Fosun Tourism Group
复星旅游文化集团

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

(Stock Code: 1992)

INTERIM RESULTS ANNOUNCEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL SUMMARY

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**9,062,701**	6,667,416
Resorts and destination operations	**5,997,090**	5,396,340
Tourism-related property sales and construction services	**1,766,547**	18,730
Tourism and leisure services and solutions	**1,299,064**	1,252,346
Gross profit	**3,015,671**	1,798,502
Operating profit	**1,202,011**	14,562
Profit/(loss) before income tax	**819,281**	(186,084)
Profit/(loss) for the period	**502,438**	(134,614)
Profit/(loss) attributable to equity holders of the Company	**490,019**	(254,524)
Adjusted EBITDA	**1,994,213**	425,027
Adjusted net profit/(loss)	**539,164**	(53,318)
Earnings/(losses) per share – basic *(in RMB)*	**0.40**	(0.25)
Earnings/(losses) per share – diluted *(in RMB)*	**0.39**	(0.25)
Interim dividend per share *(in HKD)*	**0.07**	–

BUSINESS OVERVIEW AND OUTLOOK

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 2018 according to Frost & Sullivan Report. Our business volume of resorts and destination operations and tourism and leisure services and solutions (collectively as "tourism operation"), at constant exchange rate, increased by 10.7% from RMB6,893.3 million for the six months ended 30 June 2018 to RMB7,629.4 million for the six months ended 30 June 2019, reached a record high in the last five years. Our revenues increased by 35.9% from RMB6,667.4 million to RMB9,062.7 million on a year-over-year basis compared with the same period last year. Gross profit increased from RMB1,798.5 million for the six months ended 30 June 2018 to RMB3,015.7[1] million for the six months ended 30 June 2019. Adjusted EBITDA increased from RMB425.0 million for the six months ended 30 June 2018 to RMB1,994.2[1] million for the six months ended 30 June 2019 with adjusted EBITDA margin leveraged to 22.0%[1]. Profit attributable to equity holders was turned around with a net profit amounted to RMB490.0[1] million for the six months ended 30 June 2019 against a net loss of RMB254.5 million for the six months ended 30 June 2018 with significant contribution of profit attributable from tourism operation.

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. We continued to strengthen the attractiveness and distinctiveness of our resorts and tourism destinations with innovative and user-friendly solutions. We have further enhanced our ecosystem by offering one-stop products and solutions to meet the evolving preference of family customers and development synergies within the ecosystem. In addition, we continued to accelerate our customer-focused digital solutions with middle-office platform and intelligent hotel management systems and solutions.

RESORTS

Our resort business, which is operated under Club Med brand, has demonstrated a dynamic growth for the six months ended 30 June 2019. The business volume reached RMB6,929.8 million, increased by 5.0% on year-over-year and like-for-like basis. The business volume of EMEA, Americas and Asia increased by 1.4%, 14.3% and 7.9% for the first half of 2019, respectively, compared with the same period of last year. Certain key information with respect to our resort business is set out below:

	As of 30 June 2019	As of 30 June 2018
Business Volume *(RMB Millions)*	**6,929.8**	6,603.0
Capacity of Resorts *(in thousands)*	**6,219**	6,082
Occupancy Rate by Bed	**65.1%**	67.0%
Average Daily Bed Rate *(RMB)*	**1,388**	1,311
Revenue per Bed *(RMB)*	**904**	879

[1] We adopted IFRS 16 Leases on 1 January 2019 which capitalizes the present value of the remaining lease payment as right-of-use assets and calculate depreciation instead of recording lease expenses in current period. Details of IFRS 16 adoption and impact are set out in note 1.2 to financial statements. With the adoption of IFRS 16, for the six months ended 30 June 2019 gross profit increased by RMB124.8 million, adjusted EBITDA increased by RMB628.6 million, and profit attributable to equity holders decreased by approximately RMB53.3 million, respectively. Excluding the adoption impact of IFRS 16, adjusted EBITDA margin leveraged to 15.1%.

The dynamic growth was driven by the increase in Average Daily Bed Rate by 5.9% on a like-for-like basis as a result of popularity on the winter ski products and the increased capacities of 4&5 Trident resorts. Occupancy Rate by Bed is slightly impacted by the capacities ramp-up in 2018. The recurring EBITDA of resort operation increased to RMB1,393.6[1] million for the first half of 2019, compared to RMB728.7 million for the first half of 2018.

In light of the evolving trends in the industry, we have focused on the below initiatives:

Upscale – Enhancing upscale and premium offerings: We opened 5 resorts in 2018, including Club Med Arcs Panorama which opened in December 2018. In the first half of 2019, three resorts were under renovation and extension. Meanwhile, three resorts were reopened in the first half of 2019 after renovation and transformation. Two resorts with limited capacities were closed under lease agreements. The capacities with 4&5 Trident increased from 81.2% as of 30 June 2018 to 85.7% as of 30 June 2019. The following table sets out the Capacity of Resorts by type of resorts:

Type of resorts	**As of 30 June 2019** ***'000***	As of 30 June 2018 *'000*
Capacity		
Mountain	**1,509.0**	1,565.5
Sun	**4,421.9**	4,301.5
Club Med Joyview	**287.8**	215.0
Total	**6,218.7**	6,082.0
4&5 Trident %	**85.7%**	81.2%

Our capital expenditure of resort business incurred in the first half of 2019 was approximately RMB309.0 million with positive free cash flow.

