aircraft and aircraft spares	581	627
— other	139	221
Investments in joint ventures and associates	6	8
Other investments	1	1
Deferred tax assets	216	228
Pension asset	123	52
Trade and other receivables	65	58
Derivative financial instruments	6	26
	4,273	4,298
Current assets		
Inventories	42	43
Tax assets	1	4
Trade and other receivables	735	677
Derivative financial instruments	56	145
Cash and cash equivalents	1,407	1,776
	2,241	2,645
Non-current assets held for sale	101	—
Total assets	6,615	6,943
Current liabilities		
Retirement benefit obligations	(9)	(8)
Trade and other payables	(2,343)	(2,179)
Borrowings	(245)	(891)
Obligations under finance leases	(39)	(42)
Tax liabilities	(57)	(40)
Revenue received in advance	(1,355)	(1,251)
Short-term provisions	(168)	(139)
Derivative financial instruments	(109)	(83)
	(4,325)	(4,633)

	30 September 2017	Restated 30 September 2016
	£m	*£m*
Non-current liabilities		
Retirement benefit obligations	(439)	(501)
Trade and other payables	(25)	(109)
Long-term borrowings	(1,047)	(847)
Obligations under finance leases	(115)	(141)
Non-current tax liabilities	(7)	(31)
Deferred tax liabilities	(61)	(51)
Long-term provisions	(307)	(301)
Derivative financial instruments	(9)	(3)
	(2,010)	(1,984)
Total liabilities	(6,335)	(6,617)
Net assets	280	326
Equity		
Called-up share capital	69	69
Share premium account	524	524
Merger reserve	1,547	1,547
Hedging and translation reserves	8	115
Capital redemption reserve	8	8
Accumulated losses	(1,867)	(1,950)
Investment in own shares	(8)	(8)
Equity attributable to equity owners of the parent	281	305
Non-controlling interests	(1)	21
Total equity	280	326

(C) FOR THE YEAR ENDED 30 SEPTEMBER 2016

(I) *Income Statement*

	Year ended 30 September 2016			Year ended 30 September 2015		
	Underlying results	Separately disclosed items	Total	Underlying results	Separately disclosed items	Total
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Revenue	7,812	—	7,812	7,834	—	7,834
Cost of providing tourism services	(5,981)	(9)	(5,990)	(6,060)	(2)	(6,062)
Gross profit	1,831	(9)	1,822	1,774	(2)	1,772
Personnel expenses	(882)	(39)	(921)	(859)	(27)	(886)
Depreciation and amortisation	(204)	—	(204)	(174)	(1)	(175)
Net operating expenses	(437)	(40)	(477)	(431)	(47)	(478)
Loss on disposal of assets	—	(9)	(9)	—	(13)	(13)
Amortisation of business combination intangibles	—	(6)	(6)	—	(9)	(9)
Profit from operations	308	(103)	205	310	(99)	211
Share of results of joint ventures and associates	(1)	—	(1)	1	—	1
Profit on sale of associated undertaking	—	—	—	—	7	7
Net investment income	1	—	1	—	—	—
Finance income	6	—	6	10	—	10
Finance costs	(146)	(23)	(169)	(151)	(28)	(179)
Profit before tax	168	(126)	42	170	(120)	50
Tax			(33)			(31)
Profit for the year			9			19
Attributable to:						
Equity holders of the parent			12			23
Non-controlling interests			(3)			(4)
			9			19
Basic earnings per share (pence)			0.8			1.6

	Year ended 30 September 2016	Year ended 30 September 2015
	£m	*£m*
Profit for the year	9	19
Other comprehensive income/(losses)		
Items that will not be reclassified to Income Statement:		
Actuarial (loss)/gains on defined benefit pension schemes	(144)	143
Tax on actuarial remeasurements	30	(18)
Items that may be reclassified subsequently to Income Statement:		
Foreign exchange translation losses	(15)	(34)
Fair value gains and losses		
Gains/(losses) deferred for the year	53	(223)
Tax on gains/(losses) deferred for the year	5	48
Losses transferred to the income statement	105	88
Tax on losses transferred to the income statement	(21)	(24)
Total net other comprehensive income/(loss) for the year	13	(20)
Total comprehensive income/(loss) for the year	22	(1)
Attributable to:		
Owners of the parent	25	3
Non-controlling interests	(3)	(4)
Total comprehensive income/(loss) for the year	22	(1)

(II) ***Cash Flow Statement***

	Year ended 30 September 2016	Year ended 30 September 2015
	£m	*£m*
Profit before tax	42	50
Adjustments for:		
Net finance costs	163	169
Net investment income and share of results of joint ventures and associates	—	(1)
Profit on sale of associated undertakings	—	(7)
Increase/(decrease) in provisions	1	(55)
Depreciation, amortisation and impairment	216	184
Loss on disposal of assets	9	13
Share-based payments	1	1
Additional pension contributions	(29)	(28)
Interest received	6	10
(Increase)/decrease in working capital:		
Inventories	(7)	—
Receivables	(97)	139
Payables	101	17
Cash generated from operations	406	492
Income taxes paid	(15)	(18)
Net cash generated from operating activities	391	474
Proceeds on disposal of property, plant and equipment	9	3
Investment in joint ventures and associates	(3)	—
Purchase of tangible assets	(117)	(130)
Purchase of intangible assets	(89)	(70)
Proceeds on disposal of associated undertakings	—	17
Net cash used in investing activities	(200)	(180)
Dividends paid to non-controlling interests	—	(6)
Interest paid	(135)	(134)
Draw down of borrowings	157	561
Repayment of borrowings	(340)	(450)
Payment of facility set-up fees	—	(18)
Net proceeds on the issue of ordinary shares	—	92
Repayment of finance lease obligations	(38)	(35)
Net cash (used in)/generated from financing activities	(356)	10
Net (decrease)/increase in cash and cash equivalents	(165)	304
Cash and cash equivalents at beginning of year	1,286	1,017
Effect of foreign exchange rate changes	113	(35)
Cash, cash equivalents and overdrafts at end of year	1,234	1,286

(III) ***Balance Sheet Statement***

	30 September 2016	30 September 2015
	£m	*£m*
Non-current assets		
Intangible assets	3,077	2,794
Property, plant and equipment		
— aircraft and aircraft spares	627	605
— other	222	202
Investments in joint ventures and associates	8	4
Other investments	1	1
Deferred tax assets	228	197
Pension asset	52	50
Trade and other receivables	58	55
Derivative financial instruments	26	15
	4,299	3,923
Current assets		
Inventories	43	32
Tax assets	4	3
Trade and other receivables	688	585
Derivative financial instruments	145	114
Cash and cash equivalents	1,776	1,301
	2,656	2,035
Total assets	6,955	5,958
Current liabilities		
Retirement benefit obligations	(8)	(7)
Trade and other payables	(2,177)	(1,979)
Borrowings	(891)	(219)
Obligations under finance leases	(42)	(35)
Tax liabilities	(40)	(22)
Revenue received in advance	(1,251)	(1,117)
Short-term provisions	(138)	(147)
Derivative financial instruments	(83)	(176)
	(4,630)	(3,702)

	30 September 2016	30 September 2015
	£m	*£m*
Non-current liabilities		
Retirement benefit obligations	(501)	(322)
Trade and other payables	(105)	(79)
Long-term borrowings	(847)	(1,038)
Obligations under finance leases	(141)	(148)
Non-current tax liabilities	(31)	(22)
Deferred tax liabilities	(51)	(46)
Long-term provisions	(255)	(210)
Derivative financial instruments	(3)	(23)
	(1,934)	(1,888)
Total liabilities	(6,564)	(5,590)
Net assets	391	368
Equity		
Called-up share capital	69	69
Share premium account	524	524
Merger reserve	1,547	1,547
Hedging and translation reserves	115	(12)
Capital redemption reserve	8	8
Accumulated losses	(1,889)	(1,778)
Investment in own shares	(8)	(18)
Equity attributable to equity owners of the parent	366	340
Non-controlling interests	25	28
Total equity	391	368

(D) FOR THE YEAR ENDED 30 SEPTEMBER 2015

(I) *Income Statement*

	Year ended 30 September 2015			Re-presented Year ended 30 September 2014		
	Underlying results	Separately disclosed items	Total	Underlying results	Separately disclosed items	Total
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Revenue	7,834	—	7,834	8,588	—	8,588
Cost of providing tourism services	(6,060)	(2)	(6,062)	(6,672)	(50)	(6,722)
Gross profit	1,774	(2)	1,772	1,916	(50)	1,866
Personnel expenses	(859)	(27)	(886)	(913)	(26)	(939)
Depreciation and amortisation	(174)	(1)	(175)	(173)	—	(173)
Net operating expenses	(431)	(47)	(478)	(507)	(126)	(633)
Loss on disposal of assets	—	(13)	(13)	—	(19)	(19)
Impairment of goodwill and amortisation of business combination intangibles	—	(9)	(9)	—	(50)	(50)
Profit from operations	310	(99)	211	323	(271)	52
Share of results of associates	1	—	1	2	—	2
Profit on sale of associated undertaking	—	7	7	—	—	—
Finance income	10	—	10	10	—	10
Finance costs	(151)	(28)	(179)	(153)	(25)	(178)
Profit/(loss) before tax	170	(120)	50	182	(296)	(114)
Tax			(31)			(1)
Profit/(loss) for the year from operations			19			(115)
Attributable to:						
Owners of the parent			23			(118)
Non-controlling interests			(4)			3
			19			(115)
Basic and diluted earnings/(loss) per share (pence)			1.6			(8.2)

	Year ended 30 September 2015	Year ended 30 September 2014
	£m	*£m*
Profit/(loss) for the year	19	(115)
Other comprehensive income and expense		
Items that will not be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit pension schemes	143	(91)
Tax on actuarial gains/(losses)	(18)	19
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation losses	(34)	(103)
Fair value gains and losses		
Losses deferred for the year	(223)	—
Tax on losses deferred for the year	48	—
Losses transferred to the income statement	88	45
Tax on losses transferred to the income statement	(24)	(10)
Total net other comprehensive expense for the year	(20)	(140)
Total comprehensive expense for the year	(1)	(255)
Attributable to:		
Owners of the parent	3	(258)
Non-controlling interests	(4)	3
Total comprehensive expense for the year	(1)	(255)

(II) ***Cash Flow Statement***

	Year ended 30 September 2015	Re-presented Year ended 30 September 2014
	£m	*£m*
Profit/(loss) before tax	50	(114)
Adjustments for:		
Net finance costs	169	168
Net investment income and share of results of associates	(1)	(2)
Depreciation, amortisation and impairment	184	233
Loss on disposal of assets	13	19
Share-based payments	1	4
Profit on sale of associated undertakings	(7)	—
Decrease in provisions	(55)	(51)
Additional pension contributions	(28)	(26)
Interest received	10	9
Movement in working capital:		
Inventories	—	(8)
Receivables	139	86
Payables	17	49
Cash generated from operations	492	367
Income taxes paid	(18)	(32)
Net cash from operating activities	474	335
Dividends received from associates	—	2
Proceeds on disposal of subsidiaries (net of cash disposed)	—	78
Proceeds on disposal of property, plant and equipment	3	2
Purchase of subsidiaries (net of cash acquired)	—	(4)
Purchase of tangible assets	(130)	(118)
Purchase of intangible assets	(70)	(38)
Proceeds from sale of associated undertakings	17	—
Net cash used in investing activities	(180)	(78)

	Year ended 30 September 2015	Re-presented Year ended 30 September 2014
	£m	*£m*
Dividends paid to non-controlling interests	(6)	(4)
Interest paid	(134)	(139)
Draw down of borrowings	561	125
Repayment of borrowings	(450)	(208)
Payment of facility set-up fees	(18)	—
Shares purchased by Employee Benefit Trust	—	(9)
Net proceeds on the issue of ordinary shares	92	1
Repayment of finance lease obligations	(35)	(44)
Net cash from/(used in) financing activities	10	(278)
Net increase/(decrease) in cash and cash equivalents	304	(21)
Cash and cash equivalents at beginning of year	1,017	1,090
Effect of foreign exchange rate changes	(35)	(52)
Cash, cash equivalents and overdrafts at end of year	1,286	1,017

(III) ***Balance Sheet Statement***

	30 September 2015	30 September 2014
	£m	£m
Non-current assets		
Intangible assets	2,794	2,873
Property, plant and equipment		
— aircraft and aircraft spares	605	578
— other	202	177
Investments in associates	4	14
Other investments	1	1
Deferred tax assets	197	195
Pension asset	50	—
Tax assets	—	2
Trade and other receivables	55	106
Derivative financial instruments	15	19
	3,923	3,965
Current assets		
Inventories	32	34
Tax assets	3	3
Trade and other receivables	585	705
Derivative financial instruments	114	68
Cash and cash equivalents	1,301	1,019
	2,035	1,829
Total assets	5,958	5,794
Current liabilities		
Retirement benefit obligations	(7)	(1)
Trade and other payables	(1,979)	(2,083)
Borrowings	(219)	(449)
Obligations under finance leases	(35)	(34)
Tax liabilities	(22)	(15)
Revenue received in advance	(1,117)	(999)
Short-term provisions	(147)	(247)
Derivative financial instruments	(176)	(66)
	(3,702)	(3,894)

	30 September 2015	30 September 2014
	£m	*£m*
Non-current liabilities		
Retirement benefit obligations	(322)	(447)
Trade and other payables	(79)	(90)
Long-term borrowings	(1,038)	(715)
Obligations under finance leases	(148)	(147)
Non-current tax liabilities	(22)	(21)
Deferred tax liabilities	(46)	(49)
Long-term provisions	(210)	(143)
Derivative financial instruments	(23)	(3)
	(1,888)	(1,615)
Total liabilities	(5,590)	(5,509)
Net assets	368	285
Equity		
Called-up share capital	69	69
Share premium account	524	435
Merger reserve	1,547	1,547
Hedging and translation reserves	(12)	133
Capital redemption reserve	8	8
Accumulated losses	(1,778)	(1,907)
Investment in own shares	(18)	(38)
Equity attributable to equity owners of the parent	340	247
Non-controlling interests	28	38
Total equity	368	285

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 September 2018 of the selected property interests held by the Group.

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

30 November 2018

The Board of Directors
Fosun Tourism Group
Room 808 & 2101-06
ICBC Tower
3 Garden Road
Central
Hong Kong

Dear Sirs,

In accordance with your instructions to value the selected property interests held by Fosun Tourism Group (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 30 September 2018 (the "**valuation date**").

The selected property interests form part of property activities that each property has a carrying amount of 1% or more of the Group's total assets or form part of non-property activities that each property has a carrying amount of 15% or more of the Group's total assets, and therefore the valuation report of these property interests are required to be included in this prospectus.

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

We have valued the property interests in Group I which are held for sale and Group IV which are held for future development by the Group by the comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

We have valued the property interests in Group II which are held for operation by the Group by the Discounted Cash Flow ("DCF") approach which derives the market value by discounting the future net cash flow until the end of the unexpired land use term to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for an investment of this type. We have prepared a 10-year cash flow forecast with reference to the current and anticipated market conditions.

In the course of our valuation, we have made reference to the historical operating data of the tourism destination and taken into account of main operating data of comparable hotels in the locality such as daily room rate and occupancy rate for the 1st year's data. We also have referenced to the projection prepared by the Group on daily room rates growth, departmental revenues/expenses, other operating expenses, etc. and examined the key data with our understanding and market analysis of city and hotel development in China. The potential benefits that will influence the cash flow forecast are shown as follows:

- Continuing strong economic growth in China especially for Sanya City where the Atlantis Sanya tourism destination situated;
- Sanya has three tourist attractions that meet the AAAAA classification, the highest official ranking in China's tourism industry;
- Improvement of city infrastructures including transportation network and city connection;
- Increase of disposable income of citizens and the change of lifestyle in China which will stimulate the increase of leisure travel and enhance the expenditures during the travel; and
- On 14 April 2018, the Central Committee of the Communist Party of China and the State Council issued the "Guidelines Supporting Hainan's Comprehensive Deepening of Reform and Opening-up" (《關於支持海南全面深化改革開放的指導意見》), and in May 2018, the State Immigration Administration began implementing an inbound tourist visa exemption policy to accelerate the development of Hainan Province's tourism industry.

Details of the key assumptions of our DCF valuations are set out on the valuation certificate contained herein.

In valuing the property interests in Group III which were under development as at the valuation date by the Group, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at our opinion of values, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Group according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

For the property interests in Group V which are contracted to be acquired by the Group, the Group has entered into agreements with the relevant government authorities. Since the Group has not yet obtained the State-owned Land Use Rights Certificate as at the valuation date, we have attributed no commercial value to the property interests.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser — AllBright Law Offices, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in the period between June 2018 and July 2018 by five technical staff including Mr. Eddie Yiu, Mr. Arnold Gao, Mr. Stone Chen, Mr. Kevin Liu and Ms. Jun Yang. They are Chartered Surveyors/China Qualified Land Valuer/China Real Estate Appraiser or have more than one years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 24 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Abbreviation:

Group I: Properties held for sale by the Group in the PRC
Group II: Properties held for operation by the Group in the PRC
Group III: Properties held under development by the Group in the PRC
Group IV: Properties held for future development by the Group in the PRC
Group V: Properties contracted to be acquired by the Group in the PRC
—: Not Available or Not Applicable

No.	Property	Market value in existing state as at 30 September 2018	Market value in existing state as at 30 September 2018	Market value in existing state as at 30 September 2018	Market value in existing state as at 30 September 2018	Market value in existing state as at 30 September 2018	The total market value in existing state as at 30 September 2018
		RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	**Group II:**	**Group III:**	**Group IV:**	**Group V:**	
1.	Atlantis Sanya tourism destination (including the accommodation portion, Aquaventure Waterpark, Lost Chamber Aquarium, Dolphin Cay, food & beverage, retail area, meeting, incentives, conferences, exhibitions, and facilities) located at No. 36 North Haitang Road, Sanya City, Hainan Province, The PRC	—	No commercial value (refer to note 1)	—	—	—	No commercial value (refer to note 1)
2.	Tang Residence (including villas and vacation apartments) located at No. 36 North Haitang Road, Sanya City, Hainan Province, The PRC	3,847,000,000	—	3,622,000,000	—	—	7,469,000,000

No.	Property	Market value in existing state as at 30 September 2018	Market value in existing state as at 30 September 2018	Market value in existing state as at 30 September 2018	Market value in existing state as at 30 September 2018	Market value in existing state as at 30 September 2018	The total market value in existing state as at 30 September 2018
		RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	**Group II:**	**Group III:**	**Group IV:**	**Group V:**	
3.	Two parcels of land (Lot Nos. WG2018-1-1 and WG2018-1-2): Lot No. WG2018-1-1 is located at the northern side of Zhengfu Road and the eastern side of Yantie Tang; the eastern side of Wencang Road, the northern side of Baozhong Road, the western side of Dongcangxin Road and the southern side of Jinshi Road; Lot No. WG2018-1-2 is located at the northern side of Zhengfu Road, the western side of Jiangshen Avenue and the southern side of Shenzhi Street; the eastern side of Jiangshen Avenue, the northern side of Baozhong Road, the western side of Jiangshendong Street and the southern side of Jinshi Road; the eastern side of Jiangshendong Street, the northern side of Baozhong Road, the western side of Wenchang Road and the southern side of Jinshi Road. Taicang City, Jiangsu Province, The PRC	—	—	—	—	No commercial value (refer to note 2)	No commercial value (refer to note 2)

No.	Property	Market value in existing state as at 30 September 2018	Market value in existing state as at 30 September 2018	Market value in existing state as at 30 September 2018	Market value in existing state as at 30 September 2018	Market value in existing state as at 30 September 2018	The total market value in existing state as at 30 September 2018
		RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	**Group II:**	**Group III:**	**Group IV:**	**Group V:**	
4.	A parcel of land known as Lijiang Project located at the junction of Xinshan Village and Yulong Village Baisha Town Yulong County Lijiang City Yunnan Province The PRC	—	—	—	665,000,000	—	665,000,000
5.	Two parcels of land (Lot Nos. WG2018-14-2 and WG2018-18-7): Lot No. WG2018-14-2 is located at the eastern side of Jiangshen Avenue and the northern side of Zhengfu Road; Lot No. WG2018-18-7 is located at the western side of Jiangshen Avenue and the northern side of Shenzhi Road, Taicang City, Jiangsu Province, The PRC	—	—	—	—	No commercial value (refer to note 3)	No commercial value (refer to note 3)
Total		**3,847,000,000**		**3,622,000,000**	**665,000,000**	**—**	**8,134,000,000**

Notes:

1. In the valuation of property no. 1, we have relied on the legal opinion and have attributed no commercial value to the property as the relevant Real Estate Title Certificate for the building portion of the property was under application and had not been obtained yet as at the valuation date. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB15,877,000,000 assuming the Real Estate Title Certificate has been obtained and the property could be freely transferred.

2. In the valuation of property no. 3, as at the valuation date, the title of the property no. 3 had not been vested in the Group and the relevant land use rights certificates had not been obtained. Therefore, we have attributed no commercial value to the property. However, for the reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB1,050,000,000 assuming the Land Use Rights Certificates have been obtained and the property could be freely transferred.

3. In the valuation of property no. 5, as at the valuation date, the title of the property no. 5 had not been vested in the Group and the relevant land use rights certificates had not been obtained. Therefore, we have attributed no commercial value to the property. However, for the reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB2,612,000,000 assuming the Land Use Rights Certificates have been obtained and the property could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2018
				RMB
1.	Atlantis Sanya tourism destination (including the accommodation portion, Aquaventure Waterpark, Lost Chamber Aquarium, Dolphin Cay, food & beverage, retail area, meeting, incentives, conferences, exhibitions, and facilities) located at No. 36 North Haitang Road, Sanya City, Hainan Province, The PRC	Atlantis Sanya tourism destination is the first Atlantis resort in China, which delivers world-class hospitality and family tourism. It is located in Haitang Bay area, which is one of the major bays in Sanya, Hainan Province, the PRC. Haitang Bay boasts an abundance of tourism resources, such as a white-sand coastline, a butterfly-shaped island, with beautiful natural scenery, and one of the world's largest duty free shop, Haitang Bay International Shopping Center, which is within 25 minutes' walking distance from Atlantis Sanya tourism destination. The property is conveniently accessing to airport freeway with less than an hour's drive and it only takes a 30-minute drive to Yalong Bay Railway Station. Atlantis Sanya tourism destination was soft-opened in February 2018 and officially opened on 29 April 2018. Atlantis Sanya tourism destination comprises a main high-rise tower with 1,314 guest rooms, an aquarium named Lost Chamber, a waterpark named Aquaventure, Chinese and Western restaurants, retail units, executive lounge, bars, indoor and outdoor swimming pools, gyms, spas and other facilities. The completed portions of Atlantis Sanya tourism destination have a total gross floor area of approximately 308,585.55 sq.m. As at the valuation date, the remaining portions of Atlantis Sanya tourism destination known as Dolphin Cay were under construction. It is planned to be completed in 2019 with a gross floor area of approximately 32,464.71 sq.m. upon completion. The land use rights of the property have been granted for the terms expiring on 18 February 2054 for accommodation and restaurant uses and 18 February 2064 for cultural, sports and entertainment uses.	As at the valuation date, the property was operated as a luxury tourism destination under the brand "Atlantis" together with a water park and an aquarium.	No commercial value *(refer to note 12)*

Note:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. SY2013018 dated 18 September 2013, the land use rights of a parcel of land with a site area of approximately 537,654.88 sq.m. (including the land use rights of the property

and property no. 2) were contracted to be granted to Hainan Atlantis Business and Tourism Development Co., Ltd. (海南亞特蘭蒂斯商旅發展有限公司, "Hainan Atlantis", a wholly-owned subsidiary of the Company) for the terms of 40 years for accommodation and restaurant uses and 50 years for culture, sports and entertainment uses. The land premium was RMB1,993,000,000.

