

everyday is

FOLIDAY

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: 01992)



FOLIDAY 复星旅文

INTERIM
REPORT
2021

CONTENTS

Financial Summary	2
Business Overview	4
Management Discussion & Analysis	37
Interim Condensed Consolidated Statement of Profit or Loss	49
Interim Condensed Consolidated Statement of Comprehensive Income	50
Interim Condensed Consolidated Statement of Financial Position	51
Interim Condensed Consolidated Statement of Changes in Equity	53
Interim Condensed Consolidated Statement of Cash Flows	55
Notes to Interim Condensed Consolidated Financial Information	59
Statutory Disclosures	80
Corporate Information	92
Glossary	94



FINANCIAL SUMMARY

1

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Revenue	2,781,466	4,527,829
Resorts and destination operations	1,881,790	3,454,195
Tourism-related property sales and construction services	658,935	375,544
Tourism and leisure services and solutions	240,741	698,090
Gross profit	595,173	1,471,724
Operating loss	(1,380,107)	(477,260)
Loss before income tax	(1,865,301)	(907,051)
Loss for the period	(2,065,032)	(997,164)
Loss attributable to equity holders of the Company	(2,004,796)	(898,704)
Adjusted EBITDA	(564,971)	471,742
Adjusted net loss	(2,054,268)	(976,714)
Loss per share — basic (in RMB)	(1.62)	(0.73)
Loss per share — diluted (in RMB)	(1.62)	(0.73)
Interim dividend per share (in HKD)	Nil	Nil



EVERYDAY IS

FOLIDAY

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

Due to the continued spread of Novel Coronavirus (COVID-19) (the “Pandemic”) since the first half of 2021, various countries have taken stringent travel restrictions which significantly and negatively impacted the resort operations of the Group. Our Business Volume¹ of resorts and destination operations and tourism and leisure services and solutions (collectively as “tourism operation”), at constant exchange rate, decreased to RMB2,433.8 million for the six months ended 30 June 2021 from RMB4,190.5 million for the six months ended 30 June 2020, representing a year-on-year decrease of 41.9%. Our revenues decreased to RMB2,781.5 million for the six months ended 30 June 2021 from RMB4,527.8 million for the six months ended 30 June 2020. Gross profit decreased to RMB595.2 million for the six months ended 30 June 2021 from RMB1,471.7 million for the six months ended 30 June 2020. Adjusted EBITDA decreased to RMB negative 565.0 million for the six months ended 30 June 2021 from RMB471.7 million for the six months ended 30 June 2020. Loss attributable to equity holders was RMB2,004.8 million for the six months ended 30 June 2021, compared with loss attributable to equity holders of RMB898.7 million for the same period of last year.

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





1

RESORTS





CLUB MED

Club Med, headquartered in France and founded in 1950, is a world-renowned family centric all-inclusive leisure and vacation service provider. For the six months ended 30 June 2021, we have sales and marketing operations in more than 40 countries and regions across six continents, and operate 63 resorts², of which 35 resorts (including a cruise ship) are in EMEA, 12 resorts are in the Americas and 16 resorts are in the Asia Pacific region (including 7 resorts in China). In terms of business models, 14 resorts are under ownership model, 39 resorts are under lease model, and 10 resorts are under management contract model. During the first half of 2021, direct sales proportion through the global sales network of Club Med reached 69.0%.

However, due to the continued spread of the Pandemic in Club Med's major customer sourcing markets and destinations (except Mainland China) (the "Affected Areas"), governments of various countries implemented stringent Pandemic prevention measures and all mountain resorts of Club Med in the Alps (except Saint Moritz resort in Switzerland) were not in operation for the 2021 snow season³ and outbound travel from major customer sourcing markets were suspended.

At constant exchange rate, the Business Volume of Club Med reached RMB1,367.6 million for the six months ended 30 June 2021, decreased by 64.2% on year-on-year basis. The Business Volume of EMEA, the Americas and Asia Pacific decreased by 74.3%, 42.8% and 55.9% for the six months ended 30 June 2021, respectively, compared with the same period of 2020. The adjusted EBITDA of resort operation decreased to RMB negative 991.6 million for the six months ended 30 June 2021, compared to RMB358.5 million for the six months ended 30 June 2020.

1

Club Med Kani, Maldives

² *In the first half of 2021, we opened Seychelles resort in March, closed Tignes Val Claret resort in France in March, and closed Cervinia resort in Italy and Agadir resort in Morocco in June.*

³ *Refers to the period from January to April 2021*

	For the six months ended 30 June	
	2021	2020 ⁴
Business Volume by customer booking locations (RMB Millions)		
EMEA	609	2,369
Americas	524	916
Asia Pacific	235	533
Total	1,368	3,818

The following table sets out the capacity of resorts by type of resorts and by locations for the six months ended 30 June 2021, respectively:

Type of resorts	For the six months ended 30 June	
	2021	2020 ⁵
	'000	'000
Capacity		
Mountain	227	998
Sun	1,790	1,832
Club Med Joyview	428	224
Total	2,445	3,054
4&5 Trident%	90.5%	86.2%
Capacities of resorts by locations		
EMEA	455	1,240
Americas	979	892
Asia Pacific	1,011	922
Total	2,445	3,054

1
*Club Med La Rosière,
France*

Compared to the two months ended 29 February 2020 during which Club Med had a strong performance just before the global outbreak of COVID-19, for the two months ended 28 February 2021, the Business Volume of Club Med decreased by approximately 85.8%, at constant exchange rate, as a result of mandatory closure of ski slopes across French Alps by French Government and tightening travel restrictions by governments of certain countries and regions. As the Pandemic became gradually under control, we started reopening of certain resorts from

mid-May 2021. For the two months ended 30 June 2021, we recorded a very significant increase of orders in the second half of 2021, among which orders in EMEA and Americas grew by 39.0% and 69.0% respectively compared to that for the two months ended 30 June 2019. As of 30 June 2021, Club Med resumed 39 resorts globally, and as at June 2021, Club Med's capacity has increased by 352.5% of that of June 2020 and resumed to 58.4% of that of June 2019.

⁴ At constant exchange rate

⁵ At constant exchange rate





Certain key information with respect to our resort operations in the period of January to

February and March to June 2021 is set out below:

	January-February		March-June		For the six months ended 30 June	
	2021 ⁶	2020 ⁶	2021 ⁶	2020 ⁶	2021 ⁶	2020 ⁶
Business Volume (RMB Millions)	434.6	3,066.0	933.0	752.9	1,367.6	3,818.9
Capacity of Resorts (in thousands)	821	2,139	1,624	915	2,445	3,054
Occupancy Rate by Bed	36.9%	71.6%	45.5%	39.5%	42.6%	62.0%
Average Daily Bed Rate (RMB)	1,145.4	1,649.0	1,108.4	1,398.9	1,118.8	1,601.7
Revenue per Bed (RMB)	442.1	1,173.8	534.6	651.8	503.2	1,017.3

Meanwhile, in China where COVID-19 was well under control during the first half of 2021, we experienced a sound recovery. Business Volume of Club Med resorts in China grew by 171.9% in the first half year of 2021 compared to the same period of 2020.

We have continued to implement various safety measures to mitigate the impacts of COVID-19 on our resort operations, to ensure the health and safety of our customers and employees and to accelerate the rebound of our operation, including but not limited to implement COVID-19 prevention and control policies released by relevant government authorities. We further promoted "Safe Together" sanitary protocols in re-opened resorts, and assigned dedicated staff to supervise all aspects of the hygiene and security matters; we launched precise online marketing projects to optimize the customer traffic conversion and bookings for opened resorts.

As of 30 June 2021, we hold RMB753.2 million future travel credit, which we believe will guarantee the bounce back of our Business Volume after the Pandemic. In the first half of 2021, the overall satisfaction rate in our Global Review Index increased by 1.9% and reached 93.7%.

We implemented effective cash management measures, which includes but not limited to lease negotiation, postponing of certain social charges, and cancellation or postponing of capital expenditure. Our capital expenditure of resort operation for the six months ended 30 June 2021 was approximately RMB109.1 million, decreased by approximately 49.6% compared with same period of last year. Our fixed cost savings of resort business for the six months ended 30 June 2021 was approximately RMB1,178.0 million, and charges over fixed costs, decreased by approximately 32.0% compared with that of the same period in 2019.

1

*Club Med La Palmyre
Atlantique, France*



⁶ At constant exchange rate

BUSINESS OVERVIEW

The Pandemic prevention and vaccination adopted by various countries are still ongoing, the full recovery of our resort operation worldwide remains uncertain. However, thanks to our competitiveness in product and brand, our re-opened resorts achieved aspiring performance. For the 31 days ended 31 July 2021, compared to the same period of 2020, the global capacity has increased by 104.3%, with the capacity in EMEA, in Americas and in Asia Pacific increased by 79.5%, 1,064.7% and 13.7%, respectively. For the 31 days ended 31 July 2021, compared to the same period of 2019, the capacity has restored to 73.2%, with the capacity in EMEA, in Americas and in Asia Pacific restored to 74.4%, 83.5% and 59.5% respectively. The average occupancy rate⁷ of worldwide resorts achieved 67.1% in the 31 days ended 31 July 2021. In July 2021, we have 41 resorts in operation.

As of 31 July 2021, the cumulative bookings for the six months ending 31 December 2021, expressed in Business Volume at constant exchange rate, increased by approximately 97.8% compared to that for the second half of 2020 as of 31 July 2020, and recovered to 83.9% of that for the second half of 2019 as of 31 July 2019 which was before the Pandemic.

With the stable financial position and strong momentum of recovery, we are well prepared to continue the upscale strategy, globalization strategy, Happy Digital & C2M strategy and Ski ecosystem. We will continue to develop projects which are expected to be popular among customers. For the third quarter of 2021, thanks to the effective implementation of value pricing strategy, we expected that Average Daily Bed Rate will increase by approximately 17.0% as compare to that of the same period of 2019. In early 2021, we laid out a plan to open 16 new resorts by the end of 2023 of which eight resorts are in China. This plan was implemented on schedule in the first half of 2021. The new Exclusive Collection Seychelles resort opened in March 2021 and was fairly popular even during the Pandemic. Club Med Lijiang resort in Lijiang FOLIDAY Town will open in the upcoming autumn. Quebec Charlevoix resort and Changbaishan resort will open in the upcoming winter season. By 30 June 2024, 12 existing resorts worldwide are planned to complete renovation. By 2024, together with new opening and renovation, partially offset by the closure of obsolete resorts, we anticipate an increase of annual capacity by approximately 26% compared to that of 2019.

⁷ The 67.1% occupancy rate is based on limited capacity of resorts in certain regions due to requirements of social distance and sanitary measures.

1

Club Med Lijiang,
China

2

Casa Cook Rhodes,
Greece



This is a rendering for illustration purposes only, which does not completely represent the actual product



CASA COOK AND COOK'S CLUB SERIES BRANDS

We have acquired the hotel brands of Casa Cook and Cook's Club from Thomas Cook Group plc and its subsidiaries (collectively referred to as "Thomas Cook") upon their liquidation to further expand our resort and hotel portfolio globally. Casa Cook is an eclectic collection of lifestyle boutique resorts with a laid-back style that focuses on contemporary aesthetic and high-quality dining. Cook's Club is a lifestyle hotel concept aimed at the new generation of travellers looking for accommodation offering

value for money, without compromising on design or experience. We're also developing derivative brands from Casa Cook and Cook's Club based on niche demands. Upon acquiring related brands, we have been actively developing projects in different regions. As of 30 June 2021, we have entered into franchise agreements with 14 hotels in EMEA, and four new management agreements in China. Among them, as of 30 June 2021, a total of 10 hotels have been in operation.

The following table sets out the hotels in operation as of 30 June 2021:

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

⁸ Casa Cook Rhodes, Cook's Club Sunny Beach, Cook's Club City Beach Rhodes, Cook's Club Tigaki Kos, Cook's Club Palma Beach, Cook's Club Alanya, Cook's Club Hersonissos Crete and Cook's Club Adakoy were in operation before the liquidation of the Thomas Cook Group plc and rejoined the portfolio via franchise agreements with the Group after the acquisition of the hotel brands.

BUSINESS OVERVIEW

Casa Cook North Coast in Egypt opened its doors on 10 July 2021, bringing the total number of hotels in operation to 11 as of the end of July 2021.

In July, China's first Cook's Home⁹ hotel was successfully contracted at Thai Woo Town, Chongli, Zhangjiakou. We plan to further expand Casa Cook, Cook's Club, Cook's Home and other derivative brands (if any) worldwide, with not less than 30 hotels (including the hotels already opened) by the end of 2023.



This is a rendering for illustration purposes only, which does not completely represent the actual product



1

Casa Cook Samos, Greece

2

Casa Cook El Gouna, Egypt

3

Cook's Club El Gouna, Egypt

⁹ *Cook's Home is a derivative brand under Casa Cook and Cook's Club series brands.*



BUSINESS OVERVIEW

The resorts that we operated as of 30 June 2021 were as follows:

No.	Resort	Number of Beds	Duration ⁽¹⁾	Number of Rooms	Trident ⁽²⁾	Location	Year of opening	Type	Operating Model ⁽⁴⁾
EMEA									
1	ALBION	618	Permanent	260	5	Mauritius	2007	Sun	Leased
2	ALBION VILLAS	157	Permanent	27	5	Mauritius	2010	Sun	Leased
3	ARCS EXTREME	568	Seasonal	284	3	France	1980	Mountain	Leased
4	BODRUM	502	Seasonal	242	4	Turkey	1995	Sun	Managed
5	CAP SKIRRING	415	Seasonal	205	4	Senegal	1973	Sun	Leased
6	CEFALU	645	Seasonal	322	5	Italy	2018	Sun	Leased
7	CLUB MED 2	377	Permanent	184	5	CM2	1992	Sun	Owned
8	DA BALAJA	798	Seasonal	389	4	Portugal	1986	Sun	Leased
9	DJERBA LA DOUCE	1,044	Seasonal	498	3	Tunisia	1975	Sun	Leased
10	GRAND MASSIF CHALETS	78	Bi-seasonal	37	5	France	2019	Mountain	Leased
11	GRAND MASSIF SAMOENS MORILLON	941	Bi-seasonal	420	4	France	2017	Mountain	Leased
12	GREGOLIMANO	974	Seasonal	460	4	Greece	1978	Sun	Owned
13	KAMARINA	1,632	Seasonal	686	3	Italy	1981	Sun	Leased
14	KEMER	939	Seasonal	463	3	Turkey	1977	Sun	Owned
15	LA PALMYRE ATLANTIQUE	1,194	Seasonal	418	4	France	2003	Sun	Leased
16	LA PLAGNE 2100	587	Seasonal	339	4	France	1990	Mountain	Leased
17	LA POINTE AUX CANONNIERS	873	Permanent	393	4	Mauritius	1973	Sun	Leased
18	LA ROSIERE	877	Bi-seasonal	395	4	France	2020	Mountain	Leased
19	L'ALPE D'HUEZ LA SARENNE	996	Bi-seasonal	450	4	France	1985	Mountain	Leased
20	LES ARCS PANORAMA	965	Bi-seasonal	433	4+5	France	2018	Mountain	Leased
21	MARRAKECH LA PALMERAIE	869	Permanent	356	4+5	Morocco	2004	Sun	Leased
22	OPIO EN PROVENCE	910	Seasonal	429	4	France	1989	Sun	Leased
23	PALMIYE	1,777	Seasonal	722	4	Turkey	1988	Sun	Managed
24	PEISEY-VALLANDRY	730	Bi-seasonal	281	4	France	2005	Mountain	Leased

No.	Resort	Number of Beds	Duration ⁽¹⁾	Number of Rooms	Trident ⁽²⁾	Location	Year of opening	Type	Operating Model ⁽⁴⁾
25	PRAGELATO	701	Bi-seasonal	273	4	Italy	2012	Mountain	Leased
26	SAINT-MORITZ ROI SOLEIL	584	Seasonal	304	4	Switzerland	1963	Mountain	Leased
27	SERRE-CHEVALIER	985	Bi-seasonal	349	3	France	2001	Mountain	Leased
28	SEYCHELLES	612	Permanent	285	5	France	2021	Sun	Leased
29	VAL D'ISERE	554	Seasonal	275	4+5	France	1978	Mountain	Leased
30	VAL THORENS	776	Seasonal	384	4	France	2014	Mountain	Leased
31	VALMOREL	896	Bi-seasonal	415	4+5	France	2011	Mountain	Leased
32	VALMOREL CHALETS	311	Bi-seasonal	59	5	France	2011	Mountain	Leased
33	VITTEL ERMITAGE	194	Seasonal	104	4	France	1973	Sun	Leased
34	VITTEL LE PARC	827	Seasonal	363	3	France	1973	Sun	Leased
35	YASMINA	812	Seasonal	343	4	Morocco	1969	Sun	Leased
Americas									
1	CANCUN YUCATAN	1,316	Permanent	502	4+5	Mexico	1976	Sun	Owned
2	COLUMBUS ISLE	536	Permanent	236	4	Bahamas	1992	Sun	Owned
3	IXTAPA PACIFIC	793	Permanent	296	4	Mexico	1981	Sun	Owned
4	LA CARAVELLE	812	Permanent	378	4	France (Guadeloupe)	1974	Sun	Leased
5	LAKE PARADISE	968	Permanent	377	4	Brazil	2016	Sun	Leased
6	LES BOUCANIERS	646	Permanent	291	4	France (Martinique)	1969	Sun	Owned
7	MICHES	901	Permanent	340	5	Dominican Republic	2019	Sun	Leased
8	PUNTA CANA	1,734	Permanent	631	4+5	Dominican Republic	1981	Sun	Owned
9	RIO DAS PEDRAS	823	Permanent	379	4+5	Brazil	1988	Sun	Owned
10	SANDPIPER	934	Permanent	307	4	United States of America	1987	Sun	Owned
11	TRANCOSO	634	Permanent	255	4	Brazil	2002	Sun	Owned
12	TURQUOISE, TURCS & CAICOS	580	Permanent	291	4	Turks and Caicos	1985	Sun	Leased

BUSINESS OVERVIEW

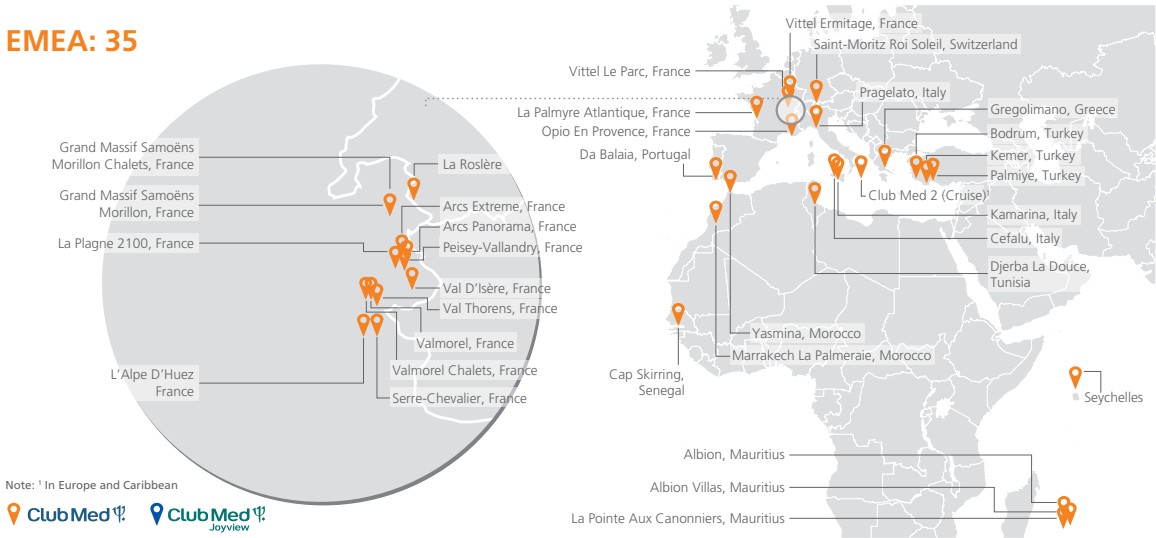
No.	Resort	Number of Beds	Duration ⁽¹⁾	Number of Rooms	Trident ⁽²⁾	Location	Year of opening	Type	Operating Model ⁽⁴⁾
Asia Pacific									
1	BALI	902	Permanent	393	4	Indonesia	1986	Sun	Owned
2	BEIDAHU	458	Seasonal	176	4	China	2016	Mountain	Managed
3	BINTAN ISLAND	656	Permanent	308	4	Indonesia	1996	Sun	Leased
4	CHERATING BEACH	681	Permanent	297	4	Malaysia	1979	Sun	Owned
5	CLUB MED JOYVIEW ANJI	810	Permanent	300	4	China	2018	JoyView	Managed
6	CLUB MED JOYVIEW GOLDEN COAST	780	Permanent	298	4	China	2018	JoyView	Managed
7	GUILIN	842	Permanent	348	4	China	2013	Sun	Managed
8	KABIRA	585	Permanent	181	4	Japan	1999	Sun	Leased
9	KANI	584	Permanent	272	4+5	Maldiv Islands	2000	Sun	Leased
10	KANI FINHOLU VILLAS	104	Permanent	52	5	Maldiv Islands	2015	Sun	Leased
11	PHUKET	799	Permanent	340	4	Thailand	1985	Sun	Owned
12	SAHORO HOKKAIDO	659	Seasonal	208	4	Japan	1988	Mountain	Leased
13	SANYA	957	Permanent	384	4	China	2016	Sun	Managed
14	TOMAMU HOKKAIDO	964	Bi-seasonal	341	4	Japan	2018	Mountain	Managed
15	YABULI	697	Saisonnier	279	4	China	2010	Mountain	Managed
16	YANQING	772	Permanent	307	4	China	2019	JoyView	Managed

Note:

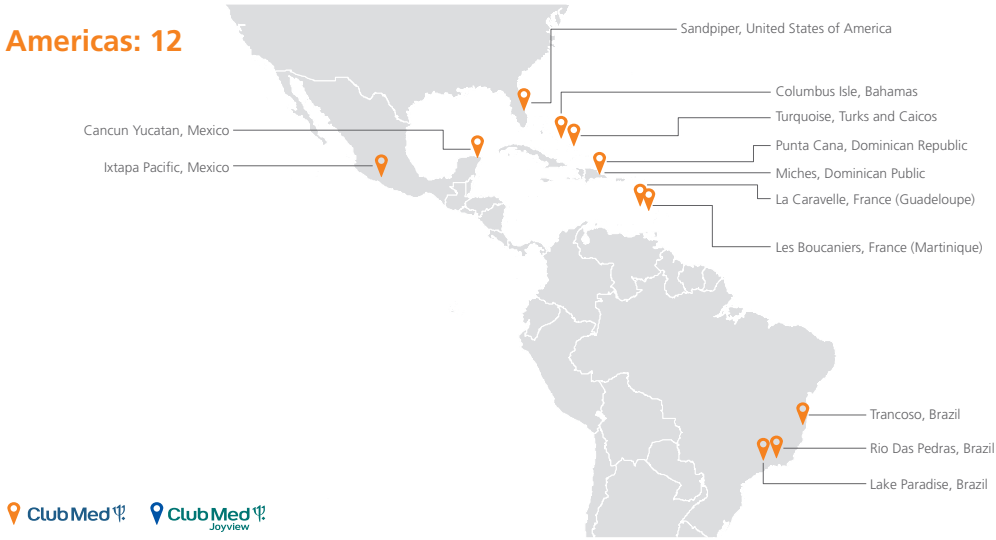
- (1) Permanent resorts open all year long. Seasonal resorts open in either the summer season or the winter season of each year. Bi-seasonal resorts open in the summer season and the winter season of each year.
- (2) "3": Three Trident Resort
"4": Premium Four Trident Resort
"4+5": Four Trident Resort 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.

The following maps illustrate the location of our resorts by region as of 30 June 2021:

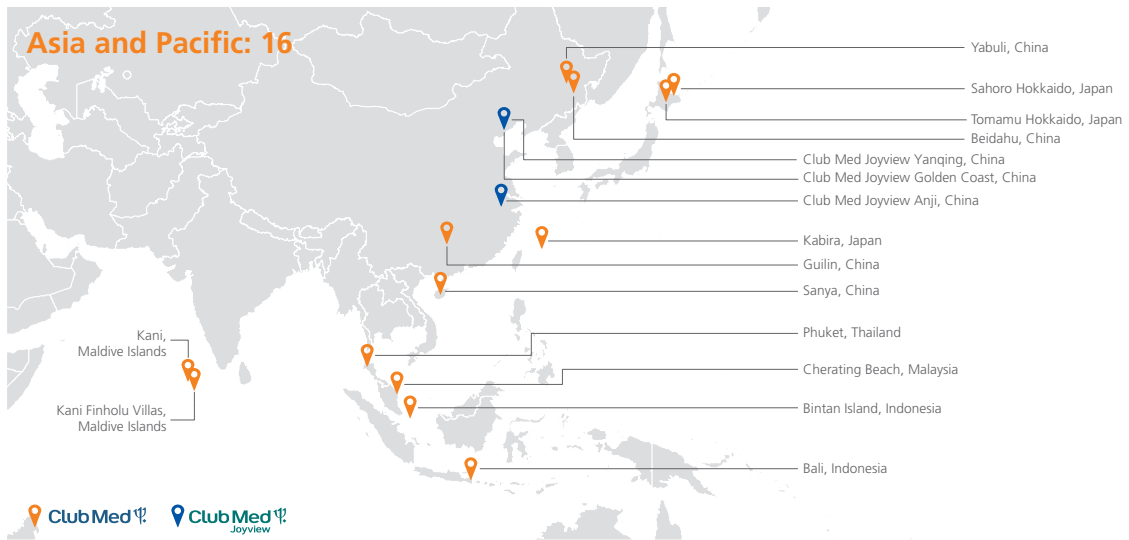
EMEA: 35



Americas: 12



Asia and Pacific: 16







TOURISM DESTINATIONS

ATLANTIS SANYA¹⁰

Our tourism destination, Atlantis Sanya, is located on the Haitang Bay National Coast of Sanya in Hainan province, China. Atlantis Sanya (the “Tourism Complex”) includes 1,314 premium guest rooms offering ocean views, one of China’s largest natural seawater aquariums, a themed waterpark with a total area of approximately 200,000 square meters, high quality food and beverage services, over 5,000 square meters of space for MICE¹¹ activities, and other recreational activities such as a shopping center. The Group commenced construction of Atlantis Sanya in 2014. Atlantis Sanya had its soft opening in February 2018 and officially opened on 29 April 2018.

1

Atlantis Sanya, China

¹⁰ *Atlantis Sanya is owned by the Group and managed by Kerzner, except for Tang Residence.*

¹¹ *Meetings, Incentives, Conferencing & Exhibitions.*

BUSINESS OVERVIEW

The Business Volume of its operating business increased from RMB331.3 million for the six months ended 30 June 2020 to RMB835.2 million for the six months ended 30 June 2021, increased by 152.1% compared with that of the same period in last year, of which room revenue increased by 152.0% compared with that of the same period in 2020, and other operating income increased by 152.1% compared with that of the same period in 2020. The average daily rate by room increased by 43.0% and the occupancy rate increased by 34.8 percentage points to 79.9%.

In the first half of 2021, with the Pandemic in Mainland China generally under control, even in the context of the advocating of staying put for the Lunar New Year by the local government, the second wave of Pandemic in Mainland China, and the restricted travel of primary and

secondary school students in major cities, benefiting from its outstanding product competitiveness and demand recovery, the operation of Atlantis Sanya still maintained a dynamic growth momentum. The number of visitors to Atlantis Sanya increased to approximately 2.6 million compared with 1.4 million in the same period of 2020. In the first half of 2021, the number of visits to the Waterpark and Aquarium reached 1.2 million and 0.6 million, respectively. The adjusted EBITDA of Atlantis Sanya for the first half of 2021 increased to RMB410.9 million, representing an increase of 309.1% compared with the same period of last year. Its operations have brought steady profits to the Group.

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

	For the six months ended 30 June	
	2021	2020
Business Volume (RMB'000)	835,150.6	331,339.8
Room Revenue (RMB'000)	471,025.5	186,928.4
Other Operating Revenue (RMB'000) ¹²	364,125.1	144,411.4
Occupancy Rate by Room	79.9%	45.1%
Average Daily Rate by Room (RMB)	2,478.0	1,732.3
RevPar by Room (RMB)	1,980.0	781.6



¹² 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.



In order to continuously enrich recreational offerings in the Tourism Complex, in the first half of 2021, Atlantis Sanya launched a series of collaborative marketing campaigns and upgraded products, including distinctive water experience activities such as paddle boards for wave pool and go-karts launched by the Aquaventure Waterpark. In order to enhance market exposure and the effect of activities, Atlantis Sanya collaborated with the Shede Spirits, participated in challenges of the Guinness World Records for the “Largest Underwater Mermaid Show” (最大規模的水下人魚秀), and made its debut in the first China International Consumer Products Expo. We have also increased the supply of travel retail in the Tourism Complex, promoted the layout and development of new retail areas, and introduced new merchants with popular brands such as Kaola Global and Pop Mart.

1
*Poseidon's Court,
Atlantis Sanya*

2
*Atlantis Sanya
successfully
challenged the
Guinness World
Records for the
“Largest Underwater
Mermaid Show”*

3
*5-meter underwater
giant DIMOO from
Pop Mart stationed in
Atlantis Sanya*



In July 2021, Business Volume of Atlantis Sanya was approximately RMB232.8 million, increased by approximately 57.6% compared with that of July 2020. The Occupancy Rate by Room was 96.0%, higher than the 88.1% in the same period of July 2020.

For the six months ended 30 June 2021, we delivered seven units of Tang Residence and recognized an amount of RMB627.9 million as revenue. As of 30 June 2021, we still have two villas available to be sold or delivered.



1 *Atlantis Sanya Aquaventure Waterpark Night Show*

2 *Aquaventure Waterpark, Atlantis Sanya*

3

Lijiang FOLIDAY
Town, China

FOLIDAY TOWN¹³ (復遊城)

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

LIJIANG FOLIDAY TOWN (麗江復遊城)

Lijiang FOLIDAY Town covers land parcels of approximately 695,000 square meters in Baisha town in Lijiang city, Yunnan province in Southwestern China, which is defined as an

international tourism destination targeting mid-to-high-end customers and plan to combine comprehensive tourism and leisure features, including three core IPs of Club Med Lijiang resort, “Flying Over the Hump” (飛越駝峰) themed Commercial Street and “Mysterious Forest Park” (雪山秘境) theme park, and over 3,000 vacation houses.

The GFA of Lijiang FOLIDAY Town is approximately 310,000 square meters and the project development costs (mainly including the cost to acquire the land use right and construction cost) is expected to be approximately RMB4.0 billion. The project was planned to include saleable vacations inns and residence with total GFA of over 237,000 square meters, certain portions of which had obtained approval from the regulatory authority. The saleable vacation inns and residence will be designed as low-rise detached houses with low density and low-rise courtyard houses, and the product is defined as “the vacation house at the foot of Jade Snow Mountain”.