2. Pursuant to 2 Construction Land Planning Permits — Di Zi Di (2014) Nos. 6 and 12, permission towards the planning of portions of the aforesaid land parcel with a total site area of approximately 537,420.23 sq.m. (including the land use rights of the property and property no. 2) has been granted to Hainan Atlantis.

3. Pursuant to a Real Estate Title Certificate — Qiong (2016) San Ya Shi Bu Dong Chan Quan Di No. 0002763, the land use rights of a parcel of land with a site area of approximately 193,449.2 sq.m. have been granted to Hainan Atlantis for a term expiring on 18 February 2064 for culture, sports and entertainment uses.

4. Pursuant to a Real Estate Title Certificate — Qiong (2016) San Ya Bu Dong Chan Quan Di No. 0002764, the land use rights of a parcel of land with a site area of approximately 343,971.03 sq.m. (including the land use rights of the property and property no. 2) have been granted to Hainan Atlantis for a term expiring on 18 February 2054 for accommodation and restaurant uses.

5. Pursuant to 3 Construction Work Planning Permits — San Fu Yuan Jian Lin Zheng (2017) No. 9, Jian Zi Di (2018) No. 1 and Jian Zi Di (2018) No. 7 in favour of Hainan Atlantis, Atlantis Sanya tourism destination with a total gross floor area of approximately 341,050.26 sq.m. has been approved for construction.

6. Pursuant to 3 Construction Work Commencement Permits — San Ya (Hai Tang Wan) No. 201412240101, San Ya Hai Tang Wan No. 201712280101and San Ya (Hai Tang Wan) No.201511120101, permission by the relevant local authority was given to commence the construction of the portions of Atlantis Sanya tourism destination with a total gross floor area of approximately 341,050.26 sq.m.

7. Pursuant to a Construction Work Completion and Inspection Table — No. (2018) 041 in favour of Hainan Atlantis, portions of Atlantis Sanya tourism destination with a total gross floor area of approximately 252,398 sq.m. have been completed and passed the inspection acceptance.

8. Pursuant to a Construction Work Completion and Inspection Table — No. (2018) 049 in favour of Hainan Atlantis, portions of the Aquaventure Waterpark of Atlantis Sanya tourism destination with a total gross floor area of approximately 56,187.55 sq.m. have been completed and passed the inspection acceptance.

9. According to the information provided by Hainan Atlantis. Details of the room configuration are summarized below:

Room Type	**Size** *(sq.m./room)*	**Number of rooms**
Ocean View Room (海景房)	48.5-80	432
Deluxe Ocean View Room (豪華海景房)	50.0-56.5	306
Family Ocean View Room (豪華家庭海景房)	54.5-101	155
Imperial Club Ocean View Room (皇家俱樂部海景房)	48.5-89.5	267
Regal Suite (至尊套房)	101.5-136	38
Ocean View Ambassador Suite (海景大使套房)	105-117	70
Deluxe Suite (豪華套房)	161.5-223	37
Presidential Suite (總統套房)	320	2
Royal Suite (金爵套房)	564	1
Neptune Underwater Suite (尼普頓水底套房)	145.5-173.3	4
Poseidon Underwater Suite (波塞冬水底套房)	340	1
Imperial Suite (皇家套房)	1,061	1
Total		1,314

10. According to the information provided by Hainan Atlantis. Details for facilities and amenities of Atlantis Sanya tourism destination are summarized below:

- **Food and Beverage Facilities**

Atlantis Sanya tourism destination offers cuisines from across the globe at 20 food and beverage facilities, including specialty restaurants, buffet restaurants, bars, cafes and food courts. Atlantis Sanya tourism destination offers premium-dining experiences, including, in particular, the following restaurants:

a) Ossiano Underwater Restaurant & Bar, a stylish underwater restaurant that provides a wide array of fresh seafood and offers dining experience with floor-to-ceiling views of the Ambassador Lagoon;

b) Bread Street Kitchen & Bar, a celebrity chef Gordon Ramsay's restaurant that serves European cuisines, classic and innovative cocktails, as well as a wide collection of wines;

c) TANG, a premium Chinese restaurant which serves authentic Cantonese and Hainanese cuisines, and offers an extensive selection of whiskeys, fine wines, champagnes and Chinese liquors; and

d) Crab Kitchen, a restaurant that specializes in serving crab dishes using Southeast Asian culinary techniques.

- **Banqueting and Ballroom Facilities**

Over 5,000 square meters of function space, board rooms and outdoor areas for all types of meetings, incentives, conferences and exhibitions, together with several supporting business centers. The biggest banquet room has an area of approximately 2,300 square meters with a capacity of up to 1,500 attendees.

- **Aquarium**

Lost Chamber Aquarium comprises approximately 30 exhibition pools with more than 86,000 marine lives. It has the largest open-air aquarium in China, the Ambassador Lagoon, holding over 13,500 m^3 of seawater and various marine animals.

- **Waterpark**

Aquaventure Waterpark located on the ground next to the high-rise tower with a total site area of approximately 200,000 sq.m. opens all year round and accommodates a maximum number of 13,500 tourists at one time.

- **Dolphin Cay**

The Dolphin Cay theatre, which is designed to hold an audience of approximately 1,800 people will be opened with a modern show in 2019.

- **Entertainment and other facilities**

The entertainment and other facilities include but not limited to the following:

Entertainment & Facilities	**Location**	**Size (Approx.)**
		(sq.m.)
SPA (the First AHAVA Spa in China)	2F	1,200.00
Gym	2F	450.00
Kids Entertainment	B1	900.00
Indoor Swimming Pool	Indoor	N/A
Outdoor Swimming Pool	Outdoor	N/A

11. As advised by Hainan Atlantis, as at the valuation date, the retail units in Atlantis Sanya tourism destination with a total lettable area of approximately 1,779 sq.m. located on B1 floor were leased to several tenants with the expiry dates between 28 April 2020 and 28 April 2023. The total monthly rent as at the valuation date was approximately RMB506,000, exclusive of management fees, water and electric charges.

12. In the valuation of this property, we have relied on the legal opinion and have attributed no commercial value to the property as the relevant Real Estate Title Certificates for the buildings of the property was under application and had not been obtained yet as at the valuation date. However, for the reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB15,877,000,000 assuming the Real Estate Title Certificate has been obtained and the property could be freely transferred.

13. Our valuation has been made on the following basis and analysis:

In undertaking our valuation process, we have adopted the discounted cash flow ("DCF") approach. We have assumed the investment-holding period of 10 years. Our assumptions and forecast mainly based on the actual operating data and the market statistics data. More details are shown below:

a) Average Daily Room Rate (ADR) in 1st year: Ranges from RMB2,340 to RMB108,888 based on room types. The guest room prices include unlimited pass tickets for both Aquaventure Waterpark and Lost Chamber Aquarium.

In drawing this assumption, we have made reference and analyzed the actual operation data of Atlantis Sanya tourism destination and the average data of 5-star and luxury hotels in Haitang Bay. The ADR achieved by Atlantis Sanya tourism destination since it has officially opened ranges from RMB1,888 to RMB108,888 based on room types. Whilst, the ADR of the 5-star and luxury hotels in the locality ranges from RMB650 to RMB1,350 in year 2017. In determining the ADR in 1st year, based on the actual data, we have made relevant adjustments on the general factors including inflation, Haitang Bay traveling and specific factors including competition, distinctiveness (eg. unlimited pass for waterpark and aquarium inclusive).

b) Average Occupancy Rate

The benchmark occupancy rate of 5-star and luxury hotels in Haitang Bay is approximately 66% in year 2017. Atlantis Sanya tourism destination is the newest and has the largest size in the locality, and also the diversity of facility types enhances the competitiveness of the tourism destination. According to the market statistics, more than 18,000,000 tourists have been to Sanya City in 2017, the Haitang Bay contributed around 40% to 50% of total tourists, and the growth rate has kept double digits since 2010. Due to an estimated supply balancing dynamic and increasing demand, the average occupancy rate in our forecast period will continue from 39% in the 1st year to 68% at the stable-operating level.

c) Stabilized Growth Rate: 4%.

Having considered general inflation, risk free treasury bills and based on sustained industry growth of past few years, it is believed that the performance of the subject tourism destination continue in upward trends and will generate more revenue in the future, assuming no policy changes or unforeseen events impacting the economy of locality will occur.

d) Terminal Capitalization Rate: 6%.

For the purpose of valuation, the subject property is assumed to be sold at the end of 10 years' projection period. We have adopted the terminal value through a stabilized net operating income at the 11th year to be capitalized from the expiry date of land use rights to the valuation date. We have compared the subject tourism destination on-going yields and also cross checked the industry average. For hotel sectors, the terminal capitalization rate ranges from 5.5% to 6.5% in Sanya City.

e) Discount Rate: 10%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate and the expected stabilized growth rate.

14. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisor, which contains, inter alia, the following:

a. Hainan Atlantis legally owns the land use rights of the property and has obtained the relevant title certificate for the land use rights of the property. Hainan Atlantis is entitled to occupy, use and receive benefit from the land use rights of the property within the land use term stated on the Real Estate Title Certificates (for land);

b. Hainan Atlantis has completed the construction application procedures for the property according to the corresponding construction stage;

c. Hainan Atlantis is processing the building ownership rights application of the completed portion of Atlantis Sanya tourism destination; and

d. The property was mortgaged.

15. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificates (for land)	Yes
c.	Real Estate Title Certificates (for buildings)	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	N/A
h.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

16. For the purpose of this report, the property is classified into the group as "Group II — held for operation by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2018
				RMB
2.	Tang Residence (including villas and vacation apartments) located at No. 36 North Haitang Road, Sanya City, Hainan Province, The PRC	Tang Residence is located in Haitang Bay area, which is one of the major bays in Sanya, Hainan Province, the PRC. Haitang Bay boasts an abundance of tourism resources, such as a white-sand coastline, a butterfly-shaped island, with beautiful natural scenery, and one of the world's largest duty free shop, Haitang Bay International Shopping Center, which is within 25 minutes' walking distance from Tang Residence. The property is conveniently accessing to airport freeway with less than an hour's drive and it only takes a 30-minute drive to Yalong Bay Railway Station. Tang Residence occupies a parcel of land with a site area of approximately 343,971.03 sq.m. (including the land use rights of the property and portions of land use rights of property no. 1), which has been developed into a residential vacation units project with 3 vacation apartment buildings, 197 villas, underground car parking spaces and other facilities with a total gross floor area of approximately 161,082.31 sq.m. As at the valuation date, portions of Tang Residence (3 vacation apartment buildings) with a total gross floor area of approximately 113,080.91 sq.m. were completed and the unsold portions of them (the "unsold units") were vacant for sale. The remaining portion of Tang Residence (197 villas) was under construction (the "CIP") and is scheduled to be completed in 2019. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 48,001.40 sq.m. As at the valuation date, the property comprises the unsold units and CIP of Tang Residence. The classification, usage and floor area details of the property are set out in note 8. As advised by Hainan Atlantis, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,942,000,000, of which approximately RMB1,889,000,000 had been incurred up to the valuation date. The land use rights of the property have been granted for a term expiring on 18 February 2054 for accommodation and restaurant uses.	As at the valuation date, portions of Tang Residence were under construction, and the remaining portions of Tang Residence were completed and vacant for sale or had been pre-sold.	7,469,000,000

Note:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. SY2013018 dated 18 September 2013, the land use rights of a parcel of land with a site area of approximately 537,654.88 sq.m. (including the land use rights of the property and property no. 1) were contracted to be granted to Hainan Atlantis Business and Tourism Development Co., Ltd. (海南亞特蘭蒂斯商旅發展有限公司, "Hainan Atlantis", a wholly-owned subsidiary of the Company) for the terms of 40 years for accommodation and restaurant uses and 50 years for culture, sports and entertainment uses. The land premium was RMB1,993,000,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di (2014) No. 6, permission towards the planning of a parcel of land with a site area of approximately 343,971.03 sq.m (including the land use rights of the property and portions of land use rights of property no. 1) has been granted to Hainan Atlantis.

3. Pursuant to a Real Estate Title Certificate — Qiong (2016) San Ya Shi Bu Dong Chan Quan Di No. 0002764, the land use rights of the aforesaid land parcel with a site area of approximately 343,971.03 sq.m. (including the land use rights of the property and portions of land use rights of property no.1) have been granted to Hainan Atlantis for a term expiring on 18 February 2054 for accommodation and restaurant uses.

4. Pursuant to 2 Construction Work Planning Permits — San Fu Yuan Jian Lin Zheng (2015) No. 39 and Jian Zi Di (2018) No. 6 in favour of Hainan Atlantis, Tang Residence with a total gross floor area of approximately 161,082.31 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits — San Ya (Hai Tang Wan) Nos. 201601270101 and 201601270201, permission by the relevant local authority was given to commence the construction of Tang Residence with a total gross floor area of approximately 161,082.31 sq.m.

6. Pursuant to 2 Pre-sale Permits — San Fang Yu Xu Zi (2016) Nos. 12 and 22 in favour of Hainan Atlantis, Hainan Atlantis is entitled to sell portions of Tang Residence (representing a total gross floor area of approximately 120,438.15 sq.m.) to purchasers.

7. Pursuant to a Construction Work Completion and Inspection Table — No. (2018) 036 in favour of Hainan Atlantis, the construction of portions of Tang Residence with a gross floor area of approximately 113,080.91 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group, the saleable portion of the Tang Residence has a total gross floor area of approximately 120,438.15 sq.m. and the details are set out as below:

Group	**Usage**	**Gross floor area**
		(sq.m.)
Group I — held for sale by the Group	Residential (vacation apartment)	88,348.73
Group III — held under development by the Group	Residential (Villas)	32,089.42
Total		120,438.15

Apart from the above mentioned saleable portion, Tang Residence also comprises non-saleable facilities or ancillary portion in Group I with a total gross floor area of approximately 24,732.18 sq.m. and in Group III with a total gross floor area of approximately 15,911.98 sq.m.

9. As advised by the Group, various units and villas with a total gross floor area of approximately 113,002.46 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB7,004,276,091. Such portions of the property have not been legally and virtually transferred and therefore we have included these units and villas in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB3,790,000,000.

11. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential units and villas within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB60,000 per sq.m. to RMB80,000 per sq.m. for vacation apartments and RMB120,000 per sq.m. to RMB160,000 per sq.m. for villas based on different level of ocean view. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

12. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

    a. Hainan Atlantis legally owns the land use rights of the property and has obtained the relevant title certificate for the land use rights of the property. Hainan Atlantis is entitled to occupy, use and receive benefit from the land use rights of the property within the land use term stated on the Real Estates Title Certificates (for land);

    b. Hainan Atlantis has completed the construction application procedures for the property according to the corresponding construction stage;

    c. Hainan Atlantis has rights to pre-sell the property according to the relevant Pre-sale Permit, excluding the limitation of local laws and regulations; and

    d. The property was mortgaged.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificates (for land)	Yes
c.	Real Estate Title Certificates (for buildings)	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Yes
h.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market Value in existing state as at the valuation date
	(RMB)
Group I — held for sale by the Group	3,847,000,000
Group III — held under development by the Group	3,622,000,000
Total	7,469,000,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2018
				RMB
3.	Two parcels of land (Lot Nos. WG2018-1-1 and WG2018-1-2): Lot No. WG2018-1-1 is located at the northern side of Zhengfu Road and the eastern side of Yantie Tang; the eastern side of Wencang Road, the northern side of Baozhong Road, the western side of Dongcangxin Road and the southern side of Jinshi Road; Lot No. WG2018-1-2 is located at the northern side of Zhengfu Road, the western side of Jiangshen Avenue and the southern side of Shenzhi Street; the eastern side of Jiangshen Avenue, the northern side of Baozhong Road, the western side of Jiangshendong Street and the southern side of Jinshi Road; the eastern side of Jiangshendong Street, the northern side of Baozhong Road, the western side of Wenchang Road and the southern side of Jinshi Road. Taicang City, Jiangsu Province, The PRC	The property comprises two parcels of land (Lot Nos. WG2018-1-1 and WG2018-1-2) located in the science and education new area of Taicang City, which is well served by the public transportation. The property is next to the Taicang South Railway Station which is still under construction. The two parcels of land with a total site area of approximately 146,821.30 sq.m. are planned to be developed into a tourism destination. As advised by the Group, as at the valuation date, the development scheme of the property was being drafted.	As at the valuation date, the property was bare land for future development.	No commercial value *(refer to note 6)*

Note:

1. Pursuant to a Stated-owned Land Use Rights Grant Contract — No. 3205852018CR0017 and a supplementary agreement, the land use rights of a parcel of land with a site area of approximately 92,425.7 sq.m. were contracted to be granted to Yuexue (Taicang) Tourism and Culture Development Co., Ltd. (悦雪(太倉)旅遊文化開發有限公司, "Yuexue (Taicang)", a wholly-owned subsidiary of the Company) with the particulars as follows:

Site Area	:	92,425.7 sq.m.
Land Use	:	34,693 sq.m. for residential use and 57,732.70 sq.m. for cultural, sports and entertainment uses
Land Term	:	70 years for residential use and 40 years for cultural, sports and entertainment uses
Plot Ratio	:	Residential use: above 1.0 and lower than 2.0; Cultural, sports and entertainment uses: above 0.5 and lower than 5.5
Land Premium	:	RMB244,000,000

2. Pursuant to a Stated-owned Land Use Rights Grant Contract — No. 3205852018CR0018 and a supplementary agreement, the land use rights of a parcel of land with a site area of approximately 54,395.6 sq.m. were contracted to be granted to Yuezhou (Taicang) Tourism and Culture Development Co., Ltd. (悦洲(太倉)旅遊文化開發有限公司, "Yuezhou (Taicang)", a wholly-owned subsidiary of the Company) with the particulars as follows:

Site Area	:	54,395.6 sq.m.
Land Use	:	26,323.50 sq.m. for residential use, 12,275.30 sq.m. for accommodation and restaurant uses and 15,796.80 sq.m. for commercial use
Land Term	:	70 years for residential use and 40 years for accommodation and restaurant, and commercial uses
Plot Ratio	:	Residential use: above 1.0 and lower than 2.0; Accommodation and restaurant use: above 3.0 and lower than 3.9; Commercial use: above 2.0 and lower than 3.0
Land Premium	:	RMB401,580,000

3. Pursuant to a Construction Land Planning Permit — Di Zi Di Tai Zhu Jian Gui Xu (2018) No. 088, permission towards the planning of a portion of the land mentioned in note 1 with a site area of approximately 3,200 sq.m has been granted to Yuexue (Taicang) to develop a car parking project.

4. Pursuant to a Construction Work Planning Permit — Jian Zi Di Tai Shi Zheng (2018) No. 051, in favour of Yuexue (Taicang), a car parking project with a site area of approximately 3,200 sq.m. which includes 59 car parking spaces has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit — No.320585201808170102, permission by the relevant local authority was given to commence the construction of a car parking project with a site area of approximately 3,200 sq.m.

6. As at the valuation date, the title of the property had not been vested in Yuexue (Taicang) and Yuezhou (Taicang) and the relevant land use rights certificates had not been obtained. Therefore, we have attributed no commercial value to the property with a site area of approximately 146,821.30 sq.m. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB1,050,000,000 assuming the Land Use Rights Certificates have been obtained and the property could be freely transferred.

7. Our valuation has been made on the following basis and analysis:

   We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are residential, commercial, accommodation and restaurant, and culture, sports and entertainment land in Taicang City. The accommodation value of these comparable land sites ranges from RMB8,200 per sq.m. to RMB10,500 per sq.m. for residential use, ranges from RMB1,500 per sq.m. to RMB2,500 per sq.m. for commercial use, ranges from RMB1,000 per sq.m. to RMB6,000 per sq.m. for accommodation and restaurant uses, and ranges from RMB795 per sq.m. to RMB900 per sq.m. for cultural, sports and entertainment uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

8. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   a. The State-owned Land Use Rights Grant Contracts and their supplementary agreements mentioned in notes 1 and 2 are legally binding and enforceable.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Portion
e.	Construction Work Planning Permit	Portion
f.	Construction Work Commencement Permit	Portion
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

10. For the purpose of this report, the property is classified into the group as "Group V — contracted to be acquired by the Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2018
				RMB
4.	A parcel of land known as Lijiang Project located at the junction of Xinshan Village and Yulong Village Baisha Town Yulong County Lijiang City Yunnan Province The PRC	The property comprises a parcel of land known as Lijiang Project which is located at the northern side of Baisha Ancient Town and the eastern side of mountain range. The locality is a newly developed area where public facilities such as municipal facilities and living amenities are still under development. Lijiang Project occupies a parcel of land with a site area of approximately 695,407.89 sq.m., which is planned to be developed into a tourism destination. The construction of Lijiang Project has not been commenced. As advised by the Group, as at the valuation date, the development scheme of the property was being drafted. The land use rights of the property have been granted for the terms expiring on 5 February 2077 for residential use and 5 February 2047 for commercial use.	As at the valuation date, the property was bare land for future development.	665,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract, the land use rights of a parcel of land with a site area of approximately 695,407.00 sq.m. were contracted to be granted to Lijiang Derun Real Estate Co., Ltd. (麗江德潤房地產開發有限公司, "Lijiang Derun", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The agreed plot ratio was 0.5 for both residential and commercial uses.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di Yu Long Xian No. 201800003, permission towards the planning of the aforesaid land parcel with a site area of approximately 695,407.89 sq.m. has been granted to Lijiang Derun.

3. Pursuant to a State-owned Land Use Rights Certificate — Yu Guo Yong (2007) Di No. 34, the land use rights of portion of the property with a site area of approximately 486,785.89 sq.m. have been granted to Lijiang Derun for a term expiring on 5 February 2077 for residential use and the land use rights of the remaining portion of the property with a site area of approximately 208,622.00 sq.m. have been granted to Lijiang Derun for a term expiring on 5 February 2047 for commercial use.