¹³ FOLIDAY Town is designated to offer Foliday life style experience with integrated settings of international brands, intelligent operations and various innovation solutions in FOLIDAY ecosystem for global family.

3



This is a rendering for illustration purposes only, which does not completely represent the actual product

BUSINESS OVERVIEW

We began construction of Club Med Lijiang resort in 2019. Club Med Lijiang resort is preparing for its business launch, and is expected to open in the upcoming autumn. Club Med Lijiang resort has a GFA of approximately 57,000 square meters, and includes 302 vacation guest rooms with 770 beds.

We have started construction of saleable vacations inns and residence in the first half of 2020. The project has been completed in stages since late 2020, and is expected to achieve full completion from 2022 to the end of 2023. As of 30 June 2021, the total cost incurred in the Lijiang FOLIDAY Town was approximately RMB1,197.3 million, and a project development loan amounted to RMB1,300 million was granted to Lijiang FOLIDAY Town, of which RMB596 million has already been used in the project. As of 30 June 2021, Lijiang FOLIDAY Town has accumulatively obtained sales permit for GFA of approximately 28,500 square meters, with the number of sale sets of 482.



1 Club Med Lijiang, China

2 Lijiang FOLIDAY Town, China



TAICANG FOLIDAY TOWN (太倉復遊城)

Taicang FOLIDAY Town covers land parcels of approximately 483,000 square meters in Taicang city, Jiangsu province in East China. The project is adjacent to Shanghai, located near Taicang South Station. Taicang South Station was put into operation on 1 July 2020, it takes less than 30 minutes to reach Taicang FOLIDAY Town from Shanghai Hongqiao Transportation Hub.

Taicang FOLIDAY Town is designed to offer various themed experiences and tourism features, including but not limited to a large scale indoor ski domain in East China, a sports park, Club Med Joyview Taicang resort, a European style commercial street, and saleable vacation units.

The GFA of Taicang FOLIDAY Town is approximately 1,286,000 square meters and the project development costs (mainly including the cost to acquire the land use right and construction cost) is expected to be approximately RMB13.2 billion. The project was planned to include saleable vacation units with total GFA of over 554,000 square meters. The saleable vacation units are designed as high-rise residential buildings targeting mid-to-high-end customers. Our indoor ski domain of “Alpes Snow World” (阿爾卑斯雪世界) was designed by Compagnie des Alpes (“CDA”), one of the world’s leading ski domain operators based in France, to offer facilities and services with international standards. The construction of the Alpes Snow World has started in January 2021, which includes five ski slopes and seven “Magic

1



This is a rendering for illustration purposes only, which does not completely represent the actual product



1

Taicang FOLIDAY
Town, China

2

Alpes Snow World,
Taicang FOLIDAY
Town

Carpets” serving as conveyor belts and more than 20 sports items, aiming to create a customer experience close to real snow. As for the ski practices and training courses, we will establish a ski school for all ages with professional ski lessons of the European system offered by Club Med. Alpes Time Town (阿爾卑斯時光小鎮) and Club Med Joyview Taicang resort have entered the full construction phase in June 2021. The Alpes Time Town is designed by GENSLER, the world-renowned architectural design company, to meet customers’ diversified

needs. Club Med Joyview Taicang resort is expected to open by the end of 2023. Club Med Joyview Taicang resort has a GFA of approximately 50,000 square meters, and includes 308 vacation guest rooms with 770 beds to meet both family leisure needs and MICE needs. The construction of Taicang FOLIDAY Town is expected to be completed in stages starting from 2021 and achieve full completion in the following three to four years.

BUSINESS OVERVIEW

As of 30 June 2021, the total cumulative cost incurred in the Taicang FOLIDAY Town was approximately RMB3,549.4 million, which was mainly used for land acquisitions and construction costs. As of 30 June 2021, Taicang FOLIDAY Town has accumulatively obtained sales permit for GFA of approximately 143,000 square meters (1,260 sets of saleable property units, of which 396 sets were obtained in June 2021), and all of which were used for pre-sale, of which 750 sets of saleable units in aggregate

were pre-sold, with the pre-sold area of 82,457 square meters and the pre-sold value of RMB1,955 million. As of 31 July 2021, 823 sets of saleable property units in aggregate were pre-sold.

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



1
Alpes Time Town,
Taicang FOLIDAY
Town

2
Club Med Joyview
Taicang, China

ALBION

In 2016, we founded Albion brand, aiming to manage and operate one-stop tourism destinations, vacation residences and resorts in China. In the first half of 2021, Albion business continued to show a rapid expansion trend in Mainland China. We have one newly contracted resort in Taizhou, Zhejiang and one scenic management project in Changshu, Jiangsu. We are committed to looking for tourism destinations which meet multi-season family vacation needs.

As of 30 June 2021, Albion managed and operated three tourist destinations and six vacation residences and resorts in China, including Zhejiang, Hainan, Guangdong, Chongqing and Yunnan provinces. In the first half of 2021, the Business Volume of Albion is RMB45.6 million, increased by 85.7% compared with the same period in 2020, in which the vacation residence and resort sector increased by 104.3% year-on-year. As of 30 June 2021, the number of rooms under management were 920, and the additional number of rooms to be managed were 915.

In addition, we also continue to enrich our operation model and upgrade our operations in tourist destinations. With the delivery of properties of Taicang FOLIDAY Town and Lijiang FOLIDAY Town at the end of 2021, Albion will further expand its operations within the FOLIDAY ecosystem.



3

*Sanya Albion
Residence Haitang
Bay, China*

SERVICES AND SOLUTIONS

IN VARIOUS TOURISM AND LEISURE SETTINGS

Entertainment, other tourism and culture related services

Through the development of performance in tourism destinations, resorts and hotels by Fanxiu Performance (泛秀演藝), we meet the needs of customers for richer and happier vacation experiences and diversified lifestyles. Fanxiu Performance has launched the resident Show C in Atlantis Sanya in February 2019. The number of viewers of Fanxiu Performance reached 154,000 in the first half of 2021, an increase of 100.6% over the first half of 2020. Aiming for the vast number of parent-child customers in the Tourism Complex, we also launched a new product, namely Dolphin Science Theater (海豚科普劇場) during the first half of 2021.

Our international learning and playing club, Miniversity (迷你營) is dedicated to changing the ways how the next generation in China grow, covering innovative well-rounded education concepts to children and teenagers aged 2–16. Miniversity is also expanding new business, in Shanghai, Jiangsu, Zhejiang and Hainan regions, creating a series of study tour (遊學) courses through collaboration with the FOLIDAY ecosystem. In the first half of 2021, the number of students exceeded 9,300, a nearly ten-times increase over the same period of 2020. In July 2021, the number of Miniversity students in summer vacation reached 2,400 and



1 Miniversity

2 Fanxiu Performance

3 Foryou Ski



BUSINESS OVERVIEW

the Business Volume increased by 306.7% over the same period of 2020. In particular, products using Club Med Joyview Anji Resort and Atlantis Sanya as the venues were widely praised by students.

As of 30 June 2021, we have seven stores operating indoor ski simulators under the brand Foryou Ski (復遊雪), in which the design of ski courses fully covers the needs of families and young consumers, with the number of trainees exceeding 2,000, an increase of 42.9% over the first half of 2020.

Thomas Cook China and Thomas Cook UK

In November 2019, we acquired Thomas Cook's right, title and interest in trademark, domain names, software applications, social media accounts and licenses relating to the Thomas Cook brand across most international markets upon its liquidation. With a history of 180 years, the Thomas Cook brand is the frontrunner of establishing tourism industry and one of the most well-known tourism brands around the world. We aim to further expand our FOLIDAY platform business leveraging the extensive brand awareness and profound influence of Thomas Cook brand.

In July 2020, we launched the "Thomas Cook Lifestyle Platform" (Thomas Cook China), a content driven open platform focusing leisure lifestyle products with the support of our premium resources.

As of 30 June 2021, the application had approximately 1.5 million downloads. The platform is currently in a stage of rapid growth. In the first half of 2021, downloads of the application increased by 172.7% compared to that of the second half of 2020, and Thomas Cook China achieved Business Volume of approximately RMB161.4 million, representing an increase of 105.2% compared to that of the first half of 2020¹⁶, increased by 54.0% compared to that of the second half of 2020. As of 31 July 2021, the application had approximately 1.9 million downloads, and Thomas Cook China recorded Business Volume of RMB55.5 million, increased 47.5% compared to that of June 2021.



1
Thomas Cook Lifestyle Platform

¹⁶ After acquiring the right to use Thomas Cook's brand, the Company integrated various applications and channels on the original FOLIDAY distribution platform into the Thomas Cook lifestyle platform.



On 16 September 2020, the brand-new Thomas Cook online travel agent (Thomas Cook UK) was soft launched in UK, which aims to further strengthen our distribution capability in the European market and diversify the tourism products offered. In the first half of 2021, as affected by the Pandemic, travel in the UK was significantly restricted, our business focused on upgrading digital platforms and launching brands in core European markets to gain awareness and scale. In the first half of 2021, Thomas Cook UK recorded a Business Volume of approximately RMB113.4 million. With the UK lifting all travel restrictions on 19 July 2021, Thomas Cook UK achieved Business Volume of RMB29.8 million in July, increased by 94.2% compared to that of June 2021.

Member Loyalty Programs

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

Tencent Wealth Management members. As of 30 June 2021, Foryou Club had approximately 6.6 million members.

Our Business in Hainan

On 1 June 2020, the Chinese government issued Overall Plan for the Construction of Hainan Free Trade Port (《海南自由貿易港建設總體方案》), which provides comprehensive policies and guidelines around building up Hainan Free Trade Port, including taxation, infrastructure, talent introduction, international trade and other relevant aspects. On 11 June 2021, the Law of the People's Republic of China on Hainan Free Trade Port (《中華人民共和國海南自由貿易港法》) was passed, which includes trade and investment, fiscal and taxation, ecological protection, industrial development, talent support, comprehensive measures, etc., providing a legal ground for the high-level opening of Hainan Free Trade Port and the development of system innovation.

As of 30 June 2021, our business in Hainan includes not only Atlantis Sanya, Club Med Sanya resort, but also our services and solutions, including resident Show C, Foryou Ski and travel agency business. We are actively searching opportunities to further develop our business in

Hainan Free Trade Port. We intend to actively expand the tourism destination business in Hainan under the brand of FOLIDAY Town, and reached cooperative intention with Sanya municipal government on the development of Sanya FOLIDAY Town. We are expanding new businesses in areas such as tourism retail and lifestyle products to strengthen cooperation with IP within the Group. According to Frost & Sullivan, our operation of Atlantis Sanya and Club Med Sanya Resort together makes us the largest high-end resort provider in Sanya, based on number of guest rooms with an average daily rate by room of above RMB1,000 in 2019.

Ski Ecosystem

We are committed to building an extensive and a comprehensive ski ecosystem. We are the largest supplier of ski resorts in Europe in terms of the number of ski resorts in 2019¹⁷. Club Med now operates 15 and four mountain (ski) resorts in Europe and the Asia Pacific respectively. By the end of 2023, we plan to open six to eight mountain resorts, in which two new mountain resorts would be located in China, including Club Med Changbaishan resort and Club Med Chongli Thai Woo resort (崇禮太舞度假村). By then, we have developed six to eight mountain resorts in China and the surrounding countries. The “Alpes Snow World” in Taicang FOLIDAY Town is planned to be a large scale indoor ski domain, designed and jointly managed by Compagnie des Alpes (CDA), a French leading ski domain operator. It includes five ski slopes and seven “Magic Carpets” and provides more than 20 ski and entertaining snow items. We have seven stores of indoor ski simulators under the brand “Foryou Ski” which pursue the provision of quality ski solutions for people living in cities.

¹⁷ According to Frost & Sullivan’s report.

SELECTED ITEMS OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
REVENUE	2,781,466	4,527,829
Cost of revenue	(2,186,293)	(3,056,105)
Gross profit	595,173	1,471,724
Other (expenses)/income and gains, net	(616,791)	(618,205)
Selling and marketing expenses	(631,231)	(788,329)
General and administrative expenses	(727,258)	(542,450)
Finance costs	(483,475)	(425,030)
Share of profits and losses of:		
Associates	(1,719)	(4,761)
LOSS BEFORE TAX	(1,865,301)	(907,051)
Income tax expense	(199,731)	(90,113)
LOSS FOR THE PERIOD	(2,065,032)	(997,164)
Attributable to:		
Equity holders of the Company	(2,004,796)	(898,704)
Non-controlling interests	(60,236)	(98,460)
	(2,065,032)	(997,164)

Revenue by business function and business segment

Revenue: Our revenue decreased by 38.6% from RMB4,527.8 million for the six months ended 30 June 2020 to RMB2,781.5 million for the six months ended 30 June 2021. Due to the closure and inactiveness of all mountain resorts of Club Med in the Alps (except Saint Moriz resort in Switzerland) 2021 snow season, and due to suspension of outbound travel from major customer sourcing markets, our global tourism operation has been negatively impacted during first six months of 2021. Meanwhile, our tourism operations in China have experienced a significant recovery during first six months of 2021, which has been partially offset by the decrease of revenue in other countries.

	For the six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
Resorts and destination operations	1,911,283	68.7%	3,495,463	77.2%
— Resorts and Hotels	1,024,796	36.8%	3,131,887	69.2%
— Tourism destinations	886,487	31.9%	363,576	8.0%
Tourism-related property sales and construction services	658,935	23.7%	375,544	8.3%
— Resorts and Hotels	34,803	1.3%	8,759	0.2%
— Tourism destinations	624,132	22.4%	366,785	8.1%
Tourism and leisure services and Solutions	249,259	9.0%	701,354	15.5%
— Resorts and Hotels	163,677	5.9%	639,758	14.1%
— Services and solutions in various tourism and leisure settings	85,582	3.1%	61,596	1.4%
Intersegment eliminations	(38,011)	(1.4%)	(44,532)	(1.0%)
Total revenue from contracts with customers	2,781,466	100.0%	4,527,829	100.0%

Resorts and Destination Operations: Revenue of resorts and destination operations decreased by 45.3% from RMB3,495.5 million for the six months ended 30 June 2020 to RMB1,911.3 million for the six months ended 30 June 2021.

Resort operation revenue decreased by 67.3% year-on-year, reflecting the decrease of the resort capacity by 19.9%, occupancy rate by 19.4 percentage points and Average Daily Bed Rate by 30.2%, due to the closure of mountain resorts and travel restrictions in relation to the ongoing COVID-19 public health prevention measures.

Tourism destination operation revenue mainly includes operation revenue of Atlantis Sanya and Albion. With the gradual control of COVID-19 outbreak in China, outstanding product and brand power competitiveness, and the strong rebound of leisure travel demand in China, the operation revenue of Atlantis Sanya significantly increased by 152.1% from RMB331.3 million for the six months ended 30 June 2020 to RMB835.2 million for the six months ended 30 June 2021, or an increase of 27.3% compared to the same period of 2019. Meanwhile, the operation revenue of Albion increased by 81.5% year-on-year mainly due to the recovery of China tourism market and strong brand awareness.

Tourism-related property sales and construction services: Revenue increased by 75.5% to RMB658.9 million, as we delivered seven Tang Residence units, most of which are villas. During the Reporting Period, construction of saleable vacation inns and residences in Lijiang and Taicang FOLIDAY Towns were still ongoing. We started the pre-sale of Taicang saleable vacation units in July 2020 and started sale of partial Lijiang saleable vacation units in November 2020.

Tourism and leisure services and solutions: Revenue of tourism and leisure services and solutions decreased by 64.5% year-on-year, mainly due to decrease in transportation services, which has partially offset by the increase of other services and solutions related to entertainment, kid-playing activities, Thomas Cook China and Thomas Cook UK.

Cost of revenue by business function

	For the six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
Resorts and destination operations	1,775,830	81.2%	2,340,050	76.6%
Tourism-related property sales and construction services	220,471	10.1%	110,168	3.6%
Tourism and leisure services and solutions	222,292	10.2%	649,273	21.2%
Intersegment eliminations	(32,300)	(1.5%)	(43,386)	(1.4%)
Total	2,186,293	100.0%	3,056,105	100.0%

Gross profit and gross profit margin by business function

	For the six months ended 30 June			
	2021		2020	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Resorts and destination operations	135,453	7.1%	1,155,413	33.1%
Tourism-related property sales and construction services	438,464	66.5%	265,376	70.7%
Tourism and leisure services and solutions	26,967	10.8%	52,081	7.4%
Intersegment eliminations	(5,711)	N/A	(1,146)	N/A
Total	595,173	21.4%	1,471,724	32.5%

Cost of revenue, gross profit and gross profit margin by business function: Cost of revenue decreased by 28.5% from RMB3,056.1 million for the six months ended 30 June 2020 to RMB2,186.3 million for the six months ended 30 June 2021, primarily due to the decrease of our tourism operation outside China. We have implemented various strict cost control measures and policies, including but not limited to reduction of human resources costs, rental cost adjustments, optimization of energies and other fixed costs, cancellation and reduction of various variable costs and expenses, etc. to mitigate the COVID-19 impact on our operation.

Gross profit decreased by 59.6% and gross profit margin decreased from 32.5% to 21.4% year-on-year. Gross profit for resorts and destination operations decreased by 88.3% and gross profit margin decreased from 33.1% to 7.1% compared with same period of last year. The decrease was mainly due to certain fixed costs arising from the temporary closure of resorts as a result of the Pandemic, and certain variable costs caused by a sudden tightening of travel restrictions. Gross profit of tourism related property sales and construction services increased by 65.3% while the gross profit margin decreased by 4.2 percentage points.

Other (expenses)/income and gains, net

We incurred a net loss of RMB616.8 million in the first six months of 2021 comparing with a net loss of RMB618.2 million in the same period of last year. Net loss in the first half of 2021 was mainly due to exceptional costs amounted to RMB582.2 million relating to the Pandemic, including the costs of the business during their closure when they are supposed to be open before the Pandemic, and additional costs due to the Pandemic.

Selling and marketing expenses

Selling and marketing expenses decreased by 19.9% year-on-year to RMB631.2 million for the first six months ended 30 June 2021, mainly due to (i) commission on sales for resorts and destination operation and property sales decreased by 52.0% year-on-year to RMB99.6 million (the first half of 2020: RMB207.3 million), which was in line with the lower revenue of tourism operation sales, (ii) advertising and promotion costs decreased by RMB56.3 million as a result of cost saving policies.

General and administrative expenses

General and administrative expenses increased by RMB184.8 million to RMB727.3 million in the first six months of 2021. The change was primarily due to increase of employee costs and management fee in line with business recovery, especially in China market.

Operating loss by segment

Our operating loss was RMB1,380.1 million in the first six months of 2021, comparing with the operating loss of RMB477.3 million in the same period of last year.

	For the six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
Resorts and Hotels	(1,803,435)	130.7%	(498,200)	104.4%
Tourism destinations	590,035	(42.8%)	157,442	(33.0%)
Services and solutions in various tourism and leisure settings	(89,345)	6.5%	(61,135)	12.8%
Eliminations and unallocated expenses	(77,362)	5.6%	(75,367)	15.8%
Total	(1,380,107)	100.0%	(477,260)	100.0%

Resorts & Hotels: Resorts business incurred an operating loss of RMB1,803.4 million in the first six months of 2021 compared with an operating loss of RMB498.2 million in the same period of 2020, reflecting the continuous impact to our Business Volume from the Pandemic.

Tourism destinations: Operating profit increased from RMB157.4 million to RMB590.0 million in the first six months of 2021. Operation of Atlantis Sanya changed from operating loss of RMB31.5 million in the first six months of 2020 to operating profit of RMB293.5 million in the same period of 2021, representing an increase of RMB325.0 million year-on-year, mainly driven by the recovery of China tourism market and strong brand awareness. Operating profit contributed by the delivery of Tang Residence increased to RMB384.4 million mainly due to the changes in delivery cycle.

Services and solutions in various tourism and leisure settings: Operating loss for the first six months ended 30 June 2021 was RMB89.3 million compared with RMB61.1 million for the same period of 2020 due to increased development and promotion costs of Thomas Cook China and Thomas Cook UK.

Finance costs

Finance costs net of capitalized interest slightly increased by RMB58.4 million from RMB425.0 million for the first six months of 2020 to RMB483.5 million in the same period of 2021, which is primarily attributable to the increase in interest expenses on the assets-backed securities (commercial mortgage backed securities in specific, "CMBS"). We issued the CMBS amounting to RMB6.8 billion with a coupon rate of 5% in March 2020, which had an interest bearing period of six months in the first half year of 2021.

Income tax expense

Income tax expenses increased by RMB109.6 million from RMB90.1 million in the first six months of 2020 to RMB199.7 million in the same period of 2021. The income tax expense for the six months ended 30 June 2021 primarily comprised of PRC land appreciation tax ("LAT") amounted to RMB160.7 million in relation to the sales of tourism-related property sales.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. We have estimated, prepaid and accrued LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations.

Non-IFRS Measures

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

ADJUSTED EBITDA

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
Loss before income tax	(1,865,301)	(907,051)
Adjustment:		
Depreciation	889,694	948,517
Amortization	77,137	68,296
Finance costs	483,475	425,030
Land appreciation tax	(160,740)	(83,500)
EBITDA	(575,735)	451,292
Add:		
Equity-settled share-based payments	10,764	20,450
Adjusted EBITDA	(564,971)	471,742
Arising from tourism operation ⁽¹⁾	(687,565)	381,003
Arising from tourism-related property sales ⁽¹⁾	122,594	90,739

Note:

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

Adjusted EBITDA

Adjusted EBITDA decreased from RMB471.7 million in the first six months of 2020 to RMB negative 565.0 million in the same period of 2021.

Adjusted EBITDA arising from tourism operation was RMB negative 687.6 million in the first six months of 2021, compared with RMB381.0 million in the same period of 2020. Adjusted EBITDA of resorts operation was RMB negative 991.6 million in the first six months of 2021, compared with RMB358.5 million in the same period of last year, which was mainly caused by COVID-19 impact on our operation. Adjusted EBITDA of Atlantis Sanya in the first six months of 2021 increased to RMB410.9 million from RMB100.4 million in the same period of 2020, primarily due to recovery of the domestic market.

Adjusted EBITDA of tourism-related property sales in the first six months of 2021 was RMB165.6 million before netting off unallocated expenses, mainly arising from the delivery of Tang Residence units.

Adjusted Net Loss

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Net Loss	(2,065,032)	(997,164)
Add:		
Equity-settled share-based payments	10,764	20,450
Adjusted Net Loss	(2,054,268)	(976,714)

Capital expenditures

Our major capital expenditures primarily consisted of expenditures to land use rights and property, plant and equipment. We funded our capital expenditures from our internal resources, proceeds from share offerings, bank borrowings, leases, and related company loans. The amount of capital expenditures of the Group for the first six months ended 30 June 2020 and 2021 were RMB596.3 million and RMB417.0 million, respectively. The capital expenditure incurred in the first half of 2021 mainly related to capital expenditures in tourism destination projects, upgrade or renovation of existing resorts, and investments in digital technology. For the six months ended 30 June 2021, our capital expenditure for resorts decreased by approximately RMB107.3 million compared with same period of last year as we postponed and cancelled certain capital expenditures as part of the cost control measures. Meanwhile, the capital expenditure for tourism destination decreased by RMB116.2 million, mainly due to the construction arrangement of Taicang and Lijiang FOLIDAY Town projects. We will strike a balance between short term saving and long term efficiency and flexibility, to enable our business operate effectively going forward.

Indebtedness, Liquidity and Financial Resources of the Group

Our Group funds our investments and operations principally with cash generated from our operations, bank and other borrowings, funds raised from the capital market, and capital investments by our Controlling Shareholders.

Our indebtedness included interest-bearing bank and other borrowings, convertible bonds, and lease liabilities. As of 30 June 2021, the total debt of the Group was RMB23,430.3 million. The total debt excluding lease liabilities was RMB13,767.4 million, representing an increase from RMB13,353.1 million as at 31 December 2020.

As of 30 June 2021, excluding lease liabilities, the indebtedness of the Group over one year accounted for 83.4% of the total indebtedness as opposed to 83.6% as at 31 December 2020. As of 30 June 2021, cash and bank balance increased by 12.8% to RMB5,157.6 million as compared with RMB4,571.2 million as at 31 December 2020, reflecting our improved financing structure. Our undrawn banking facilities as of 30 June 2021 amounted to RMB4,367.4 million in total.

The original denomination of the Group's total debt excluding lease liabilities as well as cash and bank balance by currencies, equivalent in RMB, as of 30 June 2021, is summarized as follows:

THE TOTAL DEBT EXCLUDING LEASE LIABILITIES

	For the six months ended 30 June 2021	
	RMB'000	%
RMB	8,363,266	60.8%
EUR	4,136,558	30.0%
HKD	838,340	6.1%
USD	429,274	3.1%

CASH AND BANK BALANCES

	For the six months ended 30 June 2021	
	RMB'000	%
RMB	4,152,136	80.6%
USD	190,725	3.7%
BRL	179,884	3.5%
EUR	172,475	3.3%
CAD	150,654	2.9%
HKD	123,584	2.4%
GBP	93,905	1.8%
Others	94,189	1.8%

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

- In January 2021, Club Med obtained long term loan amounted to Euro 70 million (equivalent of RMB538 million) from banks which was guaranteed by the French government. The loan has zero interest rate plus 0.5% guarantee fee in the first year, and a maturity of up to six years.
- In the first six months of 2021, we have obtained additional long term loan facility amounting to RMB430.0 million related to Taicang Foliday Town.

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

The maturity profile of outstanding interest-bearing bank and other borrowings

The Group sought to manage and extend the maturity of outstanding borrowings, so as to ensure that the outstanding borrowings of the Group due to mature every year would not exceed the expected cash flow of that year and the Group has the re-financing ability for the relevant liabilities in that year.

As at 30 June 2021, the total amount of interest-bearing bank and other borrowings was RMB13,755.5 million, within which RMB2,282.2 million was repayable within one year. Our undrawn banking facilities as of 30 June 2021 amounted to RMB4,367.4 million in total.

Outstanding interest-bearing bank and other borrowings classified by year of maturity as at 30 June 2021 were as follows: 16.6% of the outstanding borrowings was within one year, 6.7% of that was in the second year, 29.5% of that was in the third to fifth year, and 47.2% of that was over five years.

Capital Structure

The Group continued to maintain a healthy and sound financial position. Our total assets slightly decreased from RMB38,686.6 million as of 31 December 2020 to RMB37,893.7 million as of 30 June 2021, and our total liabilities increased from RMB33,342.7 million as of 31 December 2020 to RMB34,346.1 million as of 30 June 2021. We changed the net current assets position of RMB225.6 million as of 31 December 2020 to net current liabilities of RMB2,082.5 million as of 30 June 2021.

Our current ratio decreased from 1.0 as of 31 December 2020 to 0.8 as of 30 June 2021, primarily due to increased advances received from customers of Club Med and FOLIDAY Town.

Our gearing ratio slightly increased from 47.9% as of 31 December 2020 to 48.2% as of 30 June 2021 which remained stable and healthy.

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

Pledged Assets

As at 30 June 2021, the Group had pledged assets of RMB5,333.9 million (31 December 2020: RMB5,427.1 million) for bank and other borrowings. The decrease is mainly due to we repaid part of our bank borrowings while increased other borrowings, which has different scope of pledged assets. Details of pledged assets are set out in note 13 to financial statements.

Cash Flow

As of 30 June 2021, we had cash and bank balances of approximately RMB5,157.6 million. The following table sets out our cash flows for the periods indicated:

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
Net cash flows generated from/(used in) operating activities¹	1,320,388	(730,300)
Net cash flows used in investing activities ²	(447,785)	(497,611)
Net cash flows (used in)/generated from financing activities	(263,439)	5,626,776
Cash and bank balances at end of the period	5,157,552	6,548,107
Analysis of balances of cash and cash equivalents		
Cash and bank balances at end of the period	5,157,552	6,548,107
Less: Pledged bank balances	7,276	4,987
Time deposits with original maturity of more than three months	200,161	288,167
Restricted pre-sale proceeds	286,227	—
Cash and cash equivalents at end of the period	4,663,888	6,254,953

CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

Our net cash flows used in operating activities of RMB1,320.4 million for the six months ended 30 June 2021, reflected our loss before income tax of RMB1,865.3 million, as adjusted by (A) adjustments including certain non-cash or non-operating items such as depreciation and amortization of RMB966.8 million, interest expenses of RMB483.5 million, and non-cash gain of RMB67.0 million from rent concessions; (B) changes in working capital including (i) an increase in contract liabilities of RMB980.8 million and an increase in other payables and accruals of RMB539.3 million mainly due to the increased advances received from customers of Club Med and FOLIDAY Towns; (ii) an increase in operating trade payables of RMB327.5 million, mainly due to increase in payables to Club Med operating suppliers caused by aspiring performance of our re-opened resorts.

CASH FLOWS USED IN INVESTING ACTIVITIES

For the six months ended 30 June 2021, our net cash flows used in investing activities of RMB447.8 million, primarily reflected (i) RMB315.2 million in purchases of property, plant, and equipment items, mainly for capital expenditures in tourism destination projects, upgrade or renovation of existing resorts; (ii) RMB86.4 million in purchases of intangible assets, mainly for investments in Thomas Cook lifestyle platform, software and IT solutions for tourism operation.

CASH FLOWS USED IN FINANCING ACTIVITIES

For the six months ended 30 June 2021, our net cash flows used in financing activities of RMB263.4 million, primarily reflected (i) payment of lease liabilities of RMB528.1 million; (ii) interest payment of RMB264.9 million; partially offset by (iii) net increase of bank loan and other borrowings of RMB547.2 million, which included new additions of RMB2,684.1 million and repayment of RMB2,136.9 million.

1 Excluding flow of pledged bank balances and restricted pre-sale proceeds

2 Excluding flow of time deposits with original maturity of more than three months. Because the Group can free use the time deposits if we waived the interest income receivable related to the deposits.

NET CURRENT ASSETS/(LIABILITIES)

Our current assets consist principally of cash and bank balances, prepayments, deposits and other receivables, amounts due from related companies, properties under development, and completed properties for sale, and financial assets at fair value through profit or loss. The key components of our current liabilities are accrued liabilities and other payables, interest-bearing bank and other borrowings, trade payables, contract liabilities, amounts due to related companies, and lease liabilities.

As of 30 June 2021, the total current assets was RMB10,668.6 million and the total current liabilities was RMB12,751.1 million. We changed the net current assets position of RMB225.6 million as of 31 December 2020 to net current liabilities of RMB2,082.5 million as of 30 June 2021. Our current ratio decreased from 1.0 as of 31 December 2020 to 0.8 as of 30 June 2021, primarily due to increased advances received from customers of Club Med and FOLIDAY Town. We had cash and bank balances of RMB5,157.6 million, undrawn bank facilities of RMB4,367.4 million, and interest-bearing bank and other borrowings within one year of RMB2,282.2 million. We believe we have sufficient resources such as cash and bank balances, positive free cash flow generated from operations, and available banking facilities to fund our future business.