4. Our valuation has been made on the following basis and analysis:

   a. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are residential and commercial land in the locality. The accommodation value of these comparable land sites ranges from RMB1,040 per sq.m. to RMB1,760 per sq.m. for residential use and ranges from RMB2,400 per sq.m. to RMB3,970 per sq.m. for commercial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

   a. Lijiang Derun legally owns the land use rights of the property and has obtained the relevant title certificate for the property. Lijiang Derun is entitled to occupy, use and receive benefit from the land use rights of the property within the land use term stated on the State-owned Land Use Rights Certificate;

   b. Lijiang Derun has the rights to develop the property with the permission of construction planning by relevant local authority; and

   c. The property is not subject to any mortgage or third party encumbrance.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

7. For the purpose of this report, the property is classified into the group as "Group IV — held for future development by the Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2018
				RMB
5.	Two parcels of land (Lot Nos. WG2018-14-2 and WG2018-18-7): Lot No. WG2018-14-2 is located at the eastern side of Jiangshen Avenue and the northern side of Zhengfu Road; Lot No. WG2018-18-7 is located at the western side of Jiangshen Avenue and the northern side of Shenzhi Road, Taicang City, Jiangsu Province, The PRC	The property comprises two parcels of land (Lot Nos. WG2018-14-2 and WG2018-18-7) located in the science and education new area of Taicang City, which is well served by the public transportation. The property is next to the Taicang South Railway Station which is still under construction. The two parcels of land with a total site area of approximately 336,464.70 sq.m. are planned to be developed into a tourism destination. As advised by the Group, as at the valuation date, the development scheme of the property was being drafted.	As at the valuation date, the property was bare land for future development.	No commercial value *(refer to note 6)*

Note:

1. Pursuant to a Stated-owned Land Use Rights Grant Contract — No. 3205852018CR0073 and a supplementary agreement, the land use rights of a parcel of land with a site area of approximately 181,486.8 sq.m. were contracted to be granted to Yueou (Taicang) Tourism and Culture Development Co., Ltd. (悅歐(太倉)旅遊文化開發有限公司, "Yueou (Taicang)", a wholly-owned subsidiary of the Company) with the particulars as follows:

Site Area	:	181,486.80 sq.m.
Land Use	:	70,555.86 sq.m. for commercial use, 72,331.84 sq.m. for residential uses and 38,599.10 sq.m. for educational use.
Land Term	:	70 years for residential use, 40 years for commercial use and 50 years for educational use.
Plot Ratio	:	Residential use: above 1.0 and lower than 3.0; Commercial use: above 0.5 and lower than 3.0; Educational use: above 0.9 and lower than 1.5.
Land Premium	:	RMB1,090,590,000

2. Pursuant to a Stated-owned Land Use Rights Grant Contract — No. 3205852018CR0092 and a supplementary agreement, the land use rights of a parcel of land with a site area of approximately 154,977.90 sq.m. were contracted to be granted to Yuehao (Taicang) Tourism and Culture Development Co., Ltd. (悅浩(太倉)旅遊文化開發有限公司, "Yuehao (Taicang)", a wholly-owned subsidiary of the Company) with the particulars as follows:

Site Area	:	154,977.90 sq.m.
Land Use	:	8,984.39 sq.m. for commercial use, 69,561.91 sq.m. for residential use, 22,648.40 sq.m. for commercial and finance uses, and 53,783.20 sq.m. for cultural, sports and entertainment uses
Land Term	:	70 years for residential use, 40 years for commercial use, 40 years for commercial finance uses and 40 years for cultural, sports, and entertainment uses.
Plot Ratio	:	Residential use: above 1.0 and lower than 3.0; Commercial use: above 1.0 and lower than 3.0; Commercial and finance uses: above 2.0 and lower than 3.0; Cultural, sports and entertainment uses: above 1.8 and lower than 2.5.
Land Premium	:	RMB508,870,000

3. Pursuant to a Construction Land Planning Permit — Di Zi Di Tai Zhu Jian Gui Xu (2018) No. 119, permission towards the planning of a portion of the land mentioned in note 1 with a site area of approximately 181,486.8 sq.m. has been granted to Yueou (Taicang) to develop commercial, restaurant, education and accommodation projects.

4. Pursuant to a Construction Work Planning Permit — Jian Zi Di Tai Zhu Jian Xu Zi (2018) No.189, in favour of Yueou (Taicang), a commercial building with a gross floor area of approximately 2,161.60 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit — No. 320585201809190201, permission by the relevant local authority was given to commence the construction of a commercial building with a gross floor area of approximately 2,161.60 sq.m.

6. As at the valuation date, the title of the property had not been vested in Yueou (Taicang) and Yuehao (Taicang) and the relevant land use rights certificates had not been obtained. Therefore, we have attributed no commercial value to the property with a total site area of approximately 336,464.70 sq.m. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB2,612,000,000 assuming the Land Use Rights Certificates have been obtained and the property could be freely transferred.

7. Our valuation has been made on the following basis and analysis:

   We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are residential, commercial, educational, and cultural, sports and entertainment land in Taicang City. The accommodation value of these comparable land sites ranges from RMB8,200 per sq.m. to RMB10,500 per sq.m. for residential use, ranges from RMB1,500 per sq.m. to RMB2,500 for commercial use, ranges from RMB500 per sq.m. to RMB900 per sq.m. for educational use, and ranges from RMB795 per sq.m. to RMB900 per sq.m. for cultural, sports and entertainment uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

8. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   a. The State-owned Land Use Rights Grant Contracts and their supplementary agreements mentioned in notes 1 and 2 are legally binding and enforceable.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Portion
e.	Construction Work Planning Permit	Portion
f.	Construction Work Commencement Permit	Portion
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

10. For the purpose of this report, the property is classified into the group as "Group V — contracted to be acquired by the Group" according to the purpose for which it is held.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Companies Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 September 2016 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the ***Memorandum***) and its Amended and Restated Articles of Association (the ***Articles***).

1. MEMORANDUM OF ASSOCIATION

1.1 The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

1.2 By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 19 November 2018 with effect from the Listing Date. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) ***Classes of shares***

The share capital of the Company consists of ordinary shares.

(b) ***Variation of rights of existing shares or classes of shares***

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, provided that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. In the event of any adjourned meeting as a result of a lack of quorum, two Shareholders present in person (or in the case of the Shareholder being a corporation, by its duly authorised representative) or by proxy (whatever the number of Shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(c) ***Alteration of capital***

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(d) ***Transfer of shares***

Subject to the Cayman Companies Law and the requirements of the Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House (as defined in the Articles) or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of any shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve (including a transfer to an infant or to a person of unsound mind or under other legal disability) or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) ***Power of the Company to purchase its own shares***

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or SFC.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(f) ***Power of any subsidiary of the Company to own shares in the Company***

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(g) ***Calls on shares and forfeiture of shares***

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20 per cent per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, as at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

2.2 Directors

(a) ***Appointment, retirement and removal***

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. Every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the retirement by rotation provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(i) resigns;

(ii) dies;

(iii) is declared to be of unsound mind and the Board resolves that his office be vacated;

(iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) he is prohibited from being or ceases to be a director by operation of law;

(vi) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(vii) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(viii) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(b) ***Power to allot and issue shares and warrants***

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) ***Power to dispose of the assets of the Company or any of its subsidiaries***

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(d) ***Borrowing powers***

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) ***Remuneration***

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, *pro rata*. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(f) ***Compensation or payments for loss of office***

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(g) ***Loans and provision of security for loans to Directors***

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(h) ***Disclosure of interest in contracts with the Company or any of its subsidiaries***

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

2.5 Meetings of member

(a) ***Special and ordinary resolutions***

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An ordinary resolution, by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(b) ***Voting rights and right to demand a poll***

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company, provided that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted by a show of hands.

Where a resolution is voted on by a show of hands as permitted under the Listing Rules, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) ***Annual general meetings***

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(d) ***Notices of meetings and business to be conducted***

An annual general meeting of the Company shall be called by at least 21 days' (and not less than 20 clear business days') notice in writing, and any other general meeting of the Company shall be called by at least 14 days' (and not less than 10 clear business days') notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or in the case of a notice by advertisement in the newspapers. Any member whose registered address is outside the Relevant

Territory may notify the Company in writing of an address in the Relevant Territory which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95 per cent of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business (including, amongst others, the declaration of dividends, the appointment of auditors and the remuneration of directors).

(e) ***Quorum for meetings and separate class meetings***

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than in the event of an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(f) ***Proxies***

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney (stating the names of the person appointed and the name of the appointor). Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

2.6 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory, the Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(b) all dividends shall be apportioned and paid *pro rata* in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(c) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(ii) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post to the registered address (and in the case of joint holders to the registered address of that whose name is first in the register or as otherwise directed). Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 per cent per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.8 Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

2.9 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3.6 of this Appendix.

2.10 Procedures on liquidation

A resolution that the Company be wound up voluntarily shall be by way of a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(a) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and

(b) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (in whatever manner), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.11 Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN COMPANIES LAW

The Company was incorporated in the Cayman Islands as an exempted company on 30 September 2016 under the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share capital

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) any manner provided in section 37 of the Cayman Companies Law;

(d) writing-off the preliminary expenses of the company; and

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept with respect to the above matters if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2017 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2017 Revision) of the Cayman Islands.

3.15 Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75 per cent in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (that is, the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.18 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.19 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent that it may may be held by the Cayman Islands court to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime.

2. GENERAL

Harney Westwood & Riegels, the Company's legal adviser on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of the Companies Law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Companies Law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law, as an exempted company with limited liability on 30 September 2016. Our Company has established a place of business in Hong Kong at Room 808 & 2101-06, ICBC Tower, 3 Garden Road, Central and was registered with the Registrar of Companies as a non-Hong Kong company under Part 16 of the Companies Ordinance on 9 August 2018. Ms. Leung Wan Yi (梁韻兒) of Room 808 & 2101-06, ICBC Tower, 3 Garden Road, Central, Hong Kong has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Cayman Companies Law and its constitution comprises the Memorandum and Articles. A summary of certain provisions of the Articles and relevant aspects of the Cayman Companies Law is set forth in Appendix VI to this prospectus.

2. Changes in the share capital of our Company

For the details of changes in the share capital of our Company, please refer to "History, Reorganization and Corporate Structure—Reorganization—Offshore Reorganization—(i) Incorporation of Our Company" in this prospectus.

3. Resolutions in writing of all our Shareholders passed on 19 November 2018

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on 19 November 2018, it was resolved, among others:

(a) our Company approved and adopted the Memorandum and Articles, which will come into effect upon the listing of our Shares on the Stock Exchange;

(b) conditional on (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering, the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued pursuant to the Pre-IPO Share Option Scheme and Pre-IPO Free Share Award Plan, and such approval not subsequently having been withdrawn or revoked prior to the commencement of dealings in the Shares on the Stock Exchange; (ii) the Offer Price having been agreed between the Joint Representatives (for themselves and on behalf of the other Underwriters) and the Company; (iii) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and (iv) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times):

(i) the Global Offering and the Over-allotment Option be approved and the Directors be authorized to effect the same and to allot and issue the Offer Shares pursuant to the Global Offering and the Over-allotment Option;

(ii) the grant of the Over-allotment Option by the Company to the International Underwriters, exercisable by the Joint Representatives (for themselves and on behalf of the other International Underwriters), pursuant to which the Joint Representatives may require the Company to allot and issue up to an aggregate of certain additional Shares to cover, among other things, the over-allocations in the International Offering be approved; and

(iii) the proposed Listing be approved and the Directors be authorized to implement the Listing;

(c) subject to the "lock-up" provision under Rule 10.08 of the Listing Rules, a general unconditional mandate be granted to the Directors to, inter alia, allot, issue and deal with Shares, securities convertible into Shares (the "**Convertible Securities**") or options, warrants or similar rights to subscribe for any Shares or such convertible securities (the "**Options and Warrants**") and to make or grant offers, agreements or options which might require such Shares, the Convertible Securities or the Options and Warrants to be allotted and issued or dealt with at any time subject to the requirement that the aggregate number of the Shares or the underlying Shares relating to the Convertible Securities or the Options and Warrants so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed 20% of the aggregate number of the Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued pursuant to the Pre-IPO Share Option Scheme and Pre-IPO Free Share Award Plan).

This mandate does not cover any Shares to be allotted, issued or dealt with under a rights issue, any scrip dividend scheme or similar arrangements or a specific authority granted by the Shareholders. Such mandate will remain in effect until:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked or renewed by an ordinary resolution of the Shareholders passed at a general meeting,

whichever is the earliest;

(d) a general unconditional mandate be granted to the Directors to exercise all the powers of the Company to repurchase Shares with an aggregate number of not more than 10% of the aggregate number of the Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued pursuant to the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan) (the "**Repurchase Mandate**").

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) and which are in accordance with all applicable laws and regulations and the requirements of the Listing Rules. Such mandate to repurchase Shares will remain in effect until:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked or renewed by an ordinary resolution of the Shareholders passed at a general meeting,

whichever is the earliest;

(e) the general unconditional mandate as mentioned in paragraph (d) above be extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by the Company pursuant to the Repurchase Mandate (up to 10% of the aggregate number of the Shares in issue immediately following the completion of the Global Offering, excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued pursuant to the Pre-IPO Share Option Scheme and the Pre-IPO Free Share Award Plan).

4. Corporate reorganization

The companies comprising our Group underwent the Reorganization in preparation for the listing of the Shares on the Stock Exchange. For further details, please refer to "History, Reorganization and Corporate Structure—Reorganization" in this prospectus.

5. Changes in the share capital of our subsidiaries

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of paragraph 26 of Part A of Appendix 1 to the Listing Rules in respect of disclosing the particulars of any alterations in the capital of any member of the Group within the two years immediately preceding the issue of this prospectus. For details, please refer to "Waivers from Strict Compliance with the Listing Rules".

Save as disclosed below, there has been no alteration in the share capital of any of our principal operating subsidiaries within the two years immediately preceding the date of this prospectus:

Since 1 October 2016, Club Med Sales has not issued any shares of its capital stock to any new stockholders. Prior to the Listing, however, Club Med Sales entered into a subscription and exchange agreement with Club Med, its sole stockholder. Pursuant to the subscription and exchange agreement, Club Med will exchange all of the equity interests in Club Med Sales it currently holds for 1,000 newly issued shares of common stock, par value $1,000 per share, of Club Med Sales. This transaction is not intended to alter the capital structure of Club Med Sales, but is instead intended to confirm that Club Med is the holder of 1,000 validly issued shares of common stock of Club Med Sales.

On 29 November 2016, Club Med Brasil SA increased its share capital from R$148,339,861.93 to R$183,192,301.93 by way of new issue to its sole shareholder, Club Med Amérique du Sud. Following that, Club Med Brasil SA further increased its share capital by R$1,000,000.00, R$9,000.00, R$9,185,599.76 and R$9,935,000.00 by way of new issue to Club Med Amérique du Sud on 22 December 2016, 31 December 2016, 9 January 2017 and 7 February 2017, respectively. After the above series of share capital changes, the issued share capital of Club Med Brasil SA increased to R$203,321,901.69. On 7 July 2017, Club Med Brasil SA reduced its share capital to R$187,321,901.69 due to the unpaid capital of its shareholder in the amount of R$16,000,000.00.

6. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in Note 1 to the Accountants' Report, the text of which is set forth in Appendix I to this prospectus.

7. Repurchase of Shares by our Company

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies whose primary listings are on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) *Shareholders' approval*

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

(*Note*: Pursuant to the resolutions in writing of all our Shareholders passed on 19 November 2018, a general unconditional mandate (the "**Repurchase Mandate**") was granted to our Directors authorizing the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued immediately following the completion of the Global Offering, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.)

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time.

(iii) *Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate nominal value of the company's shares in issue on the date the repurchase mandate is granted. A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities, which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase made on behalf of the listed company as the Stock Exchange may require.

(iv) *Status of Repurchased Securities*

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for a listed company to announce its results for any year or half year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its securities on the Stock Exchange other than in exceptional circumstances.

(v) *Reporting Requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year reviewed, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vi) *Core Connected Persons*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their respective close associates and a core connected person is prohibited from knowingly selling his securities to the company, on the Stock Exchange.

(b) ***Reasons for repurchases***

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to receive the general authority from our Shareholders to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will be in the interest of our Company and our Shareholders. Such repurchases may, depending on market conditions, funding arrangements and other circumstances at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

(c) ***Funding of repurchases***

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

Any payment for the repurchase of Shares will be drawn from the profits or share premium of our Company or from the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if authorized by the Articles and subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles and subject to the Cayman Companies Law out of capital.

Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, under the circumstances, have a material adverse effect in the opinion of our Directors on the working capital requirements of our Company or its gearing levels. However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this prospectus in the event that the Repurchase Mandate is exercised in full.

(d) ***Share capital***

Exercise in full of the Repurchase Mandate, on the basis of 1,223,120,863 Shares in issue immediately after the listing of the Shares, could accordingly result in up to 122,312,086 Shares being repurchased by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or

(iii) the date on which the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever occurs first.

(e) ***General***

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands. Our Company has not repurchased any Shares since its incorporation.

No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he/she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If as a result of a securities repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Code**"). Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of the increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result. Save as aforesaid, our Directors are not aware of any consequences which may arise under the Code if the Repurchase Mandate is exercised.

If the Repurchase Mandate is fully exercised immediately following the completion of the Global Offering, then, the total number of Shares which will be repurchased pursuant to the Repurchase Mandate shall be 122,312,086 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions). The percentage shareholding of our Controlling Shareholders, in aggregate, will increase to approximately 90.84% of the issued share capital of our Company immediately following the full exercise of the Repurchase Mandate. The above-mentioned increase of shareholdings will give rise to an obligation for our Controlling Shareholders to make a mandatory offer in accordance with Rule 26 of the Code. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue may only be implemented with the approval of the Stock Exchange to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Repurchase Mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us within the two years preceding the date of this prospectus and are or may be material:

(1) a share transfer agreement between Fosun Commercial and Shanghai FTD dated 28 February 2017, whereby Fosun Commercial agreed to transfer 100% of equity interest in Qijin Investment to Shanghai FTD at a consideration of RMB2,636,787,400;

(2) a contribution agreement between Fosun International and our Company (formerly Fosun Tourism and Culture Group (Cayman) Company Limited) dated 1 March 2017, whereby Fosun International agreed to contribute, and our Company agreed to accept, EUR3 million issued share capital of Fosun Luxembourg together with the share premium linked to these shares in the amount of EUR158,517,224.61 and a receivable Fosun International held towards Fosun Luxembourg in the total amount of EUR378,673,801.70 into our Company;

(3) a contribution agreement between our Company (formerly Fosun Tourism and Culture Group (Cayman) Company Limited) and FTG HK dated 1 March 2017, whereby our Company agreed to contribute EUR3 million issued share capital of Fosun Luxembourg together with the share premium linked to these shares in the amount of EUR158,517,224.61 and a receivable our Company held towards Fosun Luxembourg in the total amount of EUR378,673,801.70 into FTG HK;

(4) an equity entrustment agreement dated 20 November 2017 and entered into between Qijin Investment and Yuyuan pursuant to which Qijin Investment granted Yuyuan certain shareholders' rights over the 67% shareholding interest (and any further shareholding interest acquired by Qijin Investment during the term of the entrustment) in Lijiang Derun; and in consideration for Yuyuan's entrustment service, Qijin Investment or Lijiang Derun will be responsible for the staff costs and related expenses (if any) incurred by Yuyuan or its designated subsidiary for managing, operating and developing the Lijiang Project and exercising the relevant shareholders' rights;

(5) a sale and purchase agreement between Fosun Industrial and Fosun Luxembourg dated 11 May 2018, whereby Fosun Industrial agreed to sell, and Fosun Luxembourg agreed to purchase, 2,846,063 CM Ordinary Shares, 10,268,108 CM Class B Shares and 20,779,210 CM Convertible Bonds to Fosun Luxembourg at a total consideration of EUR159,406,497;

(6) a transfer agreement among Fosun International, FTG HK and our Company (formerly Fosun Tourism and Culture Group (Cayman) Company Limited) dated 29 June 2018, whereby Fosun International agreed to transfer 82,546,172 ordinary shares of Thomas Cook to FTG HK at a consideration of GBP89,562,597 (which was settled by the inter-company balance between our Company and Fosun International);

(7) the Deed of Non-Competition;

(8) the Hong Kong Underwriting Agreement;

(9) a cornerstone investment agreement dated 28 November 2018, entered into among our Company, Step Ahead International Limited ("**Step Ahead**"), J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, CLSA Capital Markets Limited, CLSA Limited, Citigroup Global Markets Asia Limited and Citigroup Global Markets Limited, pursuant to which Step Ahead agreed to subscribe for such number of Shares rounded down to the nearest whole board lot which may be purchased with US$34 million at the Offer Price;

(10) a cornerstone investment agreement dated 28 November 2018, entered into among our Company, China Suchuang Energy Co., (Hong Kong) Limited (中國蘇創能源(香港)有限公司) ("**China Suchuang**"), J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, CLSA Capital Markets Limited, CLSA Limited, Citigroup Global Markets Asia Limited, Citigroup Global Markets Limited and Haitong International Securities Company Limited, pursuant to which China Suchuang agreed to subscribe for such number of Shares rounded down to the nearest whole board lot which may be purchased with HK$75 million at the Offer Price; and

(11) a cornerstone investment agreement dated 28 November 2018, entered into among our Company, Taobao China Holding Limited (淘寶中國控股有限公司) ("**Taobao China**"), J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, CLSA Capital Markets Limited, CLSA Limited, Citigroup Global Markets Asia Limited and Citigroup Global Markets Limited, pursuant to which Taobao China agreed to subscribe for such number of Shares rounded down to the nearest whole board lot which may be purchased with US$5 million at the Offer Price.

2. Intellectual property rights of our Group

Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration number	Registration date	Expiry date
1	foliday	39	Shanghai Fanyou	PRC	23372751	14 March 2018	13 March 2028
2	foliday	41	Shanghai Fanyou	PRC	23372927	21 March 2018	20 March 2028
3	foliday	43	Shanghai Fanyou	PRC	23373388	21 March 2018	20 March 2028
4	复游会	43	Shanghai Fanyou	PRC	23369388	21 March 2018	20 March 2028
5	复游会	41	Shanghai Fanyou	PRC	23369110	21 March 2018	20 March 2028
6	复游会	39	Shanghai Fanyou	PRC	23369076	21 March 2018	20 March 2028
7	ALBION	43	Fosun Albion	PRC	23592994	7 July 2018	6 July 2028
8	复星爱必侬	43	Fosun Albion	PRC	23591175	7 April 2018	6 April 2028

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration number	Registration date	Expiry date
9	复星爱必侬	36	Fosun Albion	PRC	23590320	28 March 2018	27 March 2028
10	Fosun Albion	43	Fosun Albion	PRC	23591916	28 March 2018	27 March 2028
11...........	Fosun Albion	36	Fosun Albion	PRC	23591721	7 April 2018	6 April 2028
12		3, 4, 9, 12, 14, 16, 18, 19, 20, 22, 24, 25, 28, 38, 39, 41, 42	Club Med	Certain countries in the madrid system (including PRC, Belgium, Russia, Switzerland and Turkey)	743348	13 April 2000	13 April 2020
13		39	Club Med	Brazil	830927948	22 July 2014	7 July 2024
14		41	Club Med	Brazil	830927930	22 July 2014	7 July 2024
15		43	Club Med	Brazil	830927956	7 October 2014	7 October 2024
16		3, 18, 25, 35, 39, 41, 43	Club Med	Canada	TMA276085	25 January 2013	28 January 2028
17		1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45	Club Med	France	1623750	25 October 1990	25 October 2022
18		39, 41, 43	Club Med	Hong Kong	302019933	31 August 2011	30 August 2021

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration number	Registration date	Expiry date
19		39, 41, 43	Club Med	Certain countries in the Madrid system (including Israel)	1076678	21 March 2011	21 March 2021
20		39	Club Med	Mexico	1288979	4 June 2012	31 August 2021
21		41	Club Med	Mexico	1264470	1 February 2012	31 August 2021
22		43	Club Med	Mexico	1287130	23 May 2012	31 August 2021
23		39	Club Med	Taiwan	143640	1 June 2001	30 November 2025
24		41	Club Med	Taiwan	135990	1 January 2001	15 December 2020
25		42	Club Med	Taiwan	134077	1 December 2000	31 July 2025
26		39	Club Med	USA	2750790	12 August 2003	12 August 2023
27		41	Club Med	USA	2832920	13 April 2004	13 April 2024
28		41	Club Med	USA	3004635	4 October 2005	4 October 2025

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration number	Registration date	Expiry date
29		42	Club Med	USA	2976462	26 July 2005	26 July 2025
30	Club Med	3, 4, 9, 12, 14, 16, 18, 19, 20, 22, 24, 25, 28, 38, 39, 41, 42	Club Med	Certain countries in the Madrid system (including PRC, Benelux, Russia, Switzerland and Turkey)	740214	13 April 2000	13 April 2020
31	Club Med	3, 4, 9, 12, 14, 16, 18, 19, 20, 22, 24, 25, 28, 35, 35, 36, 38, 39, 41, 43, 44	Club Med	Certain countries in European Union (including France and Belgium)	003427895	22 October 2003	22 October 2023
32	Club Med	39	Club Med	USA	2750789	12 August 2003	12 August 2023
33	Club Med	41	Club Med	USA	2809261	27 January 2004	27 January 2024
34	Club Med	41	Club Med	USA	3013485	8 November 2005	8 November 2025
35	Club Med	42	Club Med	USA	2976461	26 July 2005	26 July 2025
36	Club Med	3, 4, 9, 12, 14, 16, 18, 19, 20, 22, 24, 25, 28, 39, 41, 42	Club Med	Certain countries in the Madrid System (including Benelux, Switzerland and Turkey)	740283	13 April 2000	13 April 2020
37	Club Med	3, 9, 12, 14, 16, 18, 24, 25, 28, 34, 35, 36, 39, 41, 42	Club Med	Certain countries in the Madrid System (including PRC, Russia and Switzerland)	568798	27 March 1991	27 March 2021

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration number	Registration date	Expiry date
38	Club Med	3, 4, 9, 12, 14, 16, 18, 19, 20, 22, 24, 25, 28, 35, 35, 36, 38, 39, 41, 43, 44	Club Med	Certain countries in European Union (including France and Belgium)	003431673	22 October 2003	22 October 2023
39	Club Med	L38.10, L38.30, L38.40 [1]	Club Med	Brazil	815614780	17 March 1992	17 March 2022
40	Club Med	L38.20, L38.50, L38.60 [1]	Club Med	Brazil	815614772	17 March 1992	17 March 2022
41	Club Med	39	Club Med	Brazil	830927913	22 July 2014	22 July 2024
42	Club Med	L41.20, L41.40, L41.50 [1]	Club Med	Brazil	815614802	17 March 1992	17 March 2022
43	Club Med	43	Club Med	Brazil	830927921	22 July 2014	22 July 2024
44	CLUB MED	35, 39	Club Med	Canada	TMA275674	14 January 1983	14 January 2028
45	Club Med	3, 9, 12, 14, 16, 18, 24, 25, 28, 34, 35, 36, 39, 40, 41, 42, 43, 44, 45	Club Med	France	1630657	30 November 1990	5 January 2020
46	CLUB MED	39, 41, 43	Club Med	Hong Kong	301859095	15 March 2011	14 March 2021
47	Club Med	39	Club Med	Israel	83514	5 October 1994	25 May 2023
48	Club Med	41	Club Med	Israel	83515	5 October 1994	25 May 2023
49	Club Med	42	Club Med	Israel	83516	4 December 1994	25 May 2023
50	Club Med	39	Club Med	Mexico	1290849	13 June 2012	12 August 2021
51	Club Med	41	Club Med	Mexico	1260994	17 January 2012	12 August 2021
52	Club Med	43	Club Med	Mexico	1276284	28 March 2012	12 August 2021
53	Club Med	39	Club Med	Taiwan	146970	1 September 2001	30 November 2025

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration number	Registration date	Expiry date
54	Club Med	41	Club Med	Taiwan	141430	1 May 2001	15 December 2020
55	Club Med	42	Club Med	Taiwan	142184	16 May 2001	31 July 2025
56	CLUB MED	39	Club Med	USA	1069132	5 July 2007	5 July 2027
57	CLUB MED	39	Club Med	USA	2742867	29 July 2003	29 July 2023
58	CLUB MED	41	Club Med	USA	2818249	24 February 2004	24 February 2024
59	CLUB MED	41	Club Med	USA	3004640	4 October 2005	4 October 2025
60	CLUB MED	42	Club Med	USA	2800700	30 December 2003	30 December 2023
61	地中海俱乐部	35	Club Med	PRC	3463620	14 January 2008	13 January 2028
62	地中海俱乐部	39	Club Med	PRC	3463618	28 November 2005	27 November 2025
63	地中海俱乐部	41	Club Med	PRC	3463617	28 July 2004	27 July 2024
64	地中海俱乐部	43	Club Med	PRC	3463616	7 February 2008	6 February 2028
65	地中海俱樂部	39,41,43	Club Med	Hong Kong	300228366	7 June 2004	6 June 2024
66	地中海俱樂部	35	Club Med	Taiwan	1078646	1 January 2004	31 December 2023
67	地中海俱樂部	36	Club Med	Taiwan	193150	1 December 2003	30 November 2023
68	地中海俱樂部	39	Club Med	Taiwan	1159642	16 June 2005	15 June 2025
69	地中海俱樂部	41	Club Med	Taiwan	1159664	16 June 2005	15 June 2025
70	地中海俱樂部	43	Club Med	Taiwan	1078647	1 January 2004	31 December 2023
71	地中海俱樂部	44	Club Med	Taiwan	1078648	1 January 2004	31 December 2023
72	JOYVIEW	36	Club Med	PRC	11656814	14 May 2014	13 May 2024
73	JOYVIEW	39	Club Med	PRC	11656813	28 March 2014	27 March 2024
74	JOYVIEW	41	Club Med	PRC	11656812	28 March 2014	27 March 2024
75	JOYVIEW	43	Club Med	PRC	11656811	28 March 2014	27 March 2024
76	JOYVIEW	36, 39, 41, 43	Club Med	Hong Kong	302416356	26 October 2012	25 October 2022
77	JOYVIEW	36, 39, 41, 43	Club Med	Taiwan	1623583	16 January 2014	15 January 2024

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration number	Registration date	Expiry date
78	宜境	36, 39, 41, 43	Club Med	PRC	14585800	14 July 2015	13 July 2025
79	宜境	36, 39, 41, 43	Club Med	Hong Kong	302986237	7 May 2014	6 May 2024
80	宜境	36, 39, 41, 43	Club Med	Taiwan	1703845	16 April 2015	15 April 2025
81	Club Med Joyview	36, 39, 41, 43	Club Med	PRC	18974788	28 February 2017	27 February 2027
82	Club Med Joyview	36, 39, 41, 43	Club Med	Hong Kong	303660499	15 January 2016	14 January 2026
83	Club Med Joyview	36, 39, 41, 43	Club Med	Taiwan	1809753	1 December 2016	30 November 2026
84	G.M	41	Club Med	PRC	22147674	21 January 2018	20 January 2028
85	G.M	43	Club Med	PRC	22147673	21 January 2018	20 January 2028
86	GM	14, 16, 25, 41	Club Med	France	003057930	13 October 2000	13 October 2020
87	GM	41	Club Med	Mexico	386195	12 July 2005	27 December 2024
88	GM	43	Club Med	Mexico	388741	27 December 1990	27 December 2024
89	GM	14, 16, 25, 41	Club Med	International (Benelux, Switzerland)	764854	28 March 2001	28 March 2021
90	GM	41	Club Med	Canada	777039	15 September 2010	15 September 2025
91	G.O	39	Club Med	PRC	22147672	21 January 2018	20 January 2028
92	G.O	41	Club Med	PRC	22147671	21 January 2018	20 January 2028
93	G.O	43	Club Med	PRC	22147670	21 January 2018	20 January 2028
94	GO (Gentil Organisateur)	35, 39, 40, 41, 42, 43, 44, 45	Club Med	France	1585044	4 April 1990	30 April 2020
95	GO	41	Club Med	Mexico	375376	16 April 1990	22 December 2024
96	GO	43	Club Med	Mexico	386198	9 November 1990	27 December 2024

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration number	Registration date	Expiry date
97	GO	none	Club Med Sales	Canada	TMA380976	1 March 1991	1 March 2021
98	GO	39	Club Med	USA	1646299	28 May 1991	28 May 2021
99	GO	41	Club Med	USA	1645576	21 May 1991	21 May 2021
100..........	BABY CLUB MED	39	Club Med	PRC	22132173	21 January 2018	20 January 2028
101..........	BABY CLUB MED	41	Club Med	PRC	22132172	21 January 2018	20 January 2028
102..........	BABY CLUB MED	43	Club Med	PRC	22132171	21 January 2018	20 January 2028
103..........	BABY CLUB MED	45	Club Med	PRC	22132170	21 January 2018	20 January 2028
104..........	BABY CLUB	39	Club Med	Canada	TMA447865	15 September 1995	15 September 2025
105..........	BABY CLUB	35, 37, 40, 42, 43, 44, 45	Club Med	France	1741820	19 September 1991	19 September 2021
106..........	BABY CLUB MED	35, 40, 41, 42, 43, 44, 45	Club Med	France	003001175	13 January 2000	13 January 2020
107..........	BABY CLUB	39	Club Med	Mexico	559356	26 September 1997	30 July 2027
108..........	BABY CLUB	41	Club Med	Mexico	557815	29 August 1997	30 July 2027
109..........	BABY CLUB	43	Club Med	Mexico	557816	29 August 1997	30 July 2027
110..........	PETIT CLUB	39	Club Med	PRC	22132169	21 January 2018	20 January 2028
111..........	PETIT CLUB	41	Club Med	PRC	22132168	21 January 2018	20 January 2028
112..........	PETIT CLUB	45	Club Med	PRC	22132166	21 January 2018	20 January 2028
113..........	PETIT CLUB MED	39	Club Med	PRC	22132165	21 January 2018	20 January 2028
114..........	PETIT CLUB MED	41	Club Med	PRC	22132164	21 January 2018	20 January 2028
115..........	PETIT CLUB MED	43	Club Med	PRC	22132163	21 January 2018	20 January 2028
116..........	PETIT CLUB MED	45	Club Med	PRC	22132162	21 January 2018	20 January 2028

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration number	Registration date	Expiry date
117..........	PETIT CLUB MED	35, 40, 41, 42, 43, 44, 45	Club Med	France	003001174	13 January 2000	13 January 2020
118..........	MINI CLUB	41	Club Med	Canada	TMA447864	15 September 1995	15 September 2025
119..........	MINI-CLUB	35, 40, 41, 42, 43, 44, 45	Club Med	France	1664789	2 March 1990	2 March 2020
120..........	MINI CLUB	16, 28	Club Med	France	1616822	24 September 1990	24 September 2020
121..........	MINI CLUB MED	35, 40, 41, 42, 43, 44, 45	Club Med	France	003001176	13 January 2000	13 January 2020
122..........	MINI CLUB	25	Club Med	Mexico	411438	23 April 1992	27 December 2021
123..........	MINI CLUB	28	Club Med	Mexico	411439	23 April 1992	27 December 2021
124..........	MINI CLUB	43	Club Med	Mexico	636302	13 December 1999	21 June 2026
125..........	MINI PARK	39	Fosun Albion	PRC	25146473	21 July 2018	20 July 2028

Note:

(1) Equivalent local classification category

As of the Latest Practicable Date, we were granted a license to the use of the following trademarks, which we consider to be or may be material to our business:

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration number	Registration date	Expiry date
1.............	复星	35	Fosun High Tech	PRC	4642436	7 December 2008	6 December 2018
2.............	复星	39	Fosun High Tech	PRC	4367493	14 June 2018	13 June 2028
3.............	复星	43	Fosun High Tech	PRC	5419836	7 November 2009	6 November 2019
4.............	FOSUN	35	Fosun High Tech	PRC	4642441	7 December 2008	6 December 2018
5.............	FOSUN	39	Fosun High Tech	PRC	5419821	14 September 2009	13 September 2019
6.............	FOSUN	43	Fosun High Tech	PRC	5419826	7 November 2009	6 November 2019

As of the Latest Practicable Date, we have applied for the registration of the following trademarks, which we consider to be or may be material to our business:

No.	Trademark	Type and Class	Name of Applicant	Place of application	Application Number	Application Date
1	复游	41	Shanghai Fanyou	PRC	30467460	24 April 2018
2	复游	39	Shanghai Fanyou	PRC	30467425	24 April 2018
3	复游	43	Shanghai Fanyou	PRC	30459420	24 April 2018
4	迷你营	39	Shanghai Fanyou	PRC	27116522	26 October 2017
5	迷你营	43	Shanghai Fanyou	PRC	27110493	26 October 2017
6	迷你营	41	Shanghai Fanyou	PRC	27097531	26 October 2017
7	miniversity	39	Shanghai Fanyou	PRC	27101815	26 October 2017
8	miniversity	41	Shanghai Fanyou	PRC	27102615	26 October 2017
9	miniversity	43	Shanghai Fanyou	PRC	27105401	26 October 2017
10	ALBION	39	Fosun Albion	PRC	29770233	22 March 2018
11.........	G.M	39	Club Med	PRC	22147675	6 December 2016
12	BABY CLUB	39	Club Med	PRC	22132177	5 December 2016
13	BABY CLUB	41	Club Med	PRC	22132176	5 December 2016

No.	Trademark	Type and Class	Name of Applicant	Place of application	Application Number	Application Date
14	BABY CLUB	43	Club Med	PRC	22132175	5 December 2016
15	BABY CLUB	45	Club Med	PRC	22132174	5 December 2016
16	PETIT CLUB	43	Club Med	PRC	22132167	5 December 2016
17	MINI CLUB	39	Club Med	PRC	22132161	5 December 2016
18	MINI CLUB	41	Club Med	PRC	22132160	5 December 2016
19	MINI CLUB	43	Club Med	PRC	22132159	5 December 2016
20	MINI CLUB	45	Club Med	PRC	22132158	5 December 2016
21	MINI CLUB MED	39	Club Med	PRC	22132157	5 December 2016
22	MINI CLUB MED	41	Club Med	PRC	22132156	5 December 2016
23	MINI CLUB MED	43	Club Med	PRC	22132155	5 December 2016
24	MINI CLUB MED	45	Club Med	PRC	22132154	5 December 2016
25	复星旅文	9, 35, 36, 39, 41, 42, 43, 44, 45	Fosun High Tech	Hong Kong	304631490	13 August 2018
26	FOLIDAY	35, 36, 39, 41, 43	Shanghai Fanyou	Hong Kong	304633290	14 August 2018
27	复游会	35, 36, 39, 41, 43	Shanghai Fanyou	Hong Kong	304633308	14 August 2018

As of the Latest Practicable Date, we were licensed to use the following trademarks, which have been applied for the registration that we consider to be or may be material to our business:

No.	Trademark	Type and Class	Name of Applicant	Place of application	Application Number	Application Date
1	复星旅文	39	Fosun High Tech	PRC	31141525	24 May 2018
2	复星旅文	41	Fosun High Tech	PRC	31141552	24 May 2018
3	复星旅文	43	Fosun High Tech	PRC	31136817	24 May 2018

Domain Names

As of the Latest Practicable Date, we have registered the following domain names:

Domain Name	Registrant	Date of Registration	Expiry Date
fosunholiday.com	Shanghai Fanyou	15 December 2016	15 December 2019
gofoliday.com	Zhongshang Travel	13 July 2017	13 July 2019
miniversity.com.cn	Shanghai Miniversity	30 October 2017	30 October 2027
fosunalbion.com	Fosun Albion	8 September 2016	8 September 2021
clubmed.com	Club Med	25 August 2009	30 October 2019
clubmed.com.cn	Club Med	16 December 2002	15 December 2018
clubmed.com.hk	Club Med	25 July 1997	1 October 2019
clubmed.com.tw	Club Med	12 February 1998	31 May 2019
joyview.cn	Club Med	30 March 2013	30 March 2019
joyview.com	Club Med	14 February 2014	14 April 2019
joyview.com.cn	Club Med	18 November 2014	18 November 2025

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) ***Disclosure of interest — interests and short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations***

Immediately following the completion of the Global Offering (but without taking into account the exercise of the Over-allotment Option, the exercise of share options granted under the Pre-IPO Share Option Scheme or the vesting of the share units granted under the Pre-IPO Free Share Award Plan), the interest or short position of our Directors or chief executives of our Company in the Shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO), which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, once the Shares are listed, are as follows:

(i) *Interests in the Shares*

Name of Director/Chief executive	Nature of interests	Number of Shares/underlying shares interested	Approximate percentage of shareholding immediately after the Global Offering[(1)]
Mr. Qian Jiannong....................	Beneficial owner	21,500,000	1.76%
Mr. Henri Giscard d'Estaing.....	Beneficial owner	850,230	0.07%
Mr. Wang Wenping..................	Beneficial owner	1,746,625	0.14%

Note:

(1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue immediately following completion of the Global Offering without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and assuming that the share options granted under the Pre-IPO Share Option Scheme have not been exercised and the share units granted under the Pre-IPO Free Share Award Plan have not been vested.

(ii) *Interests in our associated corporation*

Name of Director/ Chief Executive	Name of associated corporation	Nature of interests	Number of shares/underlying shares interested	Approximate percentage of shareholding of associated corporation
Mr. Qian Jiannong ...	Fosun International	Beneficial owner	9,585,000	0.11%[(1)]
Mr. Henri Giscard d'Estaing	Fosun International	Beneficial owner	3,100,000	0.04%[(1)]
	Club Med Holding	Beneficial owner	375,000[(2)]	0.56%
Mr. Wang Can..........	Fosun International	Beneficial owner	9,725,000	0.11%[(1)]

Note:

(1) The calculation is based on the total number of 8,546,928,994 shares of Fosun International in issue as of the Latest Practicable Date.

(2) Including 257,813 CM Ordinary Shares and 117,187 CM Class C Shares.

(b) ***Particulars of service contracts and letters of appointment***

Each of Mr. Qian Jiannong, and Mr. Wang Wenping, being our executive Directors, has entered into a service contract with our Company on 19 November 2018, and Mr. Henri Giscard d'Estaing, our executive Director, entered into a service contract with our Company on 4 September 2018. Each service contract is for an initial term of three years commencing from the Listing Date. The service contracts may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations.

Each of Mr. Wang Can, being our non-executive Director, Dr. Allan Zeman, Mr. Guo Yongqing and Ms. Katherine Rong Xin, being our independent non-executive Directors, has entered into a letter of appointment with our Company on 19 November 2018. Each letter of appointment is for an initial term of three years commencing from the Listing Date. The letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations.

(c) ***Directors' remuneration***

The aggregate remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses) paid to our Directors for the three years ended 31 December 2015, 2016 and 2017, and the six months ended 30 June 2018, were nil, nil, nil and RMB18,445,000, respectively.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this prospectus.

Save as disclosed above, no other payments have been made or are payable in respect of the three years ended 31 December 2015, 2016 and 2017, and the six months ended 30 June 2018, by any member of our Group to any of our Directors.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group.

Further details of the terms of the above service contracts are set forth in the paragraph headed "C. Further Information About Our Directors And Substantial Shareholders — 1. Directors — (b) Particulars of service contracts and letters of appointment" in this appendix.

2. Substantial Shareholders

Save as disclosed in the section "Substantial Shareholders" in this prospectus, immediately following the completion of the Global Offering (but without taking into account the exercise of the Over-allotment Option, the exercise of share options granted under the Pre-IPO Share Option Scheme or the vesting of the share units granted under the Pre-IPO Free Share Award Plan), our Directors are not aware of any other person (other than our Directors and chief executive of our Company) who has an interest and/or short position in the Shares or the underlying shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

3. Personal Guarantees

Save as disclosed in this prospectus, our Directors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to us.

4. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

5. Disclaimers

Save as disclosed herein:

(a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed;

(b) none of our Directors or any of the experts referred to under paragraph headed "D. Other Information — 9. Qualification of Experts" in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) so far as is known to our Directors or chief executive of our Company, no person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Global Offering, have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(f) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. SHAREHOLDERS' AGREEMENT OF CLUB MED HOLDING

On 18 February 2015, Fosun International, Fosun Luxembourg (together with Fosun International, "**Fosun**"), Fidelidade, the JD Investors, ACF II, Silverfern, the Top Managers, Gaillon Management I, Gaillon Management II, Club Med Holding, Club Med Invest, among others, entered into a shareholders' agreement relating to Club Med Holding to provide for the shareholders' rights and obligations of Club Med Holding, which was further amended on 29 December 2015 and 24 August 2018. The principal terms of the shareholders' agreement are set out below:

1. Corporate Governance

The board of directors of Club Med Holding supervises and controls the management of the Club Med Holding, Club Med Invest, Club Med and its subsidiaries (collectively, the "**Club Med Group**"). The board of directors shall be composed of a maximum of 11 members appointed by the shareholders under proposal of Fosun Luxembourg, and who shall be composed of: (i) one or several employees or directors of Fosun Luxembourg or any of its affiliated entities; (ii) the president of Club Med Holding; and (iii) if Fosun Luxembourg decides so, in their sole discretion and after consultation with the Top Managers, one or several independent members.

The governance of Club Med Group should be organized at the level of Club Med Holding. The Material Decisions (as defined therein) regarding any member of the Club Med Group will require the prior approval of the board of directors of Club Med Holding.