Contingent Liabilities

During the Reporting 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.

The Group's contingent liabilities were RMB34.7 million as at 30 June 2021 comparing with RMB265.4 million as at 31 December 2020. Details of contingent liabilities are set out in note 16 to financial statements.

Exchange Rate Fluctuation

CURRENCY FLUCTUATION EFFECTS ON TRANSACTIONS

The Group has resorts and commercial operations in over 40 countries and regions which are exposed to foreign exchange risks arising from various currency exposures. Major currencies for our commercial transaction included the Euro, U.S. dollar, British Pound, Hong Kong dollar and Canadian dollar. We were engaged in hedging transactions to limit the impact of changes in interest rates, indebtedness and the effects of changes in foreign exchange rates on commercial operation and to reduce our exposure to market volatility. During the first half of 2021, unprecedented factors including the ongoing COVID-19 situation severely increased the volatility of the currencies. Euro depreciated against a lot of currencies such as British Pound, Canadian dollar, Seychelles Rupee and South African Rand, leading to foreign currency exchange losses. For the six months ended 30 June 2020 and 2021, we recorded foreign exchange loss of RMB66.9 million and RMB79.2 million in other income and gains, net, respectively.

CURRENCY FLUCTUATION EFFECTS ON TRANSLATIONS

Our consolidated financial statements are prepared in RMB, our Group's reporting currency. In preparing the consolidated financial statements, the results of operations of our subsidiaries outside the PRC are translated from their functional currencies into RMB. The assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the period. Fluctuations in the value of the exchange rates of our subsidiaries from one year to the next affect our consolidated results of operations. Exchange differences on translation of foreign operations are recognized in our exchange fluctuation reserve, the movement of which is recorded in other comprehensive income. We recorded a loss of RMB426.0 million and a gain of RMB218.7 million for the six months ended 30 June 2020 and 2021, respectively, which mainly came from the translation of foreign operations of Club Med.

FINANCE POLICIES AND RISK MANAGEMENT

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 risk. 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 financial risks.

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 forward currency contracts and the currency swaps was assessed to be effective as of 30 June 2021.

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 30 June 2021 and 31 December 2020, approximately 52.2% and 53.3% 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. The interest rate swaps 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, principal amount of the interest-floating borrowings and changes in variable rates which are generally based on the Europe Interbank Offered Rate. Changes in the fair value of non-hedging interest rate 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, restricted cash, trade receivables, contract assets, deposits and other receivables, and amounts due from related parties included in our statements of financial position represent our maximum exposure to credit risk in relation to our financial assets.

As at 30 June 2021 and 31 December 2020, 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, and convertible bonds. 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 Reporting Period.

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 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. The terms of the above hedging instruments seek to match the expected highly probable forecast transactions. 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 swaps on certain variable rate debts. 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
REVENUE	4	2,781,466	4,527,829
Cost of revenue		(2,186,293)	(3,056,105)
Gross profit		595,173	1,471,724
Other (expenses)/income and gains, net	5	(616,791)	(618,205)
Selling and marketing expenses		(631,231)	(788,329)
General and administrative expenses		(727,258)	(542,450)
Operating loss		(1,380,107)	(477,260)
Finance costs	6	(483,475)	(425,030)
Share of profits and losses of: Associates		(1,719)	(4,761)
LOSS BEFORE INCOME TAX	7	(1,865,301)	(907,051)
Income tax expense	8	(199,731)	(90,113)
LOSS FOR THE PERIOD		(2,065,032)	(997,164)
Attributable to:			
Equity holders of the Company		(2,004,796)	(898,704)
Non-controlling interests		(60,236)	(98,460)
		(2,065,032)	(997,164)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic			
— For loss for the period (RMB)	10	(1.62)	(0.73)
Diluted			
— For loss for the period (RMB)	10	(1.62)	(0.73)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
LOSS FOR THE PERIOD	(2,065,032)	(997,164)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	11,758	(8,903)
Reclassification adjustments for losses included in the consolidated statement of profit or loss	6,509	42,902
	18,267	33,999
Exchange differences on translation of foreign operations	218,743	(426,021)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	237,010	(392,022)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to employee benefits	14,900	(4,327)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	14,900	(4,327)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	251,910	(396,349)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(1,813,122)	(1,393,513)
Attributable to:		
Equity holders of the Company	(1,755,865)	(1,215,069)
Non-controlling interests	(57,257)	(178,444)
	(1,813,122)	(1,393,513)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	9,538,112	9,913,468
Right-of-use assets		11,070,775	11,115,553
Intangible assets		2,731,360	2,836,417
Goodwill		1,772,297	1,847,305
Investments in associates		245,438	224,734
Financial assets at fair value through profit or loss		151,031	77,872
Properties under development		986,564	1,516,108
Due from related companies		2,205	2,037
Prepayments, other receivables and other assets		578,190	449,392
Deferred tax assets		149,113	106,423
Total non-current assets		27,225,085	28,089,309
CURRENT ASSETS			
Inventories		219,587	204,926
Completed properties for sale		126,009	312,964
Properties under development		1,777,251	1,029,608
Trade receivables	12	470,347	483,276
Contract assets and other assets		781	5,325
Prepayments, other receivables and other assets		1,756,934	1,790,383
Due from related companies		838,303	1,836,748
Derivative financial instruments		6,370	32,302
Financial assets at fair value through profit or loss		315,507	330,504
Cash and bank balances		5,157,552	4,571,249
Total current assets		10,668,641	10,597,285
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	13	2,282,210	2,187,901
Contract liabilities		1,602,963	618,456
Trade payables	14	1,849,826	1,522,315
Accrued liabilities and other payables		5,121,319	4,887,727
Tax payable		226,554	30,091
Lease liabilities		795,983	922,762
Due to related companies		835,864	16,407
Derivative financial instruments		36,378	185,992
Total current liabilities		12,751,097	10,371,651
NET CURRENT (LIABILITIES)/ASSETS		(2,082,456)	225,634
TOTAL ASSETS LESS CURRENT LIABILITIES		25,142,629	28,314,943

Continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Convertible bonds		11,935	12,044
Interest-bearing bank and other borrowings	13	11,473,293	11,153,182
Lease liabilities		8,866,910	8,844,827
Contract liabilities		4,073	7,781
Deferred income		124,243	131,231
Due to related companies		—	1,828,914
Other long-term payables		616,335	485,381
Financial liabilities at fair value through profit or loss		—	2,000
Deferred tax liabilities		498,222	505,697
Total non-current liabilities		21,595,011	22,971,057
Net assets		3,547,618	5,343,886
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		185	183
Shares held for the share-based payment schemes		(3,004)	(3,004)
Reserves		3,353,421	5,129,015
		3,350,602	5,126,194
Non-controlling interests		197,016	217,692
Total equity		3,547,618	5,343,886

Qian Jiannong
Director

Xu Bingbin
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

For the six months ended 30 June 2021

	Attributable to equity holders of the Company											
	Note	Shares held for the		Share premium*	Fair value reserve*	Capital and other reserve*	Merger reserve*	Exchange		Subtotal	Non- controlling interests	Total
		Issued share capital	share-based payment schemes					Accumulated losses*	fluctuation reserve*			
		RMB'000	RMB'000									
At 1 January 2021 (audited)		183	(3,004)	11,145,648	(1,296,072)	(701,541)	(159,274)	(911,218)	(2,948,528)	5,126,194	217,692	5,343,886
Loss for the period		—	—	—	—	—	—	—	(2,004,796)	(2,004,796)	(60,236)	(2,065,032)
Exchange differences on translation of foreign operations		—	—	—	—	—	216,508	—	—	216,508	2,235	218,743
Cash flow hedges, net of tax		—	—	—	—	17,857	—	—	—	17,857	410	18,267
Actuarial reserve relating to employee benefits, net of tax		—	—	—	—	14,566	—	—	—	14,566	334	14,900
Total comprehensive loss for the period		—	—	—	—	32,423	—	216,508	(2,004,796)	(1,755,865)	(57,257)	(1,813,122)
Dividends paid to non-controlling shareholders of subsidiaries		—	—	—	—	—	—	—	—	—	(4,362)	(4,362)
Equity-settled share-based payments	(i)	2	—	34,133	—	(12,919)	—	—	—	21,216	—	21,216
Reclassification of non-controlling interests to liabilities as if the acquisition had taken place due to put options granted to non-controlling shareholders of a subsidiary		—	—	—	—	(40,943)	—	—	—	(40,943)	40,943	—
At 30 June 2021 (unaudited)		185	(3,004)	11,179,781	(1,296,072)	(722,980)	(159,274)	(694,710)	(4,953,324)	3,350,602	197,016	3,547,618

* These reserve accounts comprise the consolidate reserves of RMB3,353,421,000 in the interim condensed consolidated statement of financial position.

Note:

(i) During the period ended 30 June 2021, the Company issued and allotted 1,207,412 shares pursuant to the 2018 free share ownership plan. An amount of RMB942 was credited as share capital, an amount of RMB17,603,000 was credited to share premium and an amount of RMB17,604,000 was transferred out from capital and other reserve.

According to the share option scheme of the Company, 1,490,035 shares were issued at the exercise price of HKD8.43 per share due to the exercise of the share option. An amount of RMB1,162 was credited as share capital, an amount of RMB16,530,000 was credited to share premium and an amount of RMB6,079,000 was transferred out from capital and other reserve.

The expenses recognized for the share-based payments amounted to RMB10,764,000 and were credited to capital and other reserve during the six months ended 30 June 2021.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

For the six months ended 30 June 2020

	Attributable to equity holders of the Company												
	Note	Shares held for the		Share premium*	Capital and other reserve*		Merger reserve*	Exchange fluctuation		Accumulated losses*	Subtotal	Non-controlling interests	Total
		Issued share capital	share-based payment schemes		Fair value reserve*	Reserve*		Reserve*	Reserve*				
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2020 (audited)		183	(3,004)	11,168,210	(1,279,918)	(810,611)	(159,274)	(405,568)	(380,455)	8,129,563	300,313	8,429,876	
Loss for the period		—	—	—	—	—	—	—	(898,704)	(898,704)	(98,460)	(997,164)	
Exchange differences on translation of foreign operations		—	—	—	—	—	—	(344,079)	—	(344,079)	(81,942)	(426,021)	
Cash flow hedges, net of tax		—	—	—	—	31,756	—	—	—	31,756	2,243	33,999	
Actuarial reserve relating to employee benefits, net of tax		—	—	—	—	(4,042)	—	—	—	(4,042)	(285)	(4,327)	
Total comprehensive income/(loss) for the period		—	—	—	—	27,714	—	(344,079)	(898,704)	(1,215,069)	(178,444)	(1,393,513)	
2019 final dividend declared		—	—	(22,562)	—	—	—	—	—	(22,562)	—	(22,562)	
Dividends paid to non-controlling shareholders of subsidiaries		—	—	—	—	—	—	—	—	—	(823)	(823)	
Equity-settled share-based payments	(i)	—	—	—	—	20,450	—	—	—	20,450	—	20,450	
Acquisition of additional interests in subsidiaries		—	—	—	(3,280)	(36,032)	—	(6,269)	—	(45,581)	45,390	(191)	
Reclassification of non-controlling interests to liabilities as if the acquisition had taken place due to put options granted to non-controlling shareholders of a subsidiary		—	—	—	—	20,303	—	—	—	20,303	78,347	98,650	
At 30 June 2020 (unaudited)		183	(3,004)	11,145,648	(1,283,198)	(778,176)	(159,274)	(755,916)	(1,279,159)	6,887,104	244,783	7,131,887	

* These reserve accounts comprise the consolidated reserves of RMB6,889,925,000 in the interim condensed consolidated statement of financial position.

Note:

(i) The expenses recognized for the share-based payments amounted to RMB20,450,000 and were credited to capital and other reserve during the six months ended 30 June 2020.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(1,865,301)	(907,051)
Adjustments for:			
Depreciation of items of property, plant and equipment	7	336,272	378,679
Depreciation of right-of-use assets	7	553,422	569,838
Amortisation of intangible assets	7	77,137	68,296
Provision for impairment of items of property, plant and equipment	7	9,347	12,425
Provision/(reversal of provision) for impairment of trade receivables	7	6,241	(256)
Provision for impairment of prepayments, other receivables and other assets	7	—	(416)
Provision for inventories	7	2,034	1,717
Deferred income		(4,029)	(3,633)
Gain on the fair value change of financial assets at fair value through profit or loss	5	(3,238)	(5,739)
Interest income	5	(21,303)	(12,992)
Interest expenses		483,475	425,030
Gain on disposal of items of property, plant and equipment	5	(898)	—
Gain on disposal of a subsidiary	5	—	(34,735)
Equity-settled share-based payments		10,764	20,450
COVID-19-related rent concessions from lessors		(67,071)	(61,909)
Gain on settlement of liabilities	5	—	(12,655)
Gain on deemed disposal of interests in an associate	5	(2,893)	—
Gain on sales and leaseback transaction		(1,396)	—
Share of profits and losses of associates		1,719	4,761
CASH (OUTFLOWS)/INFLOWS BEFORE WORKING CAPITAL CHANGES		(485,718)	441,810

Continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES (continued)		
Decrease in completed properties for sale	186,955	171,348
Increase in properties under development	(205,497)	(333,364)
(Increase)/decrease in inventories	(16,294)	28,017
Increase in deferred income	281	635
Decrease in contract assets and other assets	4,544	2,568
Decrease in trade receivables	8,113	467,143
Decrease in prepayments, other receivables and other assets	35,858	62,110
(Increase)/decrease in restricted cash	(157,527)	4,896
(Increase)/decrease in amounts due from related companies	(4,859)	9,823
Increase/(decrease) in trade payables	327,511	(198,685)
Decrease in amounts due to related companies	(5,259)	(44,416)
Increase in other long-term payables	3,918	3,621
Increase/(decrease) in contract liabilities	980,799	(899,914)
Increase/(decrease) in other payables and accruals	539,332	(364,552)
CASH GENERATED FROM/(USED IN) OPERATIONS	1,212,157	(646,910)
Income tax paid	(49,492)	(78,687)
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES	1,162,665	(725,597)

Continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(315,182)	(524,794)
Purchase of intangible assets	(86,425)	(71,535)
Prepayment for the addition of right-of-use assets	(15,417)	(36,370)
Purchase of investments designated at fair value through profit or loss	(75,000)	(700,240)
Proceeds from disposal of investments designated at fair value through profit or loss	—	711,978
Proceeds from dividends of investments designated at fair value through profit or loss	3,142	—
Decrease/(increase) in time deposits with original maturity of more than three months	1,426,758	(288,000)
Acquisition of a subsidiary	—	(602)
Disposal of a subsidiary	—	118,649
Proceeds from disposal of items of property, plant and equipment	47,622	4,267
Purchase of equity interests in an associate	(27,632)	(11,152)
Interest received	21,303	12,021
NET CASH FLOWS GENERATED FROM/(USED IN) INVESTING ACTIVITIES	979,169	(785,778)

Continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares of the Company due to the exercise of the share options	10,452	—
New bank and other borrowings	2,684,140	9,741,851
Repayment of bank and other borrowings	(2,136,886)	(3,325,212)
Redemption of convertible bonds	—	(69,488)
Redemption of convertible redeemable preferred shares	—	(40,591)
Acquisition of additional interests in subsidiaries	—	(191)
Prepayment for the addition of right-of-use assets	(20,216)	—
Principal portion of lease payments	(528,158)	(544,750)
Funding provided to related companies	(1,540)	(15,470)
Funding repaid to related companies	(1,057,771)	—
Funding repaid by related companies	1,057,771	—
Dividends paid to non-controlling shareholders of subsidiaries	(4,362)	(12,023)
Repayment of financial liabilities measured at fair value through profit or loss	(2,000)	—
Interest paid	(264,869)	(107,350)
NET CASH FLOWS (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(263,439)	5,626,776
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,878,395	4,115,401
Net foreign exchange differences	(22,861)	10,875
Cash and cash equivalents at beginning of the period	2,808,354	2,128,677
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4,663,888	6,254,953
CASH AND BANK BALANCES AT END OF THE PERIOD	5,157,552	6,548,107
Less: Pledged bank balances	7,276	4,987
Time deposits with original maturity of more than three months	200,161	288,167
Restricted pre-sale proceeds	286,227	—
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4,663,888	6,254,953

1. CORPORATE AND GROUP INFORMATION

Fosun Tourism Group (the “Company”, formerly known as Fosun Tourism and Culture Group (Cayman) Company Limited) is 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 address of the Company is 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 period, the Group was primarily engaged in the provision of pioneering and family-focused tourism and leisure solutions. The principal business activities cover:

- Resorts and hotels,
- Tourism destinations, and
- Services and solutions in various tourism and leisure settings.