2. ACF II Specific Veto Rights

The prior written approval of ACF II shall be obtained before (i) implementing any transaction or other arrangement between Club Med Holding or Club Med Invest (on the one hand), and Fosun or any of its Affiliated Entities (as defined therein) or Connected Party (as defined therein) (with the exception of Club Med) (on the other hand); (ii) any change to the articles of association of Club Med Holding (to the extent such transactions or arrangements in (i) or (ii) adversely affect the rights of ACF II under the Shareholders' Agreement and/or the validity, enforceability or the rights under its put option (including the price upon the exercise of such option)); and (iii) any substantial change to the nature of the business carried on by Club Med and its subsidiaries.[(1)]

3. Lock-up and Other Restrictions

JD Capital, ACF II, and Silverfern (collectively, the "**Minority Investors**") are prohibited from transferring any of its securities of Club Med Holding before the expiry of a period of two years from 18 February 2015 (the "**Closing Date**"), which has expired as of the Latest Practicable Date.

Top Managers, Gaillon Management I, and any other directors and managers of Club Med Group who hold the securities of Club Med Holding (the "**Club Med Managers**") are prohibited from

(1) There was no transaction or arrangement within (i) to (iii) during the Track Record Period up to the Latest Practicable Date, nor presently contemplated by the Company to occur after the Listing.

transferring any of his/her/its securities of Club Med Holding before the expiry of a period of 10 years from the Closing Date. The Club Med Managers cannot pledge, grant, or consent to any other encumbrance (excluding the Call and Put Options) over, any of his/her/its securities of Club Med Holding, unless with the prior written consent of Fosun Luxembourg.

The shareholders of Gaillon Management I shall not pledge or transfer any of their interest in Gaillon Management I before the expiry of a period of 10 years from the Closing Date, subject to certain exceptions provided therein.

Fosun International must retain, directly or indirectly through any of its affiliated entities, the control of Fosun Luxembourg and Fidelidade. AXA Capital Fund LP must retain, directly or indirectly through any of its affiliated entities, the control of ACF II. The U-Tour and Jiuding China Growth Fund must jointly retain, directly or indirectly through any of their affiliated entities, the control of JD Capital. SCIP Limited Partnership CM (Cayman), L.P. must retain, directly or indirectly through any of its affiliated entities, the control of Silverfern.

4. Liquidity Right

Following the lock-up period of ACF II and JD Capital, each of Fosun Luxembourg, Club Med Holding and Club Med Invest shall provide all reasonable assistance to ACF II or JD Capital to seek liquidity of its securities of Club Med Holding by a transfer of the securities of Club Med Holding held by ACF II or JD Capital, at the price and on the terms and conditions which ACF II or JD Capital deems appropriate. In addition, at any time between the second anniversary and the fourth anniversary of the Closing Date, Fosun Luxembourg shall, upon written notice from ACF II or JD Capital of its intention to seek liquidity of its securities of Club Med Holding, introduce to ACF II or JD Capital at least one potential good faith purchaser of the securities of Club Med Holding within 60 days of the date of such notice, provided that ACF II and JD Capital shall only be entitled to exercise such right not more than twice. ACF II is the most favored minority investor that shall benefit from the same extent any parties or other person granted any governance or liquidity rights not already granted to ACF II under the Shareholders' Agreement by Fosun Luxembourg.

In addition, each of the Minority Investors, the Top Managers and the shareholders of Gaillon Management I who are directors or managers of Club Med Group (each a "**Beneficiary**") has entered into a put option agreement with Fosun Luxembourg, under which the Beneficiary is granted a put option to request Fosun Luxembourg to purchase all or part of the securities of Club Med Holding or Gaillon Management I owned by the Beneficiary. The put price for JD Capital, ACF II, Top Managers and other participants is calculated based on Club Med Holding's percentage interest in Club Med, Club Med's adjusted earnings before interest, taxes, depreciation and amortization and the initial acquisition multiple, excluding Club Med's total net debt and minority interests and Club Med Invest's total net debt. The put price for Silverfern is to be agreed between the parties, failing which it shall be determined by an independent expert. The put option was granted to ACF II, JD Capital, Silverfern, the Top Managers and the shareholders of Gaillon Management I who are directors or managers of Club Med Group for different put option periods from 18 February 2019 to 19 July 2022. The Minority Investors may only exercise the put option for all the securities thereunder while the Top Managers and the shareholders of Gaillon Management I who are directors or managers of Club Med Group may exercise the put option for different specified proportions during the above period.

5. Pre-emption Right

Club Med Managers have the first-rank pre-emption right and Fosun Luxembourg has the second rank pre-emption right in case of transfers by other Club Med Managers. The Club Med Managers' pre-emption right and Fosun Luxembourg's second rank pre-emption right do not apply: (i) in the event of the initial public offering of Club Med Holding; or (ii) the launching of a sale process for the sale of 100% of the securities of Club Med Holding requested by Fosun Luxembourg (the "**Private Sale**").

Fosun Luxembourg has the pre-emption right in case of transfers by any of the Minority Investors, but such pre-emption right does not apply: (i) in the event of the initial public offering of Club Med Holding; (ii) in the event of a Private Sale; or (iii) to any permitted transfers of the Minority Investors provided thereunder.

6. Tag-along Right

(a) ***Proportional Tag-Along Right of JD Capital, ACF II, and Silverfern***

As from the end of the lock-up period, the Minority Investors would benefit from a proportional tag-along right with respect to the securities of Club Med Holding they hold. In the event that any shareholder of Club Med Holding contemplates to transfer its securities of Club Med Holding to any potential acquirer, such transferor shall procure the potential acquirer acquire from the Minority investors, if they so choose, a portion of their securities.

The proportional tag-along right of the Minority Investors shall not apply in the event of the initial public offering of Club Med Holding or to any permitted transfers provided thereunder.

(b) ***Total Tag-Along Right***

If Fosun Luxembourg receives an offer from a proposed transferee, in the context of a Private Sale, that it intends to accept or Fosun Luxembourg intends to transfer all or part of its securities of Club Med Holding and that, following such transfer, Fosun Luxembourg would cease to hold at least 50% of the share capital and voting rights of Club Med Holding, or Club Med Holding intends to transfer securities of Club Med Invest or to approve a capital increase of Club Med Invest as a result of which Club Med Holding would cease to own 100% of the share capital and voting rights of Club Med Invest; or Club Med Invest intends to transfer securities of Club Med or to approve a capital increase of Club Med as a result of which Club Med Invest would cease to own at least 50% of the share capital and voting rights of Club Med (collectively, the "**Total Tag-Along Triggering Events**"), each of the other shareholders shall benefit from a total tag-along right with respect to all of the securities of Club Med Holding they respectively hold. When the transferor or Fosun Luxembourg contemplates to complete a Total Tag-Along Triggering Event, the transferor or Fosun Luxembourg, shall procure that the proposed transferee to acquire from each of the other shareholders who are beneficial of the total tag-along right, all of their securities of Club Med Holding.

The total tag-along right does not apply in the event of the initial public offering of Club Med Holding, in the event that the drag-along right is exercised by the selling party and to any permitted transfers under certain conditions.

7. Drag-along Right

In case of a Private Sale, for a consideration exclusively in cash, Fosun Luxembourg may require the other shareholders of Club Med Holding to transfer all of their securities of Club Med Holding to such potential acquirer. Fosun Luxembourg must notify the other parties of such proposed transfer in a written notice.

8. Direct Divestment

In the event of the exercise of the total tag along right, the drag along right or in the event of the initial public offering of Club Med Holding, Gaillon Management I shall have the right to request the implementation of a direct divestment of: (i) the relevant securities of Club Med Holding by their shareholders in lieu of a transfer by Gaillon Management I of their securities of Club Med Holding; or (ii) the securities of Club Med Holding to be received by their shareholders following the merger of Gaillon Management I into Club Med Holding or the contribution of the relevant securities of Gaillon Management I to Club Med Holding.

The benefit of the direct divestment is subject to certain conditions, including, among others, the transfer of 100% of the securities in Gaillon Management I by its shareholders, the fact that Gaillon Management I is and remain a French SAS and a pure holding company with no assets (other than its interest in Club Med Holding) and no liabilities or commitments except those necessary for its reasonable running costs, and the fact that Gaillon Management I complies with applicable laws and regulations, and is not subject or party to any claim or litigation.

If the above conditions are not met at the time of exercise of the drag-along right, the total tag-along right or at the time of the initial public offering of Club Med Holding or a Private Sale, Fosun Luxembourg or, in the case of the initial public offering of Club Med Holding, Fosun Luxembourg may refuse the implementation of the direct divestment of Gaillon Management I and, with respect to the drag-along right of Fosun Luxembourg, may validly exercise its drag-along right over Gaillon Management I.

9. Terms of the Securities of Club Med Holding

As of the Closing Date, Club Med Holding had the following securities in issue:

(i) CM Ordinary Shares with a par value of EUR4 per share;

(ii) CM Class B Shares with a par value of EUR4 per share, which give right to a priority and cumulative annual dividend equal to 8.25% of the issuance price of the CM Class B Shares, and are redeemable at subscription price plus the preferred dividend and the redemption of the CM Class B Shares is in priority to CM Ordinary Shares and CM Class C Shares in case of the liquidation;

(iii) CM Class C Shares with a par value of EUR4 per share, which give right to an exceptional dividend in case of the initial public offering of Club Med Holding, a private sale or liquidation only, subject to certain conditions; and

(iv) CM Convertible Bonds with a par value of EUR4 per bond, which bear interest at a rate of 8.25% per year. The CM Convertible Bonds can be converted into CM Class B Shares at any time upon request of any holder before the maturity date of 18 February 2025, or will be repaid in cash at the final repayment date and repayable upon request of any holder at the completion date of the initial public offering of Club Med Holding, the Private Sale, or by decision of Club Med Holding at any time.

One voting right will be attached to each of the CM Ordinary Shares, the CM Class B Shares, and the CM Class C Shares.

A party may not transfer the CM Ordinary Shares without simultaneously transferring to the same transferee the same proportion of its CM Convertible Bonds and CM Class B Shares, and vice versa.

The CM Convertible Bonds and the CM Class B Shares shall be treated *pari passu* in case of the initial public offering of Club Med Holding or Private Sale or in case of any payment made with respect to any of them. Consequently, no payment of interest or repayment nominal of any CM Convertible Bond shall be made without a proportionate payment of "*Dividende Prioritaire*" (as defined in the articles of association of Club Med Holding) at the same time or repayment or repurchase of the issuance price of CM Class B Shares, and vice versa.

10. Anti-dilution Right

All dilutive issuances, which are the issuances of new securities of Club Med Holding by cash contribution, must be made at fair market value; the securities of Club Med Holding to be issued to Fosun Luxembourg in the dilutive issuances must be of the same category as the securities of Club Med Holding outstanding immediately prior to the dilutive issuance, and the dilutive issuance must be allocated among the various categories of securities of Club Med Holding in such a way that the proportions in value between each category of the securities of Club Med Holding held by Fosun Luxembourg remain the same before and after the dilutive issuance.

The Minority Investors and Club Med Managers have a preferred subscription right to subscribe in the dilutive issuance at fair market value for securities of Club Med Holding in the same proportion per category of securities of Club Med Holding as held prior to the dilutive issuance, on the same terms and conditions. If the dilutive issuance is decided to finance the acquisition of any target company, Fosun Luxembourg and the president of Club Med Holding must jointly decide the allocation of the securities of Club Med Holding which may be subscribed for by the Club Med Managers between the Club Med Managers and the directors and employees of the target company. In case of any issuance of new securities of Club Med Holding in which is not made by cash contribution, Club Med Holding shall issue additional new securities reserved to ACF II in such way that ACF II is entitled to maintain its participation in Club Med Holding and the mechanism as described in this paragraph also applies.

11. Right of Observer Seat by ACF II and Silverfern and Related Information Right

The president and the deputy chief executive officer of Club Med Holding shall provide to board of directors of Club Med Holding (including observers)[1] and Fosun Luxembourg on an ongoing basis the following information on the management and performance of Club Med Holding and Club Med Invest:

(a) as soon as practicable within 60 days of the end of each financial year, the audited consolidated accounts and audited annual accounts for the financial year;

(b) before the end of any financial year, the draft budget for the following financial year, and, if applicable, proposed amendments to the business plan relating to Club Med;

(c) with respect to Club Med, only as soon as practicable and at the latest 12 days following the end of each month, monthly management reports;

(d) any report or information provided by Club Med Holding, Club Med Invest or Club Med to its lenders pursuant to any of the financing agreements: as soon as practicable and in any case at the latest 20 days before being provided to the lenders, with respect to regular reports to be provided to the lenders, and must be within a reasonable period before being provided to the lenders, with respect to any specific report or information;

(e) any other specific report or information that may be reasonably requested by any other specific report or information to the president of Club Med Holding, as soon as practicable and, in any case, no later than 20 days following such request; and

(f) within 10 calendar days as from their publication (or the publication of the accounts of a company which consolidates Club Med Holding), the annual and semi-annual consolidated accounts and audited annual and semi-annual standalone accounts of Club Med Holding for the year ended 31 December 2018 as well as such subsequent annual, semi annual and quarterly accounts available until 30 June 2020, together with other information reasonably necessary to determine relevant parties' rights under the Shareholders' Agreement. In addition to the annual accounts to be made available under (a), the semi-annual accounts of Club Med Holding shall be made available no later than 60 calendar days after the end of the relevant semester and the quarterly accounts shall be made available no later than 30 calendar days after the end of the relevant quarter.

Monthly meetings shall be held between the president and/or the deputy chief executive officer of Club Med Holding and Fosun Investors. Fosun Investors shall have a general audit and inspection right on the Group that shall include (i) the right to access to the management of Club Med Group, books and records, and (ii) the right to obtain any information relating to the members of Club Med Group.

[1] The observers currently are ACF II and Silverfern.

Each of ACF II and Silverfern has the right to an observer seat on the board of Club Med Holding. The observers will receive the same information as the directors of Club Med Holding and will participate in board meetings without voting rights, subject to confidentiality obligations. The observer representatives of ACF II and Silverfern may communicate such information to their directors, senior management team, advisers and investors respectively subject to the recipients being bound by confidentiality and not using such information in breach of applicable laws and regulations.

12. Management Equity Plan

The shareholders of Club Med Holding have agreed to implement the management equity plan by issuing new shares to Gaillon Management I and Gaillon Management II(1) through which certain directors and managers of the Club Med Group could subscribe for shares and invest in Club Med. For details of the Management Equity Plan, please refer to "Appendix VI—Statutory and General Information—E. Various Plans of Our Company and Club Med Holding—4. Management Equity Plan of Club Med Holding" in this prospectus for details.

13. Duration and Termination

The Shareholders' Agreement shall enter into force for 25 years from the Closing Date, but shall be automatically terminated upon the occurrence of the initial public offering of Club Med Holding or Private Sale. The Agreement will cease to have effects as regards any party who/which ceases to own any securities of Club Med Holding.

(1) All assets and liabilities of Gaillon Management II were transferred to Fosun Luxembourg on 8 June 2016 and it was no longer used as an investment vehicle for implementing the Management Equity Plan.

E. VARIOUS PLANS OF OUR COMPANY AND CLUB MED HOLDING

1. Pre-IPO Share Option Scheme

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme as adopted by our Board on 29 December 2017 and approved by the ordinary resolutions passed at the extraordinary general meeting of Fosun International on 23 February 2018. The terms of the Pre-IPO Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) ***Purpose***

The purpose of the Pre-IPO Share Option Scheme is to provide the participants with the opportunity to acquire proprietary interests in the Company and to encourage the participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and its Shareholders as a whole.

(b) ***Participants***

The participants of the Pre-IPO Share Option Scheme include (i) any full-time employee(s) of the Company or of any of its subsidiaries; (ii) Directors or directors of any of its subsidiaries; and (iii) any person(s) whether or not an employee(s) or officer(s) of the Company or of any of its subsidiaries who the Board, or the duly authorized committee thereof, considers to be able to enhance the operations or value of the Group.

(c) ***Administration***

The Pre-IPO Share Option Scheme shall be subject to the administration of the Board, or the duly authorized committee thereof, in accordance with the terms of the Pre-IPO Share Option Scheme and the decision of the Board, or the duly authorized committee thereof, (save as otherwise provided herein) shall be final and binding on all parties. The Board, or the duly authorized committee thereof, shall have the right to (i) interpret and construe the provisions of the Pre-IPO Share Option Scheme, (ii) determine the persons who will be offered options under the Pre-IPO Share Option Scheme, and the number of Shares and the exercise price in relation to such options, subject to the provisions of Pre-IPO Share Option Scheme, (iii) subject to the provisions of Pre-IPO Share Option Scheme, make such appropriate and equitable adjustments to the terms of the options granted under the Pre-IPO Share Option Scheme as it deems appropriate, and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of the Pre-IPO Share Option Scheme or in order to comply with the relevant requirements under applicable laws or the Listing Rules.

(d) ***Duration and grant of options***

Subject to the termination provisions under the Pre-IPO Share Option Scheme and provided that under no circumstance shall the life of the Pre-IPO Share Option Scheme be more than 10 years from the 29 December 2017, the date on which the Pre-IPO Share Option Scheme was adopted, the Pre-IPO Share Option Scheme shall be valid and effective for a period commencing on 29 December 2017 and ending on the date immediately preceding the date of Listing, after which period no further options shall be granted but the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect in all other respects. Subject to the above, in all other respects, in particular, in respect of options remaining outstanding on the expiration of the period referred to in this paragraph, the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect.

Each grant of the options to any director, chief executive or substantial shareholder of Fosun International, or any of their respective associates shall for so long as the Company remains a subsidiary of Fosun International, be subject to the prior approval of the independent non-executive directors of Fosun International (excluding any independent non-executive director who is a proposed grantee of the option in question). Where any grant of options to a substantial shareholder or an independent non-executive director of Fosun International, or any of their respective associates would result in the Shares, which may be issued and to be issued upon exercise of all options already granted and to be granted (including the options redeemed, exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue, such further grant of options shall be subject to prior approval by the shareholders of Fosun International (voting by way of poll) by resolution on which the grantee, his or her associates and all core connected persons of Fosun International must abstain from voting (except that any such person may vote against the relevant resolution provided that his intention to do so has been stated in the circular to be sent to the shareholders of Fosun International in connection therewith).

An offer of the grant of an option made in accordance with the Pre-IPO Share Option Scheme shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted when the duplicate offer letter comprising acceptance of the offer duly signed by the grantee together with a remittance to the Company of RMB1.00 (or any other amount as determined by the Board, or the duly authorized committees thereof) per grant as a consideration for the grant thereof is received by the Company within five Business Days from the date on which the offer letter is delivered to the participant (or such other period as determined by the Board, or the duly authorized committees thereof). Such remittance shall in no circumstances be refundable.

(e) ***Maximum number of shares subject to options***

Subject to the adjustment pursuant to the Pre-IPO Share Option Scheme, the total number of Shares which may be issued upon exercise of all options to be granted under the Pre-IPO Share Option Scheme and other share option schemes of the Company shall not exceed 10% of the number of the relevant class of Shares in issue on 29 December 2017, the date on which the Pre-IPO Share Option Scheme was adopted, (the "**Scheme Mandate Limit**") (being 100,000,000 Shares). Such maximum number shall include the number of Shares which would be issued upon the exercise of all outstanding options by the grantees (to the extent not already exercised) together with the number of Shares which have already been issued pursuant to the earlier exercise of any option granted under the Pre-IPO Share Option Scheme. Options lapsed in accordance with the terms and conditions of the Pre-IPO Share Option Scheme or any other Pre-IPO Share Option Schemes of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit. Any refreshment or increase of such Scheme Mandate Limit shall only be made in compliance with the Listing Rules (including Chapter 17 thereof).

The total number of Shares which may be issued and to be issued upon exercise of the options granted and to be granted to each participant or grantee (as the case may be) (including both redeemed and outstanding options) in any 12-month period shall not exceed 1% of the number of the relevant class of Shares in issue as of the proposed grant date, unless any further grant of options (including redeemed, canceled and outstanding options) to the participant or the grantee exceeding the 1% limit is made in compliance with the requirements under the Listing Rules (including the prior approval of the shareholders of Fosun International).

The maximum number of Shares referred to in the above paragraphs shall be adjusted in the event of any alteration in the capital structure of the Company in accordance with subsection (i) below whether by way of capitalisation of profits or reserves, rights issue of Shares, reduction of the share capital of the Company.

(f) ***Exercise price***

Subject to this paragraph below, the exercise price shall be determined solely by the Board, or the duly authorized committee thereof, with reference to factors which may include business performance and value of the Company and individual performance of the relevant grantee.

No option may be granted at an exercise price lower than the new issue price (if any) either after of the Company has resolved to seek a Listing or during the period commencing six months before the lodgment of an application with the relevant stock exchange for the Listing up to the date of Listing. In such event, the Board, or the duly authorized committee thereof, shall have the discretion to adjust the exercise price of options granted during such period to not lower than the new issue price (if any).

(g) ***Exercise of options***

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any option, except that, with the prior written approval of the Board or the duly authorized committee thereof, the grantee may hold the option indirectly through a special purpose vehicle, a nominee or any other arrangement for purposes of complying with the applicable laws, including those rules and regulations relating to foreign exchange controls in the PRC; provided that such arrangement shall not affect the obligations of the grantee in respect to the option under the Pre-IPO Share Option Scheme and all the provisions in the Pre-IPO Share Option Scheme shall apply to the grantee in respect to the option, as if the grantee held such option directly. Any breach of the foregoing shall entitle the Company to cancel any outstanding option or part thereof granted to such grantee without incurring any liability on the part of the Company.

The Board, or the duly authorized committee thereof, shall determine and inform the grantee of the option period, during which a grantee may exercise the share options in accordance with the terms of the Pre-IPO Share Option Scheme, provided that in no event shall such period be more than ten (10) years from the date of grant. An option shall be vested after meeting the vesting period and vesting conditions. The Board, or the duly authorized committee thereof, shall determine and inform the grantee of the option period, and determine other terms and conditions relating to the grant of share option including (i) any minimum periods for which an option must be held; and/or (ii) minimum performance targets or other criteria (including a vesting period) that must be reached before the option can be vested/exercised in whole or in part; and/or (iii) such other terms as may be imposed at the discretion of the Board, or the duly authorized committee thereof, either on a case-by-case basis or generally which in the opinion thereof are fair and reasonable but not being inconsistent with the rules and procedures applicable to the Pre-IPO Share Option Scheme or the relevant requirements under applicable laws or the Listing Rules.

An option may be exercised in whole or in part by the grantee during the option period by giving notice in writing to the Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the aggregate amount of the exercise price multiplied by the number of Shares in respect of which the notice is given.

Upon the exercise of an option, (x) with the prior written approval of the Board, or the duly authorized committee thereof, the grantee may hold, or (y) at the request or direction of the Board, or the duly authorized committee thereof, the grantee shall unconditionally agree to hold, the Shares in respect of which the option is exercised indirectly through a special purpose vehicle, a nominee or any other arrangement for purposes of complying with the applicable laws, including those rules and regulations relating to foreign exchange controls in China, and in each case, the grantee shall produce or execute such documents or take such other actions as of the Board (or the duly authorized committee thereof) may in its sole discretion determine to be necessary or advisable for purposes of or in connection with such arrangement for indirect holding of the Shares by the grantee.

Within 30 days after receipt of the notice, the Company shall allot, and shall instruct the share registrars (or the secretary of the Company if there is no appointment of share registrars) to allot and issue, the relevant Shares to the grantee (or, with the prior approval of the Board, or the duly authorized committee thereof, any nominee designated by the grantee) credited as fully paid and issue to the grantee (or such nominee) a share certificate in respect of the Shares so issued and allotted.

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue at the time when the name of grantee (or his nominee as approved by the Board, or the duly authorized committees thereof) is registered in the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the time when the name of grantee (or such nominee) is registered in the register of members of the Company other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the name of grantee (or such nominee) is registered in the register of members of the Company provided always that when the date of exercise of the option falls on a date upon which the register of members of the Company is closed then the exercise of the option shall become effective on the first Business Day on which the register of members of the Company is re-opened. Prior to the grantee (or such nominee) being registered on the register of members of the Company, the grantee (whether directly or through a special purpose vehicle, a nominee or any other arrangement as pre-approved by the Director) shall not have any voting rights, or rights to participate in any dividends, or any right of transfer, or any rights arising on a liquidation of the Company, or any other rights, in respect of the Shares to be issued upon the exercise of the option.

Any options granted but not exercised may be canceled with consent of the grantees and new options may be granted to the grantee provided that such new options fall within the limits prescribed by subsection (e) above, excluding the canceled options, and are otherwise granted in accordance with the terms and conditions of the Pre-IPO Share Option Scheme. The grantee shall not be entitled to any redemption or compensation or benefits whatsoever and shall have no claim against the Company.

The shares issued on exercise of the options will be identical to the then existing issued Shares.

(h) ***Lapse of option***

Without prejudice to provisions of the Pre-IPO Share Option Scheme, an option shall lapse automatically (to the extent not already vested or exercised) on the earliest of:

(i) the expiry of the option period during which a grantee may exercise the options in accordance with the terms of the Pre-IPO Share Option Scheme, provided that in no event shall such period be more than ten years from the date of grant;

(ii) to the date of the consummation of the liquidation or dissolution of the Company;

(iii) the date on which the grantee with respect to such option commits a breach of subsection (g) above;

(iv) the date on which the grantee with respect to such option commits a breach or engages in any prohibited action as provided in the Pre-IPO Share Option Scheme;

(v) upon reassignment or transfer of the grantee's position in the Company or its subsidiaries, as determined by the Board, or the duly authorized committee thereof, in accordance with the terms of the Pre-IPO Share Option Scheme, or upon the expiration of the prescribed period as provided in the Pre-IPO Share Option Scheme with respect to any option has already vested;

(vi) the date on which the grantee with respect to such option ceases to be a participant of the Pre-IPO Share Option Scheme pursuant to the terms thereof, or upon the expiration of the prescribed period as provided in the Pre-IPO Share Option Scheme with respect to any option has already vested; or

(vii) upon the expiration of the prescribed period or such other day as the Board, or the duly authorized committee thereof, may specify in the event of change in control of the Company pursuant to the terms of the Pre-IPO Share Option Scheme.

(i) ***Capital restructuring***

In the event of any capitalisation issue, rights issue or reduction of capital of the Company, whilst any option remains exercisable, such corresponding adjustment (if any) shall be made to (i) the number of Shares subject to any option so far as such option or any part thereof remains unexercised; and/or (ii) the exercise price, provided that such adjustment shall be on the basis that the proportion of the issued share capital of the Company to which a grantee is entitled after such adjustment shall remain the same as that to which he/ she was previously entitled and no such adjustments shall be made to the extent that would enable any Share to be issued at less than its nominal value (if any) and no such adjustments will be required in circumstances where there is an issue of Shares as consideration in a transaction. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or auditors of the Company must confirm to the Board, or the duly authorized committee thereof, in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules. In addition, any adjustment must comply with Chapter 17 of the Listing Rules, the supplemental guidance issued on 5 September 2005 by the Stock Exchange entitled "Supplemental Guidance on Main Board Listing Rule 17.03(13) / GEM Listing Rule 23.03(13) and the note immediately after the Rule" and any future guidance / interpretation of the Listing Rules issued by the Stock Exchange from time to time. The exercise price so adjusted shall be rounded up to the nearest cent.

No such adjustment shall be made, unless the independent financial advisor of the Company or the auditors of the Company from time to time shall certify in writing to the Board, or the duly authorized committee thereof, either generally or as regards any particular grantee such adjustment is in its opinion fair and reasonable. The Company will notify the grantee of such adjustments in writing within 28 days after receipt of the independent financial advisor's or Auditors' certificate. The independent financial advisor or auditors so appointed shall act as expert and not as arbitrators and its certification shall be final and binding on the grantee and the Company.

Without prejudice to the above paragraphs, in the event if there is any alteration of the issued share capital of the Company for the purpose of the Listing and/or pursuant to the capitalisation issue in relation to the Listing or otherwise, the Board, or the duly authorized committee thereof, shall be authorized to (and may) adjust: (i) the number or nominal amount of the Shares to which the Pre-IPO Share Option Scheme relates subject to the option so far as unexercised; and/or (ii) the exercise price, proportionally or correspondingly, in order to reflect the alteration.

(j) ***Termination***

The Company, by resolution in general meeting, or the Board (or the duly authorized committee thereof) may at any time terminate the operation of the Pre-IPO Share Option Scheme and in such event no further option shall be offered but the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect in all other respects; options complying with the provisions of Chapter 17 of the Listing Rules, which are granted during the life of the Pre-IPO Share Option Scheme and which remains unexpired immediately prior to the termination of the operation of the Pre-IPO Share Option Scheme shall continue to be exercisable until and unless they are expired.

(k) ***Alteration of the scheme***

The Pre-IPO Share Option Scheme may be altered in any respect by resolution of the Board, or the duly authorized committee thereof, except those specific provisions of the Pre-IPO Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules, as amended from time to time, which cannot be altered to the advantage of the grantees or prospective grantees and no changes to the authority of the directors of the Company or administrator of the Pre-IPO Share Option Scheme in relation to any alteration of the terms of the Pre-IPO Share Option Scheme shall be made, without the prior approvals required under the Listing Rules (including the approval of the shareholders of Fosun International). Any alterations to the terms and conditions of the Pre-IPO Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Board, or the duly authorized committee thereof, and for so long as the Company remains a subsidiary of Fosun International, approved by the shareholders of Fosun International, except where the alterations take effect automatically under the existing terms of the Pre-IPO Share Option Scheme. The Pre-IPO Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

(l) ***Outstanding options granted***

As of the Latest Practicable Date, the number of underlying Shares pursuant to the outstanding share options (excluding those lapsed options) granted under the Pre-IPO Share Option Scheme amounts to 44,555,517 Shares, representing approximately 4.46% of the issued Shares as of 29 December 2017, the date on which the Pre-IPO Share Option Scheme was adopted, and representing 3.64% of the issued Shares immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option, the exercise of share options granted under the Pre-IPO Share Option Scheme or the vesting of the share units granted under the Pre-IPO Free Share Award Plan). 30,738,997 and 13,816,520 share options were granted on 23 February 2018 and 19 November 2018, respectively, with a consideration of RMB1.00 per grant and are subject to an option period of no more than 10 years from the date of grant. No further options have or will be granted under the Pre-IPO Share Option Scheme subsequent to the Latest Practicable Date. The exercise prices of the share options in the amount of 30,738,997 granted on 23 February 2018, and those in the amount of 13,816,520 granted on 19 November 2018, under the Pre-IPO Share Option Scheme are HK$8.43 per Share and the Offer Price, respectively.

Assuming the full exercise of the outstanding options granted as of the Latest Practicable Date under the Pre-IPO Share Option Scheme, immediately following the Global Offering, the shareholding of our Shareholders will be diluted by approximately 3.64% and the dilution effect on our earnings per Shares would be approximately 3.64%, assuming the Over-allotment Option is not exercised and without taking into account the Shares and share units granted after the Latest Practicable Date under the Pre-IPO Share Ownership Plan and the Pre-IPO Free Share Award Plan, respectively.

Particulars of the share options granted to the grantees under the Pre-IPO Share Option Scheme as of the Latest Practicable Date are set forth below:

Name	Connectedness with our Group	Address	Exercise price	Number of Shares underlying share options	Date of grant	Approximate % of enlarged share capital of the Company after full exercise of share options granted[(1)]
Qian Jiannong (錢建農)	Chairman of the Board, executive Director, chief executive officer of our Company, and director of Club Med Holding, Club Med and Hainan Atlantis	Room 501, No. 5, Lane 118 Jingyu South Road Shanghai PRC	HK$8.43	20,000,000	23 February 2018	1.58%
Wang Wenping (王文平)	Executive Director, Vice President and Chief Financial Officer	Room 302, No. 3, Lane 1666 Changning Road Shanghai PRC	HK$8.43	536,625	23 February 2018	0.04%
			The Offer Price	810,000	19 November 2018	0.06%
Cao Ming Long (曹鳴龍)	Senior Vice President, and President of Hainan Atlantis	Room 505, Block 7, No. 465 Xinhua Road Shanghai PRC	HK$8.43	715,500	23 February 2018	0.06%
			The Offer Price	594,000	19 November 2018	0.05%
Huang Minyu (黃旼宇)	Vice President, and Chairman of Fosun Albion	No. 123, Lane 399, Puquan Road Minhang District Shanghai PRC	HK$8.43	596,250	23 February 2018	0.05%
			The Offer Price	216,000	19 November 2018	0.02%
Xu Bingbin (徐秉璸)	Vice President, and Managing Director of Investment Department	Room 802, No. 10, Lane 321 East Hongsong Road Shanghai PRC	HK$8.43	775,125	23 February 2018	0.06%
			The Offer Price	742,500	19 November 2018	0.06%
Wang Yuenan (王越男)	Vice President, and General Manager of Human Resources Department	Room 202, No. 7, Lane 3318 Hongmei Road Hongqiao Minhang District Shanghai PRC	HK$8.43	536,625	23 February 2018	0.04%
			The Offer Price	594,000	19 November 2018	0.05%
Lu Zhihong (陸志宏)	Senior Vice President of Hainan Atlantis	Room 1301, No. 21, Lane 183 Gulang Road Putuo District Shanghai PRC	HK$8.43	397,800	23 February 2018	0.03%
			The Offer Price	211,200	19 November 2018	0.02%

Name	Connectedness with our Group	Address	Exercise price	Number of Shares underlying share options	Date of grant	Approximate % of enlarged share capital of the Company after full exercise of share options granted[(1)]
Ye Ruozhou (葉若舟)	Managing Director of Tourism Development Department	Room 402, No. 26, Branch Lane 111, Lane 7580 Humin Road Minhang District Shanghai PRC	HK$8.43	375,000	23 February 2018	0.03%
			The Offer Price	300,000	19 November 2018	0.02%
Chen Dan (陳丹)	General Manager of Shanghai Fanxiu	North No. 2001, Building No. 7, Zhongshili (West), Chongwen District, Beijing PRC	HK$8.43	375,000	23 February 2018	0.03%
			The Offer Price	285,000	19 November 2018	0.02%
Xu Meng (徐夢)	Deputy Chief Financial Officer, and Geneal Manager of Financial Department	Room 103, No. 22, Lane 58 Kangjian Road Shanghai PRC	HK$8.43	357,000	23 February 2018	0.03%
			The Offer Price	285,000	19 November 2018	0.02%
Sheng Lin (盛澟)	Executive Director of Investment Department	Room 102, Unit 6, No. 14, Siyi Road Shangcheng District Hangzhou, Zhejiang Province PRC	HK$8.43	306,000	23 February 2018	0.02%
			The Offer Price	220,000	19 November 2018	0.02%
Chen Hongjin (陳宏進)	Vice President, and General Manager of Online and Travel Agency Platform	Room 0201, No. 38, Lane 1800 Dongfang Road Pudong District Shanghai PRC	HK$8.43	300,000	23 February 2018	0.02%
			The Offer Price	396,000	19 November 2018	0.03%
Chen Yong (陳勇)	Vice President, and General Manager of Hotel Management	Room 202, No. 32, Lane 99, Yulan Garden Yu Garden Qiai Road Pudong District Shanghai PRC	HK$8.43	300,000	23 February 2018	0.02%
			The Offer Price	300,000	19 November 2018	0.02%
Chen Bo (陳波)	Vice President, and General Manager of Strategy and PR&GR Affairs	Room 101, No. 32, Yunjian Lv Earth, Lane 418 Pudong District Shanghai PRC	HK$8.43	300,000	23 February 2018	0.02%
			The Offer Price	240,000	19 November 2018	0.02%

Name	Connectedness with our Group	Address	Exercise price	Number of Shares underlying share options	Date of grant	Approximate % of enlarged share capital of the Company after full exercise of share options granted(1)
Chen Minmin (陳民敏)	Vice President of Hainan Atlantis	Room 304, No. 12, Lane 2388 North Guyang Road Songjiang District Shanghai PRC	HK$8.43	291,720	23 February 2018	0.02%
			The Offer Price	144,000	19 November 2018	0.01%
Wang Zheng (王政)	Executive Director of Tourism Development Department	Room 2801, No. 19, Lane 58 Tongchuan Road Putuo District Shanghai PRC	HK$8.43	259,488	23 February 2018	0.02%
			The Offer Price	250,000	19 November 2018	0.02%
Dou Feipeng (竇飛鵬)	Chief Technology Officer	Room 902 (1002), No. 74, Lane 1299 Jiang Wan Cheng Road Yangpu District Shanghai PRC	HK$8.43	224,400	23 February 2018	0.02%
			The Offer Price	378,000	19 November 2018	0.03%
Zhao Zhen (趙震)	Deputy General Manager of Planning and Designing Center	Room 13C, No. 2, Lane 538 Haifang Road Jingan District Shanghai PRC	HK$8.43	221,000	23 February 2018	0.02%
			The Offer Price	176,000	19 November 2018	0.01%
Hang Yu (杭昱)	Vice General Manager of Fosun Albion	Room 1402, No. 62, Lane 398 Hanqing Road Baoshan District Shanghai PRC	HK$8.43	214,200	23 February 2018	0.02%
			The Offer Price	160,000	19 November 2018	0.01%
Tang Nannan (唐南南)	General Manager of Fanyue Taicang	Room 1201, Unit 1, Building 3, No. 89, Nantong Road Gulou District Nanjing, Jiangsu Province PRC	HK$8.43	202,500	23 February 2018	0.02%
			The Offer Price	216,000	19 November 2018	0.02%
Li Fan (李凡)	General Manager of Tourism Planning and Designing Center	Room 1402, No. 1, Lane 46 Guokang Road Yangpu District Shanghai PRC	HK$8.43	192,780	23 February 2018	0.02%
			The Offer Price	200,000	19 November 2018	0.02%

Name	Connectedness with our Group	Address	Exercise price	Number of Shares underlying share options	Date of grant	Approximate % of enlarged share capital of the Company after full exercise of share options granted(1)
Wang Danjing (王丹婧)	Legal Executive Director	Room 201, No. 10, Lane 1250 Zhenjin Road Baoshan District Shanghai PRC	HK$8.43	187,200	23 February 2018	0.01%
			The Offer Price	337,500	19 November 2018	0.03%
Shi Yan	Principal of Business Department of Shanghai Miniversity	Room 501, No. 3, Lane 801 Yinghua Road Pudong District Shanghai PRC	HK$8.43	153,000	23 February 2018	0.01%
Tang Xiao (唐曉)	Vice President of Hainan Atlantis	Room 302, No. 11, Village Four, Shiji Flower Garden, Yexie Street Songjiang District Shanghai PRC	HK$8.43	153,000	23 February 2018	0.01%
			The Offer Price	144,000	19 November 2018	0.01%
Hu Yan (胡燕)	Senior Finance Director of Hainan Atlantis	No. 202, Building 2 Haoyuan Ge, Yahao City Square, Nanhai Avenue, Haikou, Hainan Province PRC	HK$8.43	135,200	23 February 2018	0.01%
			The Offer Price	130,000	19 November 2018	0.01%
Wang Xue (王雪)	Deputy General Manager of Shanghai Miniversity	Room 401, No. 5, Lane 369 Feihong Road Hongkou District Shanghai PRC	HK$8.43	114,400	23 February 2018	0.01%
			The Offer Price	240,000	19 November 2018	0.02%
Dong Zhiwei (董支偉)	Senior Finance Director	Room 1504, No. 6 Lane 498 Bohua Road Pudong District Shanghai PRC	HK$8.43	105,600	23 February 2018	0.01%
			The Offer Price	216,000	19 November 2018	0.02%
Yang Xiaolin (楊曉林)	Senior Human Resources Director of Hainan Atlantis	Room 1301, Building D, Shengda Jing Du Meiyuan Road Haikou, Hainan Province PRC	HK$8.43	105,600	23 February 2018	0.01%
			The Offer Price	80,000	19 November 2018	0.01%

Name	Connectedness with our Group	Address	Exercise price	Number of Shares underlying share options	Date of grant	Approximate % of enlarged share capital of the Company after full exercise of share options granted[1]
Ma Bo (馬波)	Senior Procurement Director of Hainan Atlantis	Room 502, No. 220, Lane 333 East Wuyang Road Jiading District Shanghai PRC	HK$8.43	105,600	23 February 2018	0.01%
Zhang Haolei (張浩磊)	Senior Investment Director of Investment Department and Director of Executive Office	Room 404, No. 4, Lane 398 South Henan Road Huangpu District Shanghai PRC	HK$8.43	104,000	23 February 2018	0.01%
			The Offer Price	144,000	19 November 2018	0.01%
Hu Juan (胡娟)	Senior Investment Analysis Director	Room 701, No. 40, Lane 99 East Guoquan Road Yangpu District Shanghai PRC	HK$8.43	104,000	23 February 2018	0.01%
Hu Jinfang (胡勁芳)	Senior Cost and Contract Director of Hainan Atlantis	Building J, Shimao Ya Garden Haikou, Hainan Province PRC	HK$8.43	96,800	23 February 2018	0.01%
			The Offer Price	88,000	19 November 2018	0.01%
Ruan Heng (阮亨)	Senior Design Director of Hainan Atlantis	Room 101, No. 21 Lane 577 Zhenjin Road Putuo District Shanghai PRC	HK$8.43	88,000	23 February 2018	0.01%
Liu Yuexin (劉悦欣)	Senior Residential Engineer Director of Hainan Atlantis	Room 105, Building 5, No. 50 South Longkun Road Longhua District Haikou, Hainan Province PRC	HK$8.43	88,000	23 February 2018	0.01%
Zhang Hailiang (張海良)	Senior Water Park Engineering Director of Hainan Atlantis	Room 2102, No. 6, Lane 19 Kaibin Road Xuhui District Shanghai PRC	HK$8.43	88,000	23 February 2018	0.01%
Xu Yong (徐勇)	Vice General Manager of Fosun Albion	Room 2002, No. 10, Lane 85 West Suzhou Road Jingan District Shanghai PRC	HK$8.43	88,000	23 February 2018	0.01%
			The Offer Price	140,800	19 November 2018	0.01%

Name	Connectedness with our Group	Address	Exercise price	Number of Shares underlying share options	Date of grant	Approximate % of enlarged share capital of the Company after full exercise of share options granted[(1)]
Tang Lun (湯倫)	Senior Project Director of Fosun Albion	Room 802, No. 10, Lane 77 Hejiong Road Pudong District Shanghai PRC	HK$8.43	88,000	23 February 2018	0.01%
			The Offer Price	64,000	19 November 2018	0.01%
Zou Rongjun (鄒熔軍)	Architectural Design Director of Hainan Atlantis	Room 805, Floor 8th, No. 3, Lane 699 Xikang Road Jingan District Shanghai PRC	HK$8.43	80,000	23 February 2018	0.01%
Jiang Yu (江雨)	Senior Operation Director of Hainan Atlantis	Room 402, No. 37, Lane 1555 North Kaixuan Road Putuo District Shanghai PRC	HK$8.43	80,000	23 February 2018	0.01%
Sun Jiajun (孫嘉俊)	Senior Government Affairs Director of Hainan Atlantis	Room 301, Building 1-1, No. 70 West Haidian Five Road Haikou, Hainan Province PRC	HK$8.43	80,000	23 February 2018	0.01%
Chen Tianming (陳天明)	Vice General Manager of Tourism Planning and Design Center of Fosun Albion	Room 1801, No. 11, Lane 375 Weidi Road Baoshan District Shanghai PRC	HK$8.43	79,200	23 February 2018	0.01%
			The Offer Price	140,800	19 November 2018	0.01%
Wu Dide (鄔迪德)	Vice General Manager of Tourism Planning and Design Center of Fosun Albion	Room 1703, No. 7, Lane 429 Zhonghua Road Huangpu District Shanghai PRC	HK$8.43	79,200	23 February 2018	0.01%
			The Offer Price	140,800	19 November 2018	0.01%
Chen Wenke (陳文科)	Assistant Contract Director of Hainan Atlantis	Room 503, C Building, No. 38, Junjing Road Tianhe District Guangzhou, Guangdong Province PRC	HK$8.43	74,800	23 February 2018	0.01%

Name	Connectedness with our Group	Address	Exercise price	Number of Shares underlying share options	Date of grant	Approximate % of enlarged share capital of the Company after full exercise of share options granted[(1)]
Ma Li (馬麗)	Assistant Cost Director of Hainan Atlantis	No. 702, Building E, Community Hong Shu Wan No. 4, Yingchun Road Sanya, Hainan Province PRC	HK$8.43	74,624	23 February 2018	0.01%
Wu Jianyu (吳建宇)	General Manager of Sanya Fanxiu Performance and Art Co., Ltd. (三亞 泛秀演藝有限公司)	Room 701, No. 9, North Guangming Li Haidian District Beijing PRC	HK$8.43	72,000	23 February 2018	0.01%
			The Offer Price	115,200	19 November 2018	0.01%
Guo Jijing (郭繼菁)	Senior Project Director of Shanghai Fanyou	Room 902, No. 2, Lane 1099 Tangshan Road Yangpu District Shanghai PRC	HK$8.43	67,200	23 February 2018	0.01%
Dong Junyu (董駿宇)	Assistant Architectural Design Director of Fanyue Taichang	Room 902, Floor 9th, No. 3 Lane 1390 West Yanan Road Changning District Shanghai PRC	HK$8.43	65,280	23 February 2018	0.01%
Huang Ruoyu (黃若崳)	Investment Director of Investment Department	Room 07, No. 26, Lane 1028 Changshou Road Putuo District Shanghai PRC	HK$8.43	64,000	23 February 2018	0.01%
Yuan Xueying (袁雪瑛)	Human Resources Director	Room 402, No. 15, Branch Lane 4, Lane 888 Luojin Road Minhang District Shanghai PRC	HK$8.43	64,000	23 February 2018	0.01%
Gu Yingqing (顧穎青)	Senior Finance Director	Room 401, No. 1, Lane 25 Fahua Zhen Road Changning District Shanghai PRC	HK$8.43	60,480	23 February 2018	0.00%
			The Offer Price	216,000	19 November 2018	0.02%