In the opinion of the directors, the holding company and the controlling shareholder is Fosun International Limited (the “Controlling Shareholder”), which is incorporated in Hong Kong. The ultimate holding company of the Company is Fosun International Holdings Limited. The ultimate controlling shareholder of the Company is Mr. Guo Guangchang.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

The Group had net current liabilities of RMB2,082,456,000 as at 30 June 2021. Having taken into account the available banking facilities, the projected cash flows for the next twelve months and the fact that the contract liabilities included in current liabilities in the amount of RMB1,602,963,000 at 30 June 2021 will be recognised as revenue and will not result in cash outflows in the next twelve months from the end of the period, the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

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

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

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

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 or IAS 39 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in Renminbi and foreign currencies based on various interbank offered rates as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

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

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of RMB67,071,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 30 June 2021.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

Six months ended 30 June 2021

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

30 June 2021

3. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2020

	Resorts and Hotels RMB'000 (Unaudited)	Tourism destinations RMB'000 (Unaudited)	Services and solutions in various tourism and leisure settings RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue					
External customers	3,772,763	696,734	58,332	—	4,527,829
Intersegment sales	7,641	33,627	3,264	(44,532)	—
Total revenue	3,780,404	730,361	61,596	(44,532)	4,527,829
Segment operating (loss)/profit	(498,200)	157,442	(61,135)	—	(401,893)
Unallocated expenses*					(75,367)
Total operating loss					(477,260)
Finance costs					(425,030)
Share of profits and losses of associates					(4,761)
Loss before income tax					(907,051)

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

Geographical information

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue from external customers		
Europe, Middle East and Africa	633,291	2,395,479
America	523,202	988,720
Asia Pacific	1,624,973	1,143,630
	2,781,466	4,527,829

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

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Resorts and destination operation	1,881,790	3,454,195
Tourism-related property sales and construction services	658,935	375,544
Tourism and leisure services and solutions	240,741	698,090
	2,781,466	4,527,829

(i) Disaggregated revenue information from contracts with customers

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

For the period ended 30 June 2021

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

4. REVENUE *(Continued)*

(i) Disaggregated revenue information from contracts with customers *(Continued)*

For the period ended 30 June 2020

Segments	Resorts and Hotels RMB'000 (Unaudited)	Tourism destinations RMB'000 (Unaudited)	Services and solutions in various tourism and leisure settings RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of goods or services					
Resorts and destination operation	3,131,887	363,576	—	(41,268)	3,454,195
Tourism-related property sales and construction services	8,759	366,785	—	—	375,544
Tourism and leisure services and solutions	639,758	—	61,596	(3,264)	698,090
	3,780,404	730,361	61,596	(44,532)	4,527,829
Intersegment sales	(7,641)	(33,627)	(3,264)	44,532	—
Total revenue from contracts with customers	3,772,763	696,734	58,332	—	4,527,829
Timing of revenue recognition					
Goods transferred at a point in time	—	366,785	1,508	(7)	368,286
Services transferred over time	3,780,404	363,576	60,088	(44,525)	4,159,543
	3,780,404	730,361	61,596	(44,532)	4,527,829
Intersegment sales	(7,641)	(33,627)	(3,264)	44,532	—
Total revenue from contracts with customers	3,772,763	696,734	58,332	—	4,527,829

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

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

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Other income		
Interest income	21,303	12,992
Government grants	85,972	18,964
Others	5,426	8,622
	112,701	40,578
Gains		
Gain on disposal of a subsidiary	—	34,735
Gain on disposal of items of property, plant and equipment	898	—
Rent concessions as a result of COVID-19 pandemic	55,556	61,909
Gain on settlement of liabilities	—	12,655
Gain on the fair value change of investments measured at fair value through profit or loss	3,238	5,739
Reversal of provisions relating to litigation claims	12,581	4,286
Gain on deemed disposal of interests in an associate	2,893	—
Others	1,670	—
	76,836	119,324
Other income and gains	189,537	159,902
Other expenses		
Exceptional costs due to COVID-19 pandemic*	(582,228)	(634,815)
Compensation costs relating to employees	(71,937)	(26,022)
Provision for resort closure costs	(31,519)	(26,335)
Provision for litigation, including tax related	(14,504)	(4,988)
Impairment losses on property, plant and equipment	(9,347)	(12,425)
Exchange loss, net	(79,242)	(66,939)
Others	(17,551)	(6,583)
Other expenses	(806,328)	(778,107)
Other (expenses)/income and gains, net	(616,791)	(618,205)

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

6. FINANCE COSTS

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest on bank and other borrowings	268,760	186,242
Interest expense arising from revenue contracts	—	1,237
Interest on convertible bonds	165	3,677
Interest on convertible redeemable preferred shares	—	1,869
Interest on lease liabilities	238,527	234,239
Bank charges and other financial costs	3,808	5,297
	511,260	432,561
Less: Interest capitalised	27,785	7,531
Total finance costs	483,475	425,030

7. LOSS BEFORE INCOME TAX

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

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cost of revenue		2,186,293	3,056,105
Depreciation of property, plant and equipment	11	336,272	378,679
Amortisation of intangible assets		77,137	68,296
Depreciation of right-of-use assets		553,422	569,838
Impairment of financial and contract assets and other assets:			
<i>Provision/(reversal) of provision for impairment of trade receivables</i>		6,241	(256)
<i>Reversal of provision for impairment of financial assets included in prepayments, other receivables and other assets</i>		—	(416)
Write-down of inventories to net realisable value		2,034	1,717
Provision for impairment of items of property, plant and equipment	5	9,347	12,425
Fair value gain on financial assets at fair value through profit or loss	5	(3,238)	(5,739)
Exchange loss, net	5	79,242	66,939
Rent concessions as a result of COVID-19 pandemic in other gains	5	(55,556)	(61,909)
Gain on disposal of items of property, plant and equipment	5	(898)	—
Gain on deemed disposal of interests in an associate	5	(2,893)	—
Gain on disposal of a subsidiary	5	—	(34,735)
Gain on settlement of liabilities	5	—	(12,655)

8. 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.

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current — France and others	(1)	413	39,628
Current — Mainland China			
Income tax in Mainland China for the period	(2)	77,465	1,180
Land appreciation tax ("LAT") in Mainland China for the period	(3)	160,740	83,500
Deferred		(38,887)	(34,195)
Income tax expense for the period		199,731	90,113

Notes:

- (1) The provision for income tax of Club Med Holding ("CMH") and its subsidiaries incorporated in France for the six months ended 30 June 2021 was based on a rate of 32.02% (six months ended 30 June 2020: 32.02%).
- (2) The provision for Mainland China current income tax is based on the statutory rate of 25% (six months ended 30 June 2020: 25%) of the assessable profits for the six months ended 30 June 2021 of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008. For Hainan Atlantis Commerce and Tourism Development Co., Ltd. ("Hainan Atlantis"), the provision for current income tax is based on a reduced tax rate of 15% as a qualified encouraged industrial enterprise in accordance with the Notice on the Preferential Policies for Corporate Income Tax at Hainan Free Trade Port that has come into effect on 1 January 2020.
- (3) LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

9. DIVIDENDS

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Final declared and paid — Nil (2019: HKD0.02 per ordinary share)	—	22,562

No dividend has been declared by the Company for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

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

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,235,843,660 (six months ended 30 June 2020: 1,235,045,383) in issue during the period.

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

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculations	(2,004,796)	(898,704)
	Number of shares For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	1,235,843,660	1,235,045,383
Basic loss per share (RMB)	(1.62)	(0.73)
Diluted loss per share (RMB)	(1.62)	(0.73)

Because the diluted loss per share amount is decreased when taking the share ownership plan and share option scheme into account, the share ownership plan and share option scheme had an anti-dilutive effect on the basic loss per share amount for the six months ended 30 June 2021 and were ignored in the calculation of diluted loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Carrying value at beginning of the period (audited)	9,913,468	10,623,796
Additions	114,280	185,909
Acquisition of a subsidiary	—	5,133
Disposals	(46,724)	(4,267)
Disposals of a subsidiary	—	(80,701)
Depreciation charge for the period (note 7)	(336,272)	(378,679)
Impairment charge for the period (note 5)	(9,347)	(12,425)
Exchange alignment	(97,293)	(312,138)
Carrying value at end of the period (unaudited)	9,538,112	10,026,628

As at 30 June 2021, the Group's property, plant and equipment with a net carrying value of RMB3,714,756,000 (31 December 2020: RMB3,766,444,000) were pledged as security for interest-bearing bank and other borrowings as set out in note 13 to the interim condensed consolidated financial information.

12. TRADE RECEIVABLES

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

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	449,144	453,126
91 to 180 days	16,010	26,066
181 to 365 days	2,286	1,313
1 to 2 years	1,905	2,771
2 to 3 years	1,002	—
	470,347	483,276

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Bank loans:			
Secured	(i)	2,861,056	3,029,523
Unsecured		4,115,170	3,585,627
		6,976,226	6,615,150
Other borrowings:			
Commercial mortgage-backed security	(ii)	6,779,277	6,725,933
Total		13,755,503	13,341,083
Repayable:			
Within one year		2,282,210	2,187,901
In the second year		917,867	893,234
In the third to fifth years, inclusive		4,057,051	3,664,795
Over five years		6,498,375	6,595,153
		13,755,503	13,341,083
Portion classified as current liabilities		2,282,210	2,187,901
Non-current portion		11,473,293	11,153,182

Notes:

- (i) Certain of the Group's bank loans are secured by the pledge of assets with carrying values at the end of the Reporting Period as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Pledge of assets:		
Right-of-use assets — land	209,491	212,299
Property, plant and equipment	419,306	300,417
Properties under development	632,213	659,798
Total	1,261,010	1,172,514

Apart from the above, certain interest-bearing bank borrowings are secured by investments in subsidiaries as at 30 June 2021.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

- (ii) In March 2020, the Group issued asset-backed securities which were backed by the Atlantis Sanya hotel and water park as a mortgage, and the 100% equity interest in Hainan Atlantis and operating revenue of Atlantis Sanya as a pledge. The securities of the prioritized level of RMB6,800 million were subscribed by various third-party investors with a coupon rate of 5% and the securities of the subordinated level of RMB201 million was subscribed by a subsidiary of the Group. The principal and interest of the prioritized level shall be repaid semi-annually in 48 instalments in 24 years. The coupon rates of the securities of the prioritized level are subject to adjustments by the Group and the holders have the rights, at their option, to require the Group to redeem at an interval of every three years within the terms of the securities. The fund raised by the Group from the third-party investors was recorded as other borrowings as at 30 June 2021.

The pledged assets with carrying values at the end of the Reporting Period are as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Pledge of assets:		
Right-of-use assets — land	777,402	788,513
Property, plant and equipment	3,295,450	3,466,027
Total	4,072,852	4,254,540

- (iii) (c) Certain of the Group's bank loans bear interest at rates ranging from 0.25% to 5.94% per annum (31 December 2020: from 0.50% to 5.94%).

14. TRADE PAYABLES

An aging analysis of trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	1,247,310	1,026,903
91 to 180 days	115,545	125,325
181 to 365 days	221,307	159,266
1 to 2 years	115,598	77,606
2 to 3 years	106,836	133,151
Over 3 years	43,230	64
	1,849,826	1,522,315

15.COMMITMENTS

The Group had the following capital commitments at the end of the Reporting Period:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contracted, but not provided	3,076,368	3,533,941

16.CONTINGENT LIABILITIES

The Group had the following contingent liabilities:

	Note	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Guarantees given related to			
— qualified buyers' mortgage loans	(i)	19,196	245,364
— interest-bearing loans of a related company		15,540	20,059
		34,736	265,423

Note:

- (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 financial statements for the guarantees.

17. 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 period:

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
The holding company:			
Service expense	(i)	17	210
Associates:			
Bank loan guarantees provided	(ii)	15,540	20,181
Service expense	(i)	2,014	2,059
Other related parties:			
Service income	(iii)	6,880	40,117
Service expense	(i)	1,131	2,167
Purchase of products	(iv)	3,361	21,696
Acquisition of right-of-use assets	(v)	—	11,455

Notes:

- (i) 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.
- (ii) The bank loans were guaranteed for the related companies free of charge.
- (iii) The directors consider that the income for services provided to the related parties was determined based on prices available to third party customers.
- (iv) 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.
- (v) In March 2020, the Group entered into a three-year lease in respect of a certain leasehold property from a related party. The amount of the rent payable by the Group under the lease is RMB343,000 per month, which was determined with reference to amounts charged to third parties. At the commencement date, the Group recognised a right-of-use asset of RMB11,455,000.

17. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties:

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Due from related companies:			
The holding company	(i)	824,239	1,828,915
Associates	(ii)	4,517	2,977
Other related companies	(iii)	11,752	6,893
Total		840,508	1,838,785
Due to related companies:			
The holding company	(iv)	2,301	1,960
Other related companies	(v)	833,563	1,843,361
Total		835,864	1,845,321
Lease liabilities:			
Associates	(vi)	97,716	104,293
Other related companies	(vi)	29,131	34,455
Total		126,847	138,748

Notes:

- (i) As at 30 June 2021, the Group had an outstanding balance due from its ultimate holding company of RMB824,239,000 (31 December 2020: RMB1,828,915,000) as at the end of the Reporting Period. The balance due from the holding company was non-trade in nature, unsecured, interest-free and repayable in November 2021. The balance mainly arose from the unpaid subscription price for the shares of the Company issued to the Controlling Shareholder.
- (ii) As at 30 June 2021, the Group had a balance due from its associate companies of RMB4,517,000 (31 December 2020: RMB2,977,000) as at the end of the Reporting Period. The balance was non-trade in nature, unsecured, interest-free and repayable on demand.
- (iii) As at 30 June 2021, the balances due from other related companies of RMB1,009,000 (31 December 2020: RMB1,009,000) were non-trade in nature, unsecured, interest-free and repayable on demand.
- As at 30 June 2021, the balances due from other related companies with the amount of RMB10,743,000 (31 December 2020: RMB5,884,000) were trade in nature, unsecured, interest-free and repayable on demand.
- (iv) As at 30 June 2021, the balance due to its ultimate holding company with the amount of RMB2,301,000 (31 December 2020: RMB1,960,000) was non-trade in nature, unsecured, interest-free and repayable on demand.
- (v) As at 30 June 2021, the balances due to other related companies include an amount of RMB9,188,000 (31 December 2020: RMB14,447,000) which was trade in nature, unsecured, interest-free and repayable on demand.
- The remaining balances amounting to RMB824,375,000 (31 December 2020: RMB1,828,914,000) are non-trade in nature, unsecured, interest-free and repayable in January 2022.
- (vi) Certain subsidiaries of the Group entered into rental agreements with related parties. The amounts of lease liabilities by the Group to the related parties under the leases were determined with reference to the amounts charged by the third parties.

17. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Compensation of key management personnel of the Company:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Short-term employee benefits	19,289	15,429
Post-employment benefits	949	1,045
Equity-settled share option expense	6,158	9,329
Total compensation paid to key management personnel	26,396	25,803

18. 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 30 June 2021		As at 31 December 2020	
	Carrying amounts RMB'000 (Unaudited)	Fair values RMB'000 (Unaudited)	Carrying amounts RMB'000 (Audited)	Fair values RMB'000 (Audited)
Financial assets				
Financial assets at fair value through profit or loss	466,538	466,538	408,376	408,376
Financial assets included in prepayments, other receivables and other assets (non-current portion)	401,053	434,796	409,279	448,903
Due from related companies (non-current portion)	2,205	2,205	2,037	2,037
Derivative financial instruments	6,370	6,370	32,302	32,302
	876,166	909,909	851,994	891,618
Financial liabilities				
Interest-bearing bank and other borrowings (non-current portion)	11,473,293	13,253,491	11,153,182	12,784,540
Convertible bonds	11,935	11,914	12,044	12,044
Due to related companies (non-current portion)	—	—	1,828,914	1,828,914
Financial liabilities measured at fair value through profit or loss	—	—	2,000	2,000
Financial liabilities included in other long-term payables	49,000	49,000	49,000	49,000
Derivative financial instruments	36,378	36,378	185,992	185,992
	11,570,606	13,350,783	13,231,132	14,862,490

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, the current portion of financial assets included in prepayments, other receivables and other assets, amounts due from related companies, trade payables, financial liabilities included in accrued liabilities and other payables other than put options granted to non-controlling shareholders of a subsidiary, amounts due to related companies, and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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 amounts due from related companies and interest-bearing bank and other borrowings, and 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 and other borrowings as at 30 June 2021 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, foreign currency swaps, interest rate swaps and swaptions. As at 30 June 2021, the fair values of the forward currency contracts, foreign currency swaps, interest rate swaps and swaptions were measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties and interest rate curves. The carrying amounts of the forward currency contracts, foreign currency swaps, interest rate swaps and swaptions are the same as their fair values.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments and unlisted wealth management products issued by an asset management company that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise 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 valuation techniques to determine the fair value. The valuation techniques include the market comparison approach, income approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as the 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.

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2021

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Financial assets at fair value through profit or loss	3,071	437,436	26,031	466,538
Derivative financial instruments	—	6,370	—	6,370
	3,071	443,806	26,031	472,908

As at 31 December 2020

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Financial assets at fair value through profit or loss	4,157	376,347	27,872	408,376
Derivative financial instruments	—	32,302	—	32,302
	4,157	408,649	27,872	440,678

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value:

As at 30 June 2021

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Derivative financial instruments	—	36,378	—	36,378

As at 31 December 2020

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Financial liabilities measured at fair value through profit or loss	—	2,000	—	2,000
Derivative financial instruments	—	185,992	—	185,992
	—	187,992	—	187,992

The movements in fair value measurements within Level 3 during the Reporting Period are as follows:

Assets measured at fair value:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
At 1 January	27,872	28,478
Addition	—	240
Total losses recognised in other comprehensive income	(687)	—
Exchange alignment	(1,155)	184
At 30 June	26,031	28,902

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
At 1 January	—	133,846
Decrease	—	(98,650)
At 30 June	—	35,196

During the 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.

19. EVENTS AFTER THE REPORTING PERIOD

On 13 August 2021, the Board has resolved to allot and issue a total of not more than 2,060,969 new shares of the Company to satisfy the share units granted to certain eligible participants on 28 August 2020 pursuant to the 2019 share award plan of the Company.

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board on 19 August 2021.

RECENT DEVELOPMENT OF THE COMPANY

The recent development of the Company is set out in note 19 to financial statements and the “Business Overview” in this interim report.

FORWARD-LOOKING STATEMENTS

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

INTERIM DIVIDEND

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on 29 December 2017 and the shareholders of Fosun International approved the said scheme on 23 February 2018. The following detailed information in relation to the Pre-IPO Share Option Scheme is set out in the circular of Fosun International dated 1 February 2018 (the “2018 Circular”). Unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the 2018 Circular. The major terms of the Pre-IPO Share Option Scheme are as follows:

- 1) 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 its Shares for the benefit of the Company and the Shareholder(s) as a whole.
- 2) 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 of the Company or 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.
- 3) The total number of the Shares which may be issued upon exercise of all options (the “Pre-IPO Option(s)”) to 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 the Shares in issue as of the adoption date of the Pre-IPO Share Option Scheme on 29 December 2017 (being 100,000,000 Shares). 30,738,997 and 13,816,520 Pre-IPO Options were granted on 23 February 2018 and 19 November 2018, respectively. No further Pre-IPO Options have or will be granted under the Pre-IPO Share Option Scheme subsequent to the above grant dates. As of 30 June 2021, the number of underlying Shares pursuant to the outstanding Pre-IPO Options (excluding those lapsed/cancelled/expired) amounts to 34,886,767 Shares, representing approximately 2.82% of the issued Shares as of 30 June 2021.
- 4) The total number of the Shares which may be issued and to be issued upon exercise of the Pre-IPO Options granted and to be granted to each participant or grantee (as the case may be) (including both redeemed and outstanding Pre-IPO Options) in any 12-month period shall not exceed 1.0% of the number of the relevant class of the Shares in issue as of the proposed date of grant; unless any further grant of Pre-IPO Options (including redeemed, cancelled and outstanding Pre-IPO Options) to the participant or the grantee exceeding the 1.0% limit is made in compliance with the requirements under the Listing Rules (including the prior approval by the shareholders of Fosun International).

- 5) The exercise period of any Pre-IPO Options granted under the Pre-IPO Share Option Scheme must not be more than ten years commencing on the date of grant.
- 6) The subscription price for the grant of Pre-IPO Options shall be determined by the Board or the duly authorized committee thereof from time to time. The offer of a grant of Pre-IPO 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) in total by the grantee.
- 7) The exercise prices of the Pre-IPO Options granted on 23 February 2018 (in relation to 30,738,997 Pre-IPO Options) and on 19 November 2018 (in relation to 13,816,520 Pre-IPO Options) under the Pre-IPO Share Option Scheme are HK\$8.43 per Share and the offer price of the global offering of HK\$15.60 per Share, respectively. The exercise price of Pre-IPO Options 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 the Company resolves 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). For the avoidance of doubt, no further Pre-IPO Options have or will be granted under the Pre-IPO Share Option Scheme subsequent to the above grant dates.
- 8) 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 Pre-IPO 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. A Pre-IPO 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 Pre-IPO Options including (i) any minimum periods for which a Pre-IPO Option must be held; and/or (ii) minimum performance targets or other criteria (including a vesting period) that must be reached before the Pre-IPO Options 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.
- 9) Subject to the termination provisions under the Pre-IPO Share Option Scheme, under no circumstance shall the life of the Pre-IPO Share Option Scheme be more than 10 years from its adoption date. No further Pre-IPO Options shall be granted after the date immediately preceding the date of listing of the Shares on the Stock Exchange, but the provision of the Pre-IPO Share Option Scheme shall remain in full force and effect in all other respects.

On 14 December 2018, the Shares were listed and traded on the Main Board of the Stock Exchange, since then, no further Pre-IPO Option has been or will be granted under the Pre-IPO Share Option Scheme.

STATUTORY DISCLOSURES

The following table discloses movements in the Pre-IPO Options under the Pre-IPO Share Option Scheme during the Reporting Period.

Name of Grantee	Date of grant of the Pre-IPO Options	Number of the Pre-IPO Options					As of 30 June 2021	Vesting period of the Pre-IPO Options	Exercised price of the Pre-IPO Options per Share (HKD)
		As of 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period ⁽⁶⁾	Expired/ lapsed/ cancelled during the Reporting Period	As of 30 June 2021			
Qian Jiannong	23 February 2018	20,000,000	—	—	—	20,000,000	22 February 2019 to 22 February 2026 ⁽¹⁾	8.43	
Xu Bingbin ⁽⁴⁾	23 February 2018	775,125	—	—	—	775,125	28 December 2018 to 28 December 2021 ⁽²⁾	8.43	
	19 November 2018	742,500	—	—	—	742,500	18 November 2019 to 18 November 2022 ⁽³⁾	15.60	
Wang Wenping ⁽⁵⁾	23 February 2018	536,625	—	150,000	134,156	252,469	28 December 2018 to 28 December 2021 ⁽²⁾	8.43	
	19 November 2018	810,000	—	—	405,000	405,000	18 November 2019 to 18 November 2022 ⁽³⁾	15.60	
Other grantees (being other employees of the Group)	23 February 2018 and 19 November 2018	15,394,083	—	1,340,035	1,342,375	12,711,673	28 December 2018 to 28 December 2021 ⁽²⁾ and 18 November 2019 to 18 November 2022 ⁽³⁾	8.43 and 15.60	
Total		38,258,333	—	1,490,035	1,881,531	34,886,767			

Notes:

- The Pre-IPO Options, being granted to Mr. Qian Jiannong on 23 February 2018 shall be vested according to the following schedule:

Percentage of Pre-IPO Options to be vested	Vesting Date
20%	22 February 2019
20%	22 February 2020
20%	22 February 2021
20%	22 February 2022
5%	22 February 2023
5%	22 February 2024
5%	22 February 2025
5%	22 February 2026

- The Pre-IPO Options, being granted to Mr. Xu Bingbin, Mr. Wang Wenping and other grantees on 23 February 2018 shall be vested according to the following schedule:

Percentage of Pre-IPO Options to be vested	Vesting Date
25%	28 December 2018
25%	28 December 2019
25%	28 December 2020
25%	28 December 2021

3. The Pre-IPO Options, being granted to Mr. Xu Bingbin, Mr. Wang Wenping and other Grantees on 19 November 2018 shall be vested according to the following schedule:

Percentage of Pre-IPO Options to be vested	Vesting Date
25%	18 November 2019
25%	18 November 2020
25%	18 November 2021
25%	18 November 2022

4. Mr. Xu Bingbin was appointed as an executive Director with effect from 15 March 2021.
5. Mr. Wang Wenping resigned as an executive Director with effect from 25 April 2021.
6. The weighted average closing price of the shares immediately before the dates on which options were exercised during the Reporting Period was HKD12.95.
7. No share option (unit) was granted to the suppliers of goods or services under the Pre-IPO Share Option Scheme.

The exercise of the Pre-IPO Options by the grantees shall be subject to and conditional upon the fulfillment of certain performance targets as the Board, or the duly authorized committee thereof, may determine at its sole discretion in accordance with the Pre-IPO Share Option Scheme.

2019 SHARE OPTION SCHEME

The Company adopted the 2019 Share Option Scheme on 19 August 2019 and the shareholders of Fosun International and the Company approved the said scheme on 30 October 2019 and 27 November 2019, respectively. The following detailed information in relation to the 2019 Share Option Scheme is set out in the circular of the Company dated 7 November 2019 (the "2019 Circular"). Unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the 2019 Circular. The major terms of the 2019 Share Option Scheme are as follows:

- 1) The purpose of the 2019 Share Option Scheme is to enable the Group to grant Post-IPO Options to the eligible participants as incentives or rewards for their contribution to the Group. The Directors believe the 2019 Share Option Scheme will enable the Group to reward the employees, the Directors and other eligible participants for their contributions to the Group.
- 2) The participants of the 2019 Share Option Scheme include (i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors, where applicable) and employees of any member of the Group; and (ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.
- 3) The maximum number of the Shares which may be issued in respect of which options (the "Post-IPO Option(s)") may be granted under the 2019 Share Option Scheme shall not exceed 5.0% of the Shares in issue on the adoption date of the 2019 Share Option Scheme (representing 61,752,269 Shares), and, when aggregated with the maximum number of Shares which may be issued in respect of any options to be granted under any other share option scheme of the Company shall not exceed 10.0% of the Shares in issue on the adoption date of the 2019 Share Option Scheme. As of 30 June 2021, the number of underlying Shares pursuant to the outstanding Post-IPO Options (excluding those lapsed/cancelled/expired) amounts to 3,994,000 Shares, representing approximately 0.32% of the issued Shares as of 30 June 2021.

STATUTORY DISCLOSURES

- 4) The total number of Shares issued and to be issued upon exercise of the Post-IPO Options granted and to be granted under the 2019 Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1.0% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options to a participant in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular containing the requisite information in accordance with the note to Rule 17.03(4) of the Listing Rules to be sent to the shareholders of Fosun International and the Company prior to respective general meetings with such participant and his close associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before approvals of the shareholders of Fosun International and the Company and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.
- 5) The 2019 Share Option Scheme will remain in force for a period of 10 years commencing on its adoption date. A Post-IPO Option may be exercised in accordance with the terms of the 2019 Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than ten (10) years from the date of grant of the option subject to the provisions for early termination under the 2019 Share Option Scheme.
- 6) The exercise price per Share under the 2019 Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant in respect of such Post-IPO Option, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant in respect of such Post-IPO Option; and (iii) the nominal value of a Share. The offer of a grant of Post-IPO 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) in total by the grantee.
- 7) The Company by ordinary resolution in a general meeting or the Board may at any time terminate the 2019 Share Option Scheme and in such event no further Post-IPO Options shall be offered or granted but the provisions of the 2019 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Post-IPO Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the 2019 Share Option Scheme. Post-IPO Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the 2019 Share Option Scheme.
- 8) For the following details, the conditions that must be met before the Company issues any shares, the conditions that must be met before a third party may require the Company to issue any shares, and any monetary or other consideration that the Company has received or will receive under the agreement, please refer to the 2019 Circular.

The following table discloses movements in the Post-IPO Options under the 2019 Share Option Scheme during the Reporting Period.

Name of Grantee	Date of grant of the Post-IPO Options	Number of the Post-IPO Options					As of 30 June 2021	Vesting period of the Post-IPO Options	Exercise price of the Post-IPO Options per Share (HKD)
		As of 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period	As of 30 June 2021			
Qian Jiannong	28 August 2020 ⁽¹⁾	500,000	—	—	—	500,000	1 July 2021 to 1 July 2024 ⁽²⁾	8.37	
Xu Bingbin ⁽³⁾	28 August 2020 ⁽¹⁾	200,000	—	—	—	200,000	1 July 2021 to 1 July 2024 ⁽²⁾	8.37	
Wang Wenping ⁽⁴⁾	28 August 2020 ⁽¹⁾	320,000	—	—	320,000	—	1 July 2021 to 1 July 2024 ⁽²⁾	8.37	
Other grantees (being other employees of the Group)	28 August 2020 ⁽¹⁾	3,414,000	—	—	120,000	3,294,000	1 July 2021 to 1 July 2024 ⁽²⁾	8.37	
Total		4,434,000	—	—	440,000	3,994,000			

Notes:

- For details of the cancellation of certain options and share units granted on 25 August 2020, please see the Company's announcement dated 28 August 2020.
- The Post-IPO Options, being granted to such grantee(s) on 28 August 2020 shall be vested according to the following schedule:

Percentage of Post-IPO Options to be vested	Vesting Date
25%	1 July 2021
25%	1 July 2022
25%	1 July 2023
25%	1 July 2024

- Mr. Xu Bingbin was appointed as an executive Director with effect from 15 March 2021.
- Mr. Wang Wenping resigned as an executive Director with effect from 25 April 2021.
- On 20 August 2021, the Board granted 6,233,000 share options to certain eligible participants of the 2019 Share Option Scheme who are non-executive Directors or employees of the Group. For details, please see the Company's announcement dated 20 August 2021.
- No share option (unit) was granted to the suppliers of goods or services under the 2019 Share Option Scheme.