Name	Connectedness with our Group	Address	Exercise price	Number of Shares underlying share options	Date of grant	Approximate % of enlarged share capital of the Company after full exercise of share options granted[(1)]
Yang Bo (楊博)	Investment Management Director of Investment Department	Room 202, No. 2, Lane 387 Haifang Road Jingan District Shanghai PRC	HK$8.43	59,840	23 February 2018	0.00%
Cai Difan (蔡滌帆)	Investment Director of Tourism Development Department	Room 191, Building 38, No. 55, North Bei Jiu Ma Road Heping District Shenyang, Liaoning Province PRC	HK$8.43	57,600	23 February 2018	0.00%
Xie Xiangjun (謝向軍)	Membership Operation Management Director of Shanghai Fanyou	Room 401, No. 10, Lane 300, Zonglv Road Putuo District Shanghai PRC	HK$8.43	57,600	23 February 2018	0.00%
Wu Qingliang (吳清亮)	Assistant Finance Director (Capital) of Hainan Atlantis	Zhonghang Domitory, No. 16, Datong Road Longhua District Haikou, Hainan Province PRC	HK$8.43	54,400	23 February 2018	0.00%
Wang Jialu (王佳露)	Human Resources Director	No. 1465, Fuxing Middle Road Xuhui District Shanghai PRC	HK$8.43	51,840	23 February 2018	0.00%
Duan Shiwen (段世文)	Vice General Manager of Sanya Fanxiu Performance and Art Co., Ltd. (三亞泛秀演藝有限 公司)	Room 802, Unit 7, Building 1 Hui Long Guan, Xin Long Cheng, Changping District Beijing PRC	HK$8.43 The Offer Price	51,840 70,400	23 February 2018 19 November 2018	0.00% 0.01%
Zhu Dandan (朱丹丹)	Planning and Designing Director of Tourism Development Department	Room 702, Building 6, Wangzi Apartment, No. 33, Lane 2222 Hongqiao Road Changning District Shanghai PRC	HK$8.43	51,200	23 February 2018	0.00%

Name	Connectedness with our Group	Address	Exercise price	Number of Shares underlying share options	Date of grant	Approximate % of enlarged share capital of the Company after full exercise of share options granted[(1)]
Chen Ruicheng (陳瑞城)	Technical Director of Shanghai Fanyou	Room 104, No. 7, Tianlin Fourteenth Village Xuhui District Shanghai PRC	HK$8.43	48,960	23 February 2018	0.00%
Liu Huimiao (劉輝妙)	Deputy General Manager of Tech+ Department of Shanghai Fanyou	Room 302, No. 66, Lane 650 Songhong Road Changning District Shanghai PRC	HK$8.43	34,560	23 February 2018	0.00%
			The Offer Price	88,000	19 November 2018	0.01%
Liu Yanwei (劉豔偉)	Product Director of Online and Travel Agency Platform of Shanghai Fanyou	Room 303, Building 33, Xianhe Hua Garden Xianhe Men Nanjing, Jiangsu Province PRC	HK$8.43	24,480	23 February 2018	0.00%
Zhang Yong (張勇)	Web Operation Director of Online and Travel Agency Platform of Shanghai Fanyou	Room 804, Building 40, Block 1-4 Tianrun Cheng Nanjing, Jiangsu Province PRC	HK$8.43	24,480	23 February 2018	0.00%
Leung Wan Yi (梁韻兒)	Company Secretary and Senior Compliance Director	Room 219 Wang Fai House Wang Tau Hom Kowloon Hong Kong	The Offer Price	128,000	19 November 2018	0.01%
Han Yang (韓陽)	General Manager of Fosun Albion	19-2, No. 111, Shangqingsi Road Yuzhong District Chongqing PRC	The Offer Price	480,000	19 November 2018	0.04%
Liu Hao (劉浩)	Managing Director of Lijiang Project	No. 461, Unit 4, Building 108 Balizhuang North Chaoyang District Beijing PRC	The Offer Price	480,000	19 November 2018	0.04%
Zhuang Bairu (莊白如)	Assistant Chief Financial Officer and General Manager of Investment Relations	Room 2402, No. 29, Lane 899 Zhongshan North Road Zhabei District Shanghai PRC	The Offer Price	459,000	19 November 2018	0.04%

Name	Connectedness with our Group	Address	Exercise price	Number of Shares underlying share options	Date of grant	Approximate % of enlarged share capital of the Company after full exercise of share options granted[(1)]
Ding Chongyang (丁重陽)	Senior Vice General Manager of Fosun Albion	No. 2606, Building 4, Area 2 No. 86 Beiyuan Road Chaoyang District Beijing PRC	The Offer Price	300,000	19 November 2018	0.02%
Wang Jingjing (汪婧婧)	General Manager of Risk Management Department	Room 301, No. 8, Lane 289 Longjiang Road Yangpu District Shanghai PRC	The Offer Price	244,800	19 November 2018	0.02%
Zhou Qingran (周慶然)	Executive Director of Tourism Development Department	Room 601, No. 13, Lane 399 Fuping Road Putuo District Shanghai PRC	The Offer Price	244,800	19 November 2018	0.02%
Kwan Fai Tang (關飛騰)	Deputy General Manager of Tourism Planning and Designing Department	DD132, Lot107, TszTin Tsuen Tuen Mun New Territories Hong Kong	The Offer Price	244,800	19 November 2018	0.02%
Qian Jing (錢靜)	Senior Human Resources Director	Room 203, No. 7, Zhongfu Road Gulou District Nanjing, Jiangsu Province PRC	The Offer Price	153,600	19 November 2018	0.01%
Xu Wenjing (許文靜)	Deputy General Manager of Marketing Center of Fosun Albion	Room 10, Unit 1, Building 13 Second Group of Yueyatang Community Linyu Road Wuhua District Kunming, Yunnan Province PRC	The Offer Price	153,000	19 November 2018	0.01%
Bian Xiangni (邊香妮)	Executive Director of Hotel Business Development	Room 201, Unit 4, Building 27 10th District Heping Street Chaoyang District Beijing PRC	The Offer Price	136,000	19 November 2018	0.01%

Name	Connectedness with our Group	Address	Exercise price	Number of Shares underlying share options	Date of grant	Approximate % of enlarged share capital of the Company after full exercise of share options granted[1]
Lei Ying (雷穎)	Regional Operation Director of Shanghai Miniversity	Room 302, No. 10, Baolin Nine Village Baoshan District Shanghai PRC	The Offer Price	128,000	19 November 2018	0.01%
Wang Weiqian (王偉前)	Senior Cost and Contract Director	Room 1202, No. 17, Lane 450 Baoshan Road Jing'an District Shanghai PRC	The Offer Price	128,000	19 November 2018	0.01%
Xue Feng (薛峰)	Senior Operation Director of Hotel Management	Room 402, No. 29, Lane 999 Shuying Road Minhang District Shanghai PRC	The Offer Price	119,000	19 November 2018	0.01%
Wang Qian (王茜)	Investment Director of Investment Department	Room 301, No. 770, Anlong Road Changning District Shanghai PRC	The Offer Price	115,200	19 November 2018	0.01%
Pan Yuyuan (潘餘圓)	Assistant Retail Director of Shanghai Miniversity	Room 501, No. 10, Lane 41 Shenyang Road Yangpu District Shanghai PRC	The Offer Price	115,200	19 November 2018	0.01%
Shi Xiaogang (石曉剛)	Senior Product Innovation Director of Shanghai Fanyou	Room 1301, No. 13, Lane 1800 Dongfang Road Pudong New Area Shanghai PRC	The Offer Price	115,200	19 November 2018	0.01%
Ma Fei (馬飛)	UED Director of Shanghai Fanyou	First, No. 15-17, Sanjiazi Road Dadong District Shenyang, Liaoning Province PRC	The Offer Price	115,200	19 November 2018	0.01%
Zhang Ming (張明)	Technical Director	Room 501, No. 11, Lane 2811 Zhaozhonggong Road Zhonggu Town Qingpu District Shanghai PRC	The Offer Price	115,200	19 November 2018	0.01%

Name	Connectedness with our Group	Address	Exercise price	Number of Shares underlying share options	Date of grant	Approximate % of enlarged share capital of the Company after full exercise of share options granted[(1)]
Huang Dongchen (黃冬辰)	Channel Director of Online and Travel Agency Platform of Shanghai Fanyou	No. 963, Jianlian, Gangyan Village Gangyan Town Chongming County Shanghai PRC	The Offer Price	102,400	19 November 2018	0.01%
Zhang Liqing (張麗清)	Operation and Business Development Director of Online and Travel Agency Platform of Shanghai Fanyou	No. 130, Meilong Road Xuhui District Shanghai PRC	The Offer Price	102,400	19 November 2018	0.01%
Qiu Liyun (邱麗芸)	Product Director of Online and Travel Agency Platform of Shanghai Fanyou	Room 104, No. 9, Lane 373 Chifeng Road Hongkou District Shanghai PRC	The Offer Price	102,400	19 November 2018	0.01%
Chen Lvtian (陳律天)	Operation Director of Shanghai Fanxiu	No. 902, Unit 3, Building 3, Zhonghai Yuyuan No. 37 Zengguang Road Haidian District Beijing PRC	The Offer Price	102,400	19 November 2018	0.01%
Cai Zhiqiang (蔡志強)	Senior Human Resources Director	Room 109, Appliance Building, No. 380 Zhongshan West Road Changning District Shanghai PRC	The Offer Price	102,400	19 November 2018	0.01%
Liu Xi (劉溪)	Investment Director of Tourism Development Department	No. 21, South Second Section, Second Ring Road Chengdu, Sichuan Province PRC	The Offer Price	92,160	19 November 2018	0.01%
Sun Minguang (孫敏光)	Director of Tourism Planning and Design Center	Room 402, No. 40, Lane 321 Taopu Road Putuo District Shanghai PRC	The Offer Price	92,160	19 November 2018	0.01%

Name	Connectedness with our Group	Address	Exercise price	Number of Shares underlying share options	Date of grant	Approximate % of enlarged share capital of the Company after full exercise of share options granted[1]
Su Shi (蘇適)	Senior Customer Relationship Management Director of Shanghai Fanyou	Room 207, No. 110, Caoyangsan Village Putuo District Shanghai PRC	The Offer Price	72,000	19 November 2018	0.01%
Total				**44,555,517**		**3.51%**

Note:

(1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue immediately following completion of the Global Offering without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and upon the vesting of the share units granted under the Pre-IPO Free Share Award Plan and assuming that all Pre-IPO Share Options have been exercised in full.

Save as disclosed above, no other options have been granted or agreed to be granted by the Company under the Pre-IPO Share Option Scheme. Application has been made to the Listing Committee for the listing of and permission to deal in the 44,555,517 Shares that may be allotted and issued pursuant to the exercise of the share options granted under the Pre-IPO Share Option Scheme.

2. Pre-IPO Share Ownership Plan

The following is a summary of the principal terms of the Pre-IPO Share Ownership Plan which is not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Ownership Plan does not involve the grant of options by our Company to subscribe for new shares.

(a) *Purposes*

The purpose of the Pre-IPO Share Ownership Plan is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives in the form of share ownership in our Company to selected employees of the Group, Directors, and consultants and to promote the success of our Company's business by offering these individuals an opportunity to acquire a proprietary interest in the success of our Company or to increase this interest, by permitting them to acquire shares of our Company. The Pre-IPO Share Ownership Plan provides for the direct issue and sale of shares.

(b) ***Participants and eligibility***

Only an employee of the Group, Director, or consultant, or trusts or companies established in connection with any employee incentive plan of our Company (including the Pre-IPO Share Ownership Plan) for the benefit of a participant, or, with approval of the Board or a committee appointed by the Board, any special-purpose entity that is set up to hold the shares on behalf of a group of employees, that shall be eligible for subscribing the shares under the Pre-IPO Share Ownership Plan.

(c) ***Term***

The Pre-IPO Share Ownership Plan will be valid and effective for a period of 10 years from the date of its adoption by the Board, being 29 December 2017, unless it is sooner terminated in accordance with certain terms therein.

(d) ***Administration***

The Pre-IPO Share Ownership Plan shall be administered by the Board or a committee appointed by the Board. Any committee of the Board shall be constituted to comply with relevant applicable law.

Subject to the provisions of the Pre-IPO Share Ownership Plan and, in the case of a committee, the specific duties delegated by the Board to such committee, and subject to the approval of any relevant authorities, the administrator shall have the authority in its discretion, including, among others, to select and approve the participants who may subscribe for the shares from time to time, to determine the number of shares to be issued to a participant, to approve the forms of agreement or other documents for use under the Pre-IPO Share Ownership Plan, and to determine the terms and conditions of issue of any shares to a participant.

Subject to relevant applicable law, the administrator may delegate limited authority to specified officers of our Company to execute on behalf of our Company any instrument required to affect the issue and sale of any shares to a Participant as already selected and approved by the administrator.

All decisions, determinations, and interpretations of the administrator shall be final and binding on all participants.

(e) ***Conditions of share subscription***

(i) *Issue and subscription of shares*

Each participant shall enter into a restricted share subscription agreement with our Company for the issue and subscription of any share under the Pre-IPO Share Ownership Plan (the "**Restricted Share Subscription Agreement**"). Such issue and subscription may be subject to any other terms and conditions that are not inconsistent with the Pre-IPO Share Ownership Plan and that the administrator deems appropriate for inclusion in a Restricted Share Purchase Agreement.

A participant shall execute and deliver the applicable Restricted Share Subscription Agreement for subscription and purchase of any shares under the Pre-IPO Share Ownership Plan as promptly as reasonable practicable after the date of selection of a participant and within the time limit designated by the administrator. The participant shall not have right to subscribe for such shares if the Restricted Share Subscription Agreement is not executed and delivered after the expiration of such time limit without the approval of the administrator.

(ii) *Subscription price and payment*

The price payable by the participants shall be equal to HK$8.05 per share. The participant shall pay such aggregate subscription price in full in cash by wire transfer (or other means agreed to by our Company) to the accounts designated by our Company within two months after the date of the Restricted Share Subscription Agreement.

The entire subscription price for shares issued under the Pre-IPO Share Ownership Plan shall be payable in cash or cash equivalents at the time when the shares are subscribed, except as otherwise decided by the administrator and/or specified in the relevant Restricted Share Subscription Agreement.

(f) ***Restrictions on transfer of shares***

Any shares issued and sold to a participant pursuant to the Pre-IPO Share Ownership Plan shall be subject to such rights of repurchase or redemption, rights of first refusal, market stand-offs, and other transfer restrictions and conditions as the administrator may determine.

Unless otherwise determined by the administrator and so provided in the Restricted Share Subscription Agreement (or be amended to provide), no Shares issued under the Pre-IPO Share Ownership Plan shall be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner (whether by operation of law or otherwise) other than any exceptions set forth therein.

In the event that the Company seeks for a listing of the shares on any stock exchange, the shares owned by the participant may be subject to the lock-up or other similar transfer restrictions required or imposed by the relevant stock exchange or the sponsors or underwriters acting for the Company in connection with such listing.

(g) ***Maximum number of shares***

The maximum aggregate number of shares that may be issued under the Pre-IPO Share Ownership Plan shall not exceed 15,000,000 Shares. The shares may be authorized but unissued or repurchased shares. Our Company, during the term of the Pre-IPO Share Ownership Plan, shall at all time reserve and keep available sufficient shares to satisfy the requirements of share issuance under the Pre-IPO Share Ownership Plan.

Shares that actually have been issued under the Pre-IPO Share Ownership Plan shall not be returned to the Pre-IPO Share Ownership Plan and shall not become available for future distribution under the Pre-IPO Share Ownership Plan, except that in the event that shares issued under the Pre-IPO Share Ownership Plan are reacquired by the Company pursuant to any forfeiture provision, right of repurchase or redemption.

(h) ***Adjustment of shares***

If any change is made to the outstanding shares or the capital structure of the Company, if required, the restricted shares shall be adjusted or terminated in any manner as contemplated by the Pre-IPO Share Ownership Plan, and the subscription price of shares shall also be adjusted accordingly.

(i) ***Rights attached to shares***

Until the shares actually are issued (as evidenced by the appropriate entry on the books of our Company or of a duly authorized transfer agent of our Company), no right to vote or receive dividends or any other rights as a member shall exist with respect to the shares, notwithstanding the administrator's selection and approval of a participant with respect to the subscription of such shares under the Pre-IPO Share Ownership Plan. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the shares are issued, except in certain conditions as provided therein.

(j) ***No trust and fund***

Neither the Pre-IPO Share Ownership Plan nor any issue or subscription of shares under the Pre-IPO Share Ownership Plan shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between our Company or any of its parent or subsidiaries and a participant or any other person.

(k) ***Exit of the investment***

Prior to (and up to) the Listing, the participant shall sell, transfer or otherwise dispose of the shares held by the participants in accordance with the certain provisions set forth therein.

After the Listing, the participant may sell, transfer or otherwise dispose of shares held by the participants at a price based on fair market value in accordance with the rules and regulations or the relevant stock exchange where the shares are listed and other applicable laws, in the public market, or otherwise to third parties that are approved by the administrator of the Pre-IPO Share Ownership Plan in advance, except in the following cases:

(a) The administrator may impose any lock-up or other appropriate restrictions required for the Listing, other fund raising or other purposes that the administrator shall deem appropriate.

(b) If the participant's employment with our Group are terminated at any time after the Listing, the participant shall be obligated to dispose of all the shares it owns at the time of such termination, in the public market, or otherwise to third-parties that are approved by the administrator in advance, within 90 calendar days after such termination.

(l) ***Amendment and termination***

The Board may at any time amend, alter, suspend, or terminate the Pre-IPO Share Ownership Plan.

No amendment, alteration, suspension, or termination of the Pre-IPO Share Ownership Plan shall materially and adversely impair the rights of any participant with respect to an outstanding shares acquired by such participant under the Pre-IPO Share Ownership Plan, unless mutually agreed otherwise between the participant and the administrator, which agreement must be in writing and signed by the participant and our Company.

(m) ***Tax liability and withholdings***

The participant shall be required to pay to the Company, and the Company shall have the right to deduct from any compensation paid to the participant pursuant to the Pre-IPO Share Ownership Plan, the amount of any required withholding taxes in respect of the shares and to take all such other action as the administrator deems necessary to satisfy all obligations for the payment of such withholding taxes.

Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding, the ultimate liability for all tax-related items is and remains the participant's responsibility and the Company: (i) makes no representation or undertakings regarding the treatment of any tax-related items in connection with the issue or sale of the shares or the subsequent sale of any shares; and (ii) does not commit to structure the shares to reduce or eliminate the participant's liability for Tax-Related Items.

(n) ***Subscription of the shares***

As of the Latest Practicable Date, a total of 75 employees (including certain connected persons) have subscribed 8,920,861 Shares of the Company pursuant to the Pre-IPO Share Ownership Plan, representing approximately 0.73% of the total issued share capital of the Company immediately following the Global Offering (without taking into account the exercise of the Over-allotment Option, the exercise of share options granted under the Pre-IPO Share Option Scheme or the vesting of the share units granted under the Pre-IPO Free Share Award Plan), comprising 8,275,861 Shares subscribed by 61 participants in May and June 2018 at a consideration of HK$8.05 per share through Pacific Jovial (not including employees subsequently leaving our Group whose 762,640 Shares have thus been cancelled), and 645,000 Shares subscribed by 14 participants on 4 July 2018 at a consideration of EUR2.00 per Share.

Pacific Jovial is a platform established for holding the Shares in trust for the plan participants under the Pre-IPO Share Ownership Plan.

The vesting of any shares which may be granted pursuant to the Pre-IPO Share Ownership Plan will be in compliance with Rule 10.08 of the Listing Rules.

Particulars of the subscription of Shares by the connected persons of the Company under the Pre-IPO Share Ownership Plan are set forth below, who were allowed to participate by virtue of their employment contract with out Group:

Name	Connectedness with our Group	Address	Number of Share	Approximate shareholding(1)
Qian Jiannong (錢建農)	Chairman of the Board, executive Director, chief executive officer of our Company, and director of Club Med Holding, Club Med and Hainan Atlantis	Room 501, No.5, Lane 118 Jingyu South Road Shanghai PRC	1,500,000(2)	0.12%
Henri Giscard d'Estaing	Vice chairman of the Board, executive Director, deputy chief executive officer, director of Club Med Holding and president of Club Med	89 Bd du Montparnasse 75006 Paris, France	105,000	0.01%
Wang Wenping (王文平)	Executive Director, vice president and chief financial officer	Room 302, No. 3, Lane 1666 Changning Road Shanghai PRC	400,000(2)	0.03%
Cao Ming Long (曹鳴龍)	Senior vice president, and president of Hainan Atlantis	Room 505, Block 7, No. 465 Xinhua Road Shanghai PRC	250,000(2)	0.02%
Xavier Mufraggi	CEO Club Med North America	5830 SW 85th Street, 33143 South Miami, Florida United States of America	45,000	0.00%
Xu Meng (徐夢)	Then director of our Company in the past 12 months	Room 103, No. 22, Lane 58 Kangjian Road Shanghai PRC	250,000(2)	0.02%

Name	Connectedness with our Group	Address	Number of Share	Approximate shareholding(1)
Wang Danjing (王丹婧)	Director of Hainan Atlantis and legal executive director of the Company	Room 201, No. 10 Lane 1250 Zhenjin Road Baoshan District Shanghai PRC	62,400(2)	0.01%
Other participants			6,308,461(3)	0.52%
Total			8,920,861	0.73%

Note:

(1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue immediately following completion of the Global Offering without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and upon the vesting of the share units granted under the Pre-IPO Free Share Award Plan and assuming that the share options granted under the Pre-IPO Share Option Scheme are not exercised.

(2) Pacific Jovial holds the Shares in trust for the relevant participants under the Pre-IPO Share Ownership Plan.

(3) Including Shares held by Pacific Jovial in trust for relevant participants and Shares directly held by certain individuals.

3. Pre-IPO Free Share Award Plan

The following is a summary of the principal terms of the Pre-IPO Free Share Award Plan as adopted by our Board on 29 June 2018. The Pre-IPO Free Share Award Plan is not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Free Share Award Plan does not involve the grant of options by our Company to subscribe for new shares.

(a) ***Purpose***

The purpose of the Pre-IPO Free Share Award Plan is to provide the participants with the opportunity to receive proprietary interests in the Shares of the Company and to encourage the participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its shareholders as a whole.

(b) ***Participants***

The participants of the Pre-IPO Free Share Award Plan includes: (i) any full-time employee(s) of the Company or of any of its subsidiaries; and (ii) Directors or directors of any of its subsidiaries; and (iii) any person(s) whether or not an employee(s) or officer(s) of the Company or any of its subsidiaries who the Board, or the duly authorized committee thereof, considers to be able to enhance the operations or value of the Group.

(c) ***Administration***

The Pre-IPO Free Share Award Plan shall be subject to the administration of the Board, or the duly authorized committee thereof, in accordance with the terms of the Pre-IPO Free Share Award Plan and the decision of the Board, or the duly authorized committee thereof, (save as otherwise provided herein) shall be final and binding on all parties. The Board, or the duly authorized committee thereof, shall have the right to (i) interpret and construe the provisions of the Pre-IPO Free Share Award Plan, (ii) determine the persons who will be offered a share unit under the Pre-IPO Free Share Award Plan, and the number of Shares, subject to the provisions of the Pre-IPO Free Share Award Plan, in relation to such share units, (iii) subject to the provisions of the Pre-IPO Free Share Award Plan, make such appropriate and equitable adjustments to the terms of the share units granted under the Pre-IPO Free Share Award Plan as it deems appropriate, and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of the Pre-IPO Free Share Award Plan or in order to comply with the relevant requirements under applicable laws or the Listing Rules.

(d) ***Duration***

Subject to the termination provisions under the Pre-IPO Free Share Award Plan and provided that under no circumstance shall the life of the Pre-IPO Free Share Award Plan be more than 10 years from the 29 June 2018, the date on which the Pre-IPO Free Share Award Plan was adopted, the Pre-IPO Free Share Award Plan shall be valid and effective for a period commencing on 29 June 2018 and ending on, whichever is earlier, the date immediately preceding the date of Listing or the date being 76 months after 29 June 2018, after which period no further share units shall be granted but the provisions of the Pre-IPO Free Share Award Plan shall remain in full force and effect in all other respects. Subject to the above, in all other respects, in particular, in respect of share units remaining outstanding on the expiration of the period referred to in this paragraph, the provisions of the Pre-IPO Free Share Award Plan shall remain in full force and effect.

(e) ***Grant of Share Unit***

On and subject to the terms of the Pre-IPO Free Share Award Plan, the Board, or the duly authorized committee thereof, may at any time within the period set out in the duration of the Pre-IPO Free Share Award Plan, make an offer to any participant as the Board (or the duly authorized committee thereof) may in its absolute discretion select to take up a share unit pursuant to which such participant may obtain such number of Shares at nil cash consideration, provided that no share unit shall be offered or granted under the Pre-IPO Free Share Award Plan after the Listing.

An offer of the grant of a share unit made in accordance with the Pre-IPO Free Share Award Plan shall be made to a participant in writing in such form as the Board, or the duly authorized committee thereof, may from time to time determine requiring the participant to hold the share units on the terms on which it is to be granted and to be bound by the provisions of the Pre-IPO Free Share Award Plan and shall remain open for acceptance by the participant to whom that the offer is made for a period of five business days (or such other period as the Board, or the duly authorized committee thereof, may specify in its sole discretion) from the date on which the offer letter is delivered to the participant, provided that no such offer shall be open for acceptance after the duration of the Pre-IPO Free Share Award Plan. The offer letter shall state, including, among others, the participant's name, address and occupation, the date of grant, the number of Shares in respect of which the share unit is offered, the date by which the participant must accept the offer or be deemed to have declined it, the date or dates upon which the shares unit shall become vested, the minimum performance targets or other criteria, etc.

An offer of the grant of a share unit made in accordance with the Pre-IPO Free Share Award Plan shall be deemed to have been accepted and the share unit to which the offer relates shall be deemed to have been granted when the duplicate offer letter comprising acceptance of the offer duly signed by the grantee is received by the Company within five business days from the date on which the offer letter is delivered to the participant (or such other period as determined by the Board, or the duly authorized committee thereof).

(f) ***Vesting and Holding of Share Units***

A share unit shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any share unit under this Pre-IPO Free Share Award Plan. Any breach of the foregoing immediately cancels any outstanding Share Unit or part thereof granted to such grantee without incurring any liability on the part of the Company.

The share units shall be effectively vested after meeting the vesting period (which shall be of one year at least) and vesting conditions. The share units will be automatically vested to the grantee on the vesting date and the Company will cause the Shares in respect of such share units be registered in its register of members in the name of the relevant grantee, provided that the Board, or the duly authorized committee thereof, has previously confirmed that all vesting conditions (including, among others, any performance targets or other criteria) are met.

The Shares issued upon vesting of the share units may not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any Share during the holding period, as such period is determined by the Board or the duly authorized committee thereof (the "**Holding Period**"), it being provided that the total of vesting period plus Holding Period must be of two years at least.

The Shares issued upon vesting of the share units will be deemed to be fully paid and will be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue at the time when the name of grantee is registered in the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the time when the name of grantee is registered in the register of members of the Company other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the name of grantee is registered in the register of members of the Company provided always that when the vesting date falls on a date upon which the register of members of the Company is closed then the vesting date shall become effective on the first business day on which the register of members of the Company is re-opened.

Prior to the grantee being registered on the register of members of the Company, the grantee shall not have any voting rights, or rights to participate in any dividends, or any right of transfer, or any rights arising on a liquidation of the Company, or any other rights, in respect of the share units.

Once vested, the share units are definitely granted to the grantee and the Shares such issued are only subject to the Holding Period (if any).

(g) ***Maximum Number of Shares***

Subject to the provisions of Pre-IPO Free Share Award Plan, the Shares which may be issued upon vesting of all share units to be granted under the Pre-IPO Free Share Award Plan shall not exceed 5% of the number of the relevant class of Shares in issue on 29 June 2018 (the "**Plan Mandate Limit**"). Such maximum number shall include the number of Shares which would be issued upon the vesting of all outstanding share units by the grantees (to the extent not already vested) together with the number of Shares which have already been issued in respect of the Shares vested under the Pre-IPO Free Share Award Plan. Share units lapsed in accordance with the terms of the Pre-IPO Free Share Award Plan shall not be counted for the purpose of calculating the Plan Mandate Limit. Any refreshment or increase of such Plan Mandate Limit shall be made in compliance with the Articles of Association of the Company, the Listing Rules and applicable laws.

The Plan Mandate Limit shall be adjusted in the event of any alteration in the capital structure of the Company in accordance with the provisions of capital restructuring whether by way of capitalization of profits or reserves, rights issue of Shares, reduction of the share capital of the Company.

(h) ***Capital Restructuring***

In the event of any alteration of the following types in the capital structure of the Company whilst any share units remains unvested: (i) capitalization issue or rights issue; and (ii) reduction of capital, such corresponding adjustment (if any) as the Board, or the duly authorized committee thereof, shall in its discretion deem appropriate shall be made in the number of share units so far as such share units or any part thereof remains unvested.

Provided that such adjustment shall be on the basis that the proportion of the issued share capital of the Company to which a grantee is entitled after such adjustment shall remain the same as that to which he/ she was previously entitled and no such adjustments shall be made to the extent that would enable any Share to be issued at less than its nominal value (if any) and no such adjustments will be required in circumstances where there is an issue of Shares as consideration in a transaction. In respect of any such adjustments, other than any made on a capitalization issue, an independent financial adviser or the Company's auditors must confirm to the Board, or the duly authorized committee thereof, in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules and the applicable laws.

Without prejudice to the terms of the Pre-IPO Free Share Award Plan, in the event if there is any alteration of the issued share capital of the Company for the purpose of the Listing and/or pursuant to the capitalization issue in relation to the Listing or otherwise, the Board, or the duly authorized committee thereof, shall be authorized to (and may) adjust the number or nominal amount of the Shares to which the Pre-IPO Free Share Award Plan relates subject to the share units so far as unvested.

(i) ***Alteration of the Plan***

The Pre-IPO Free Share Award Plan may be altered in any respect by a resolution of the Board, or the duly authorized committee thereof, provided that the Pre-IPO Free Share Award Plan and any alteration thereof shall be in compliance with the Articles of Association of the Company, the Listing Rules and applicable laws.

No alteration shall operate to affect adversely the terms of issue of any share units granted or agreed to be granted.

(j) ***Termination***

The Company, by resolution in general meeting, or the Board (or the duly authorized committee thereof) may at any time terminate the operation of the Pre-IPO Free Share Award Plan and in such event no further share unit shall be offered but the provisions of the Pre-IPO Free Share Award Plan shall remain in full force and effect in all other respects; share units complying with the Listing Rules which are granted during the life of the Pre-IPO Free Share Award Plan and which remains unexpired immediately prior to the termination of the operation of the Pre-IPO Free Share Award Plan shall continue until and unless they are expired.

(k) ***Miscellaneous***

If the Shares are thereafter listed on a regulated market, the grantee shall comply with the listing rules of such regulated market in respect of the Shares and undertake not to sell shares transferred to him/her:

- within the ten trading days preceding and within the three trading days following the date on which the consolidated accounts or failing this, the annual accounts are published, and,

- during the period between the date on which the corporate bodies of the company become aware of information which, if it were made public, could have a significant impact on the price of the Shares and the date ten trading days after said information is made public.

(l) ***Outstanding Share Units Granted***

As of the Latest Practicable Date, share units in respect of an aggregate of 3,505,537 Shares, representing approximately 0.29% of the total issued share capital of the Company immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option, the exercise of share options granted under the Pre-IPO Share Option Scheme or the vesting of the share units granted under the Pre-IPO Free Share Award Plan), had been granted to 14 participants pursuant to the Pre-IPO Free Share Award Plan on 29 June 2018. The grant and vesting of any share units which may be granted pursuant to the Pre-IPO Free Share Award Plan will be in compliance with Rule 10.08 of the Listing Rules.

There are two vesting schedules under the Pre-IPO Free Share Award Plan: (1) share units in respect of an aggregate of 837,757 Shares will be automatically vested on 29 June 2019; and (2) share units in respect of an aggregate of 2,667,780 Shares will be automatically vested as to 25%, 25%, 25% and 25% on 29 June 2019, 29 June 2020, 29 June 2021 and 29 June 2022, respectively.

Once vested, the grantee may not sell or otherwise dispose of the Shares whose vesting date is the first anniversary for a period of one year following the vesting date.

Particulars of the share units granted to connected persons under the Pre-IPO Free Share Award Plan are set forth below, who were allowed to participate by virtue of their employment contract with our Group:

Name	**Connectedness with our Group**	**Address**	**Number of share units**	**Approximate shareholding(1)**
Henri Giscard d'Estaing	Vice chairman of the Board, executive Director, deputy chief executive officer, director of Club Med Holding and president of Club Med	89 Bd du Montparnasse 75006 Paris, France	745,230	0.06%
Xavier Mufraggi	CEO Club Med North America	5830 SW 85th Street, 33143 South Miami, Florida, United States of America	233,669	0.02%
Other participants			2,526,638	0.21%
Total:			3,505,537	0.29%

Note:

(1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue immediately following completion of the Global Offering without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and upon the vesting of the share units granted under the Pre-IPO Free Share Award Plan and assuming that the share options granted under the Pre-IPO Share Option Scheme are not exercised.

4. Management Equity Plan of Club Med Holding

Pursuant to the Shareholders' Agreement, the shareholders have agreed to implement the Management Equity Plan by issuing new shares to Gaillon Management I and Gaillon Management II through which certain directors or managers of Club Med Holding and its subsidiaries could subscribe for shares in Club Med Holding, except for the Top Managers who have invested in Club Med Holding directly. The new shares of Club Med Holding were issued to Gaillon Management I and Gaillon Management II at par value of EUR4 per share. Fosun Luxembourg was the sole shareholder of Gaillon Management I and Gaillon Management II at the time of their incorporation and financed their subscription through shareholder loans which had been fully repaid. The shareholders subsequently decided that Gaillon Management II would not be used as an investment vehicle for implementing the Management Equity Plan, and all its assets and liabilities including 70,598 CM Ordinary Shares and 770,151 CM Class B Shares (representing approximately 1.25% equity interest in Club Med Holding) were transferred to Fosun Luxembourg on 8 June 2016.

The following is a summary of the principal terms of the Management Equity Plan adopted on 18 February 2015. The Management Equity Plan is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options by our Company of its subsidiaries to subscribe for new Shares or shares in any of its subsidiaries.

(a) ***The Participants***

The participants include the directors and managers of Club Med Holding or any of its subsidiaries.

(b) ***The Participant's Investment***

The investment of participants shall be made via Gaillon Management I, while the Top Managers invested in Club Med Holding directly. The principles of amounts invested and of the allocation of the participants' investment were proposed by Mr. Giscard d'Estaing and approved by Fosun Luxembourg.

(c) ***Governance of Gaillon Management I***

Gaillon Management I shall be managed by its president, being the chief executive officer of Club Med Holding. Any change to the articles of association of Gaillon Management I shall be approved by its shareholders. If before the initial public offering of Club Med Holding or the Private Sales (together with the IPO, the "**Exit**") Gaillon Management I does not have sufficient financial resources to pay its reasonable running costs, Fosun Luxembourg will provide a shareholder loan to cover such financial needs. Such shareholders' loan will bear interest at a market rate and will be reimbursed upon Exit.

(d) ***Reserve and Subscription***

Fosun Luxembourg initially subscribed for all newly issued ordinary shares of Gaillon Management I at par value of EUR1 each for reallocation to the potential participants. Shares of Gaillon Management I had been allocated to participants until 29 February 2016 at the initial subscription price. Thereafter, shares of Gaillon Management I are offered to the participants at fair market value at the time of allocation based on a prescribed formula.

As of the Latest Practicable Date, approximately 52.11% of the total issued shares of Gaillon Management I had been subscribed by numerous participants (none of which individually holding more than 3% of Gaillon Management I), while approximately 47.89% of the total issued shares of Gaillon Management I are held by Fosun Luxembourg as the reserve for reallocation to potential participants, comprising one preferred shares amongst ordinary shares.

(e) ***Preferred Share held by Fosun Luxembourg***

Fosun Luxembourg holds one preferred share of Gaillon Management I, which grants Fosun Luxembourg certain rights including preemption right if a participant intends to transfer its shares in Gaillon Management I to a third party, veto right in shareholders, meeting of Gaillon Management I, and the right to exclude a shareholder of Gaillon Management I not complying with the terms of the put and call option agreement or the rules regarding the transfer of shares in Gaillon Management I.

(f) ***Lock-up***

The Top Managers and Gaillon Management I are subject to certain lock up including restriction from creating encumbrances unless with the prior written consent of Fosun Luxembourg.

(g) ***Exit***

(i) *Direct Divestment*

In the event of the exercise of the total tag-along right, the drag-along right or in the event of an initial public offering of Club Med Holding, Gaillon Management I shall have the right to request the implementation of a direct divestment. Please refer to "Appendix VI—Statutory and General Information—D. Shareholders' Agreement of Club Med Holding" in this prospectus for details.

(ii) *Tag-along*

In Total Tag-Along Triggering Events (as defined in "—D. Shareholders' Agreement of Club Med Holding" above in this section), the participants will have a total tag-along right exercisable at their option in the same conditions as those of the third party's offer. The project internal rate of return and the project multiple as defined therein shall be calculated by extrapolation considering that (i) 100% of Club Med Holding securities have been transferred at this price and date and (ii) all the shareholders' loans of Gaillon Management I are reimbursed including their accrued interests.

(iii) *Exit at the initial public offering of Club Med Holding*

In the case of an initial public offering of Club Med Holding, the participants shall each be able to sell such portion of the listed shares. The participants will have a priority right on Fosun with respect to all their securities to sell such a number of shares.

(iv) *Liquidity Put Options*

Each of the participants has entered into a liquidity put option agreement with Fosun Luxembourg, under which the participant may request Fosun Luxembourg to purchase all or part of the securities of Club Med Holding and Gaillon Management I, as applicable, owned by the participants as of the exercise date if no Exit (as defined in "—D. Shareholders' Agreement of Club Med Holding" above in this section) occurs before the request at fair market value.

The put option is exercisable by each participant for different specified proportions over different periods from February 2020 to July 2022.

(h) ***Put and call option***

Fosun Luxembourg has a call option to purchase a participant's relevant securities upon: (i) their ceasing to be a manager and/or corporate officer (*mandataire social*) within Club Med Holding or any of its subsidiaries; (ii) the loss of control by Club Med Holding in a subsidiary from which the participant receives the majority of his/her remuneration ((i) and (ii) collectively, the "**Departure**"); or (iii) a material breach by the participant of the by-laws of Gaillon Management I not remedied within the required period (the "**Breach**"). Fosun Luxembourg may exercise the call option within six months from the date of Departure or Breach (the "**Call Option Period**") for all or part of the relevant securities. The acquired securities shall be managed under the same conditions as the reserve. The chief executive officer of Club Med Holding shall decide the reallocation of these shares to new participants or existing participants at fair market value.

The participants have a put option to sell to Fosun Luxembourg all but not part of the relevant securities held by the participants in the event of a Departure of the participant under certain conditions and within three months following the expiry of the Call Option Period (the "**Put Option Period**").

The amount of relevant securities under the put and call option shall be determined by the circumstances of the Departure. Depending on the circumstances of Departure, there may be a higher (or lower) portion of the participant's securities being subject to Fosun Luxembourg's call option and a lower (or higher) portion of such participant's securities being subject to his/her put option. The aggregate purchase price to be paid by Fosun Luxembourg for the acquisition of the relevant eligible shares shall be determined by the value of shares in different circumstances, based on prescribed formulas.

(i) ***Anti-dilution***

Each of Gaillon Management I, the Top Manager and other participants have different anti-dilution rights in the event of issuance of securities by Club Med Holding.

(j) ***Recapitalization***

Fosun may consider a recapitalisation of Club Med Holding leading to the reimbursement of all or part of the financial debt and/or the equality invested by the Investors. To the extent such decision qualifies as a strategic decision pursuant to the terms of the Shareholders' Agreement, such recapitalisation will not be carried out without the agreement of the Top Managers.

F. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in this prospectus and so far as our Directors are aware, no litigation or claim of material importance (to our Group's financial condition or results of operation) is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued as mentioned in this prospectus. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Joint Sponsor by our Company is US$600,000.

4. Preliminary Expenses

Our preliminary expenses are estimated to be approximately RMB245,904,000 payable by our Company.

5. Promoter

We do not have any promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

6. Taxation of holders of Shares

(a) ***Hong Kong***

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after 11 February 2006.

(b) ***Cayman Islands***

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) ***Consultation with professional advisors***

Intending holders of the Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercise of any rights attaching to them.

7. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
J.P. Morgan Securities (Far East) Limited	A licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
CLSA Capital Markets Limited	A licensed corporation to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Citigroup Global Markets Asia Limited	A licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance), and type 7 (providing automated trading services) regulated activities under the SFO
Ernst & Young	Certified public accountants
AllBright Law Offices	PRC legal advisor to our Company
Harney Westwood & Riegels	Cayman Islands legal adviser to our Company

Name	Qualifications
Koimtzoglou-Leventis & Associates Law Partnership	Greek legal adviser to our Company
Ovvadias S. Namias — Law Firm	Greek legal adviser to our Company
Paul Hastings LLP	Legal advisor to our Company as to U.S. sanctions law
Paul Hastings (Europe) LLP	Legal advisor to our Company as to E.U. and U.N. sanctions law
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

8. Consents of Experts

Each of the experts named in the section above has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

9. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Miscellaneous

(a) save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(iii) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(b) save as disclosed in this prospectus, no share or loan capital of our Company or any of our subsidiaries had been under option or agreed conditionally or unconditionally to be put under option;

(c) save as disclosed in this prospectus, there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;

(d) save as disclosed in this prospectus, none of the persons named in the sub-paragraph headed "E. Other Information—9. Qualification of Experts" in this appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;

(e) our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since 30 June 2018 (being the date to which the latest audited consolidated financial statements of our Group were made up);

(f) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(g) our principal register of members will be maintained by our principal registrar, Harneys Fiduciary (Cayman) Limited, in the Cayman Islands and our Hong Kong register of members will be maintained by Computershare Hong Kong Investor Services Limited. All transfer and other documents of title of the Shares must be lodged for registration with and registered by our share register in Hong Kong. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

(h) no company within our Group is listed on any stock exchange or traded on any trading system and at present, and our Group is not seeking or proposing to seek any listing of, or permission to deal in, the share or loan capital of our Company on any other stock exchange; and

(i) there is no arrangement under which future dividends are waived or agreed to be waived.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies for registration were:

(a) copies of each of the **WHITE**, **YELLOW**, **GREEN** and **BLUE** Application Forms;

(b) a copy of each of the material contracts referred to in the sub-section headed "Statutory and General Information—B. Further Information About Our Business—1. Summary of Material Contracts" in Appendix VI to this prospectus; and

(c) the written consents referred to in the sub-section headed "Statutory and General Information—F. Other Information—8. Consents of Experts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Paul Hastings at 21-22/F, Bank of China Tower, 1 Garden Road, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association;

(b) the Accountants' Report for the years ended 31 December 2015, 2016 and 2017, and six months ended 30 June 2018, prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information prepared by Ernst & Young, the text of which is set out in Appendix II to this prospectus;

(d) the audited consolidated financial statements of the Group for the years ended 31 December 2015, 2016 and 2017 and six months ended 30 June 2018;

(e) the letter, summary of valuations and valuation certificates relating to the property interests of the Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the texts of which are set out in Appendix IV to this prospectus;

(f) the rental opinion letter prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited regarding the fair rental of various properties leased from connected persons of the Company;

(g) the legal opinions issued by AllBright Law Offices, our PRC Legal Advisor, dated the date of this prospectus in respect of certain aspects of our Group;

(h) the letter of advice prepared by Harney Westwood & Riegels, our legal adviser as to the laws of the Cayman Islands, summarizing certain aspects of Cayman Companies Law referred to in Appendix V to this prospectus;

(i) the letter of advice prepared by Koimtzoglou-Leventis & Associates Law Partnership, our legal adviser as to the laws of Greece, advising on civil aspects regarding certain matters of our Group;

(j) the letter of advice prepared by Ovvadias S. Namias — Law Firm, our legal adviser as to the laws of Greece, advising on criminal aspects regarding certain matters of our Group;

(k) the sanctions memorandum in respect of the U.S. sanctions law issued by Paul Hastings LLP;

(l) the sanctions memorandum in respect of the E.U. and U.N. sanctions law prepared by Paul Hastings (Europe) LLP;

(m) the material contracts referred to in the sub-section headed "Statutory and General Information—B. Further Information About Our Business—1. Summary of Material Contracts" in Appendix VI to this prospectus;

(n) the written consents referred to in the sub-section headed "Statutory and General Information—F. Other Information—8. Consents of Experts" in Appendix VI to this prospectus;

(o) service contracts and the letters of appointment referred to in the sub-section headed "Statutory and General Information—C. Further Information About Our Directors and Substantial Shareholders—1. Directors—(b) Particulars of service contracts and letters of appointment" in Appendix VI to this prospectus;

(p) the Cayman Companies Law;

(q) the terms of the Pre-IPO Share Option Scheme;

(r) the terms of the Pre-IPO Share Ownership Plan;

(s) the terms of the Pre-IPO Free Share Award Plan; and

(t) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

复星旅游文化集团

FOSUN TOURISM GROUP