HUMAN RESOURCES

As of 30 June 2021, the Group had approximately 16,732 employees.

To fully implement the Group's core cultural values and entrepreneurship among employees, the Group has promoted over 10 new partners for the year, which brought new momentum to the development of the Group.

In the first half of 2021, as guided by "serving global family clients and making global families happier", the human resources department of our Group actively promoted organizational upgrade and talent attraction, reinforced the construction of talent echelon, and formulated succession plans for the core positions of each business unit through the establishment of long-term cultural values, the implementation of the partnership model, to reinforce the training of talent reserve and continuously improve the healthy development of the organization and form an organizational ecology with a large number of talents and a long-lasting foundation.

We constantly optimized our ability in talent attraction, focused on talent distribution around the globe and continue to introduce industry leaders and high-potential talents. We aimed at promoting the integration of talents and systems among companies within the Group by focusing on the construction of talent echelon, the consolidation of the talent pool, as well as the improvement of organizational efficiency. Besides, we paid attention to multi-dimensional talent development programmes creating outstanding performance that involve in various fields. We opened up the internal lines of the corporate to exchange talents between the Group and members and encourage the flow of talents to form a common and sharing talent ecosystem within the Group. We promoted the continuous evolution of corporate structure and mechanism, improved the incentive scheme from the top to the front line based on the different characteristics of each business; actively explored innovative tools and ideas to improve the accuracy of incentives; and promoted the design and implementation of long-term incentive mechanisms at the member company level, to promote a stable team and form a synergy.

Fulfillment of Our Commitment to Employees

The Group regards employees as the most valuable assets, and we also strive to serve as the best platform which allows employees to realize their values. We fully protect the interests of employees and care about their personal development. With an emphasis on cultivating outstanding talents equipped with an international perspective, we offered a career development path that aligns with the Group's characteristics, aimed at achieving mutual development of the Group and employees.

Employee Care and Services

The Group focused on creating a sound corporate atmosphere and enhancing the sense of belonging among employees, we constantly optimized, innovated, and strengthened the establishment of a comprehensive and diversified benefit system. Upholding the Group's cultural values, we not only reflected our care and service to employees at work but towards their families.

The Group attaches great importance to employees' health management, constantly strengthens the promotion and investment of employees' health management as well as introducing an innovative model on health management. In addition to the annual physical examination covering all employees, we also encouraged employees to participate in fitness activities such as Tai Chi and jogging, and promoted workplace exercises, organized health lectures that strengthened employees' health awareness. Through the integration of the Group's rich medical and insurance resources, we have created a variety of health service content, continuously optimized and increased the content and limit of insurance guarantee, and provided services such as online consultations, online appointments for medical examinations, and online medical insurance claims.

The Group has established different care plans targeted for various employee groups. We made full use of the Group's own product resources to allow employees to enjoy various internal products, services and relevant resources more conveniently and at a discount.

We utilised the internet and various innovative channels to enrich the service content of our employees. We pushed the introduction of employee benefits, various remuneration benefits and personnel policies via the Group's own mobile terminal application. Employees may inquire about various benefits through the self-developed mobile application platform, perform online point recharge and pay for meals and other convenient services. Meanwhile, the human resources global sharing center has established a full-time staff service position to handle various documents for employees, such as employment permits/residence permits for foreign employees, talent introduction/residence permits for non-local employees, settlement of college graduates, etc., which saved employees' time and energy spent on document processing, effectively cooperated with the introduction of outstanding talents, and better served employees from all over the world.

Employee Learning and Development

Talents are the core competitiveness of an enterprise, so the Group has always regarded the common development of both the Company and its staffs as one of the most important responsibilities, and provided the employees with more opportunities for career development and better working conditions through sustained efforts. With continuous growth and structural improvement, we have promoted the integration and cooperation among team members, created value and built learning-oriented teams. These measures allow both the Group and its staffs to build a brilliant future together.

The Group's innovation & leadership center has established different echelon talent development and professional talent training programs based on the Group's development strategy and human resource planning requirements based on its own development characteristics. There are industrial empowerment centers, high-potential training centers, cultural exchange centers, and innovation experiment centers. Based on various development goals, we plan development path, design training courses according to ability quality and professional requirements, and set up coach clubs and CXO special camps. We select 40 to 50 high-potential talents for special training every year, undertake special tasks, and promote the rapid growth of employees.

Employment and Labour Standards

Our employees are our most valuable asset and also the core of competitive advantages of the Group. The Group has been adhering to the principle of “attracting people with development, uniting people by career, training people with work and appraising people with performance” and advocating fair competition and objecting to discrimination. All employees and job applicants are not confined by factors such as gender, age, race, skin colour and religious belief. The establishment of all human resources policies strictly complies with all rules and relevant regulations in connection with remuneration and dismissal, recruitment and promotion, employee schedule, equal opportunities, diversity, working hours, rest periods and other benefits in countries/regions where our operations are located.

During the Reporting Period, all employees of the Group met the minimum working age requirements set out in the relevant laws of the countries/regions where our operations were located and the employment of child labor or forced labor was prohibited.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 June 2021, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (“SFO”)) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in the Shares

Name of Director/Chief executive	Nature of interests	Number of Shares/ underlying Shares interested	Approximate percentage in relevant class of Shares
Qian Jiannong	Beneficial owner	22,350,804	1.81%
Henri Giscard d’Estaing	Beneficial owner	1,136,897	0.09%
Xu Bingbin	Beneficial owner	2,037,625	0.16%

(ii) Interests in associated corporation

Name of Director/Chief executive	Name of associated corporation	Nature of interests	Number of shares/ underlying shares interested	Approximate percentage in relevant class of shares
Qian Jiannong	Fosun International	Beneficial owner	9,855,000	0.12% ⁽¹⁾
Henri Giscard d’Estaing	Fosun International	Beneficial owner	3,100,000	0.04%
	Club Med Holding	Beneficial owner	375,000 ⁽²⁾	0.24%
Xu Bingbin	Fosun International	Beneficial owner	18,663	0.0002% ⁽¹⁾

Notes:

- (1) The calculation is based on the total number of 8,378,766,424 shares of Fosun International in issue as of the end of the Reporting Period.
- (2) Including 257,813 ordinary shares of Club Med Holding and 117,187 preferred shares C of Club Med Holding.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As of 30 June 2021, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholder	Nature of interests	Number of Shares/ underlying Shares interested	Approximate percentage in relevant class of Shares
Fosun International	Beneficial owner	1,000,000,002	80.79%
FHL ⁽¹⁾	Beneficial owner	15,389,930	1.24%
	Interest in controlled corporation	1,000,000,002	80.79%
FIHL ⁽²⁾	Interest in controlled corporation	1,015,389,932	82.04%
Guo Guangchang ⁽³⁾	Interest in controlled corporation	1,015,389,932	82.04%

Notes:

- (1) FHL holds approximately 72.14% equity interest in Fosun International, and is therefore deemed to be interested in the Shares directly held by Fosun International.
- (2) FIHL holds 100% equity interest in FHL, and is therefore deemed to be interested in the Shares which FHL is deemed to be interested in.
- (3) Guo Guangchang holds 85.29% equity interest in FIHL, and is therefore deemed to be interested in the Shares which FIHL is deemed to be interested in.

Save as disclosed above, so far as was known to the Directors, as of 30 June 2021, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors during the Reporting Period are set out below:

(1) Change in the significant positions held within the Group

Name of Director	Date of Change	Original Position	Current Position
Henri Giscard d'Estaing	25 April 2021	Executive Director Vice Chairman of the Board Deputy Chief Executive Officer Member of Strategy Committee	Executive Director Vice Chairman of the Board Deputy Chief Executive Officer Member of Strategy Committee Member of the Environmental, Social and Governance Committee
Xu Bingbin	25 April 2021	Executive Director Executive President Co-chief Financial Officer	Executive Director Executive President Co-chief Financial Officer Member of the Remuneration Committee Authorized Representative ⁽¹⁾

Note:

- (1) Mr. Xu Bingbin ceased to be an authorized representative of the Company with effect from 31 August 2021. Mr. Choi Yin On has been appointed as an authorized representative of the Company from the same date.

(2) Changes in Directors' remuneration with effect during the Reporting Period

Name of Director	Date of Change	Remuneration	Target Performance Related Bonus ⁽¹⁾
Henri Giscard d'Estaing	1 January 2021	EUR718,980 ⁽²⁾	N/A
Xu Bingbin	1 April 2021	RMB1,200,396 ⁽³⁾	RMB500,216 ⁽³⁾

Note:

- (1) To be determined based on internal appraisal of various performance indicators.
- (2) Due to the COVID-19 pandemic, base salary has been reduced by 11.67% for the three months from January to March in 2021 comparing with the same period of last year.
- (3) Due to his excellent performance, base salary and target performance related bonus have been increased by 14.30% for the three months from April to June in 2021 comparing with the same period of last year, with an annual emolument of RMB1,700,612.

Save as disclosed herein, there is no information required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

REVIEW OF INTERIM RESULTS

The Audit Committee comprised three independent non-executive Directors, namely Mr. Guo Yongqing (chairman), Dr. Allan Zeman and Ms. Katherine Rong Xin. The main duties of the Audit Committee are to review the financial statements and reports, to review the relationship with the external auditors, to review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control system, and to provide recommendations and advice to the Board.

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

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

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

During the Reporting Period, the Company applied the principles of and fully complied with the code provisions as set out in the CG Code except for the following deviation from provision A.2.1 of the CG Code.

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

EXECUTIVE DIRECTORS

Qian Jiannong (*Chairperson*)

Henri Giscard d'Estaing

Xu Bingbin⁽¹⁾

Choi Yin On⁽³⁾

NON-EXECUTIVE DIRECTORS

Xu Xiaoliang⁽³⁾

Pan Donghui⁽³⁾

INDEPENDENT NON-EXECUTIVE DIRECTORS

Allan Zeman

Guo Yongqing

Katherine Rong Xin

AUDIT COMMITTEE

Guo Yongqing (*Chairperson*)

Allan Zeman

Katherine Rong Xin

REMUNERATION COMMITTEE

Katherine Rong Xin (*Chairperson*)

Guo Yongqing

Xu Bingbin⁽¹⁾

NOMINATION COMMITTEE

Qian Jiannong (*Chairperson*)

Allan Zeman

Katherine Rong Xin

STRATEGY COMMITTEE

Qian Jiannong (*Chairperson*)

Henri Giscard d'Estaing

Allan Zeman

Note:

- (1) Mr. Xu Bingbin has been appointed as an executive Director with effect from 15 March 2021 and as a member of the Remuneration Committee and an authorized representative of the Company with effect from and 25 April 2021, respectively. Mr. Xu Bingbin ceased to be an authorized representative of the Company with effect from 31 August 2021.
- (2) Mr. Henri Giscard d'Estaing has been appointed as a member of the Environmental, Social and Governance Committee with effect from and 25 April 2021.
- (3) Mr. Choi Yin On has been appointed as an executive Director with effect from 18 August 2021 and appointed as an authorized representative of the Company with effect from 31 August 2021; and Mr. Xu Xiaoliang and Mr. Pan Donghui have been appointed as non-executive Directors with effect from 18 August 2021.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Guo Yongqing (*Chairperson*)

Katherine Rong Xin

Henri Giscard d'Estaing⁽²⁾

COMPANY SECRETARY

Leung Ching Ching

AUTHORIZED REPRESENTATIVES

Choi Yin On⁽³⁾

Leung Ching Ching

Xu Bingbin⁽¹⁾

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Cayman Islands

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 China Construction Bank
 The Hongkong and Shanghai Banking Corporation Limited
 Bank of East Asia
 Standard Chartered Bank (China) limited
 Hang Seng Bank (China) Limited
 Natixis Bank

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STOCK CODE

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ABBREVIATIONS

Aquarium	the Lost Chambers Aquarium in Atlantis Sanya
Atlantis Sanya	our tourism destination on the Haitang Bay National Coast of Sanya, Hainan province, PRC
Audit Committee	the audit committee of the Board
Average Daily Bed Rate	the business volume divided by the total number of beds sold
Board	our board of Directors
C2M	customer-to-maker
Capacity of Resorts	the total number of beds available for sale over a period or year, i.e. the number of beds, multiplied by the number of days on which resorts are open
Casa Cook	an award-winning boutique lifestyle hotel brand under Thomas Cook, with a focus on design, high-quality food and wellbeing
CG Code	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
China or PRC	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
Club Med	Club Med SAS (formerly known as Club Méditerranée SA), a simplified joint-stock company (société par actions simplifiée) incorporated in France on 12 November 1957 and a non-wholly owned subsidiary of our Company
Club Med Joyview	one of the Club Med resort brands catering to the Chinese market for vacations during weekends and MICE services, to fulfill the increasing leisure and holiday needs of Chinese tourists
Company	Fosun Tourism Group (formerly known as Fosun Tourism and Culture Group (Cayman) Company Limited), an exempted company with limited liability incorporated in the Cayman Islands on 30 September 2016
Cook's Club	a beach hotel brand under Thomas Cook, designed for a new generation of travellers who want fun, lively holidays in hotels that have modern and stylish design
Director(s)	the director(s) of the Company
EBITDA	earnings before interest, taxes, depreciation and amortization
EMEA	Europe, Middle East, and Africa, which, for our purposes, also includes Turkey
Euro	the lawful currency of the European Union

FHL	Fosun Holdings Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by FIHL, and one of 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
FOLIDAY	our global ecosystem consisting of our commercially-interconnected businesses that offers a wide spectrum of tourism-and leisure-related services
FOLIDAY Town	the Group's brand name for major comprehensive tourism destinations
Foryou Club	our membership system in China that manages and operates services and activities for members and customers under the FOLIDAY ecosystem
Fosun International	Fosun International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0656), and one of our Controlling Shareholders
Frost & Sullivan Report	an independent market research report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent third party
GFA	gross floor area
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)
Happy Digital	Club Med's digitalization initiatives, through which we use digital solutions to improve our guests' and employees' experience while making the technology user-friendly and seamless
HK\$ or HKD	the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Kerzner	Kerzner International Limited, a company incorporated in The Commonwealth of the Bahamas, and its subsidiaries
Listing	the listing of the Shares on the Main Board
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Miniversity	the brand for learning and playing club for children

GLOSSARY

Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Occupancy Rate by Bed	the ratio expressed as a percentage between the total number of beds sold and the total number of beds available for sale over a period or year
Occupancy Rate by Room	the total number of rooms sold divided by the total number of rooms available for sale
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
Reporting Period	1 January 2021 to 30 June 2021
RMB	the lawful currency of the PRC
Share(s)	Ordinary share(s) in the share capital of our Company
Shareholder(s)	holder(s) of the Shares
Stock Exchange	The Stock Exchange of Hong Kong Limited
subsidiary(ies)	has the meaning ascribed thereto under section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Tang Residence	the saleable residential vacation units in Atlantis Sanya
Thomas Cook	Thomas Cook Group plc, a company incorporated in England and Wales, the shares of which are listed on the London Stock Exchange (stock code: TCG), the company applied for liquidation on 23 September 2019
Trident	the measurement unit used by Club Med to indicate the level of each Club Med resort, which is similar to “star” used for traditional hotel ratings
USD or U.S. dollar	the lawful currency of the United States of America
Waterpark	the Aquaventure Waterpark in Atlantis Sanya