Globalization – Balancing markets and destinations to secure profitability: In the first half of 2019, the number of resort customers increased to 750,000, with 86.9% of customers stayed in 4&5 Trident resorts. Customer booking outside EMEA region increased to 53.5% in the first half of 2019 from 51.6% in the first half of 2018. Customers from America and Asia Pacific increased by 6.3%, 4.8%, respectively in the first half of 2019. Customers from Greater China increased from 120,239 in the first half of 2018 to 124,627 in the first half of 2019, keeping Greater China the second largest customer-contributing market. In addition, our resort capacities in Asia Pacific increased by 4.9% in the first half of 2019.

[1] Please refer to the note on page 13 of the Management Discussion & Analysis section for detail.

Happy Digital & C2M Strategy – Digital on customer emotion amplification and operation efficiency: We have redesigned and innovated on customer path to facilitate the "before" and "after" stay experience. During the first half of 2019, direct sales proportion through the sales network of Club Med reached 63.5% in the first half of 2019. Conversion rates on mobile were leveraged by 20% as a result of optimization of 35 Club Med websites in 18 languages and extension of new online sales channels and platforms. In the first half of 2019, we launched a new Mobile APP program "My Happy Days", featuring resort and activity guidance, online check-ins, activities reservations and social functions. In addition, we deployed an in-house developed experience "Amazing Family" proposing unique parents-kids bonding activities, together with a strong visual identity in various resorts. We have extensively deployed digital bracelets, new mobile applications with cashless payment, easy check in/out and other innovative solutions.

Ski Ecosystem – Leverage our strength as a top ski resort provider: We are the largest ski resort provider in Europe in terms of number of resorts in 2018. We operate 16 mountain resorts of Europe and 4 of Asia. Our Average Daily Bed Rate of mountain resorts increased by 8.9% in the first half of 2019 as compared to the same period in 2018. Our Mountain resort Arcs Panorama, newly opened in December 2018, received great success in its first winter season with business volume amounted to RMB247.1 million in the first half of 2019. We plan to further leverage our strength not only in Alps region, but also in fast growing ski areas and massive potential customer markets with more mountain resorts to be opened and more related services and solutions to be provided under our strong brands. Club Med is also collaborating with global leading ski instructors, Ecole du Ski Francais (ESF), to deliver advanced skiing programs to China's winter sports enthusiasts. The first Ski Academy powered by Club Med and ESF has settled in Beijing Lianhua Mountain ski resort, which is aimed to take ski and snowboarding instruction in Beijing to a world-class level.

We opened a new Club Med Joyview resort – Yanqing in Beijing, China, in July 2019, which is a 4 Trident resort. We have strong pipelines to open new resorts in the future, including a resort in l'Alpe d'Huez in France, a new chalets-apartments in Grand Massif Samoëns Morillon in France and a resort located in Miches Playa Esmeralda in the Dominican Republic which planned to open in 2019 and a seaside resort in Marbella, Spain, a resort on the Sainte Anne Island, Seychelles, a mountain resort La Rosiere in French Alps and a mountain resort in Quebec Charlevoix, Canada to open after 2019. In addition, we have signed several contracts to open new resorts in China in the next few years, including the Club Med resorts in the Lijiang and Taicang project.

As of 20 July 2019, the cumulative bookings for the six months ending 31 December 2019, expressed in terms of business volume, was up approximately 4.9% with all regions growing, compared to the bookings as of 20 July 2018, at constant exchange rate.

TOURISM DESTINATIONS

Atlantis Sanya[1]

Our first tourism destination project, Atlantis Sanya has become an iconic landmark for global tourists. As of 30 June 2019, there had been over 1.8 billion User Generated Contents ("UGC") themed "Atlantis Sanya" on the mobile application "Tik Tok". The business volume of tourism destination operation increased from RMB204.9 million for the six months ended 30 June 2018 to RMB656.0 million for the six months ended 30 June 2019 whilst the business volume for May and June increased by 36.6% compared with the same period last year. Customer visits to Atlantis Sanya in the first half of 2019 has increased to approximately 2.5 million from 883 thousand in the same period of 2018. In addition, the number of customer visits to Waterpark and Aquarium reached 502 thousand and 608 thousand respectively in the first half of 2019. We continue to enrich customer experiences in Atlantis Sanya with various tourism and entertainment services and solutions, including Miniversity, the show C in C Theatre, Foryou Ski (復遊雪) experience and entertainment events. To leverage operational efficiency and happy experience, we are implementing various digital solutions, including the facial recognition access to Aquarium and Waterpark and Fhoto (復遊拍) e-photo studios, etc. The adjusted EBITDA of Atlantis Sanya increased to RMB282.4 million in the first half of 2019 and its operation has contributed sound profit to the Group. The following table illustrates certain key operating information of Atlantis Sanya:

Item	**For the six months ended 30 June 2019**	Period from 15 February 2018[1] to 30 June 2018
Business Volume *(RMB'000)*	**656,034.4**	204,898.6
Room Revenue *(RMB'000)*	**349,302.7**	107,733.6
Other Operating Revenue *(RMB'000)*[2]	**306,731.7**	97,165.0
Occupancy Rate by Room	**62.0%**	47.5%
Average Daily Rate by Room *(RMB)*	**2,371.0**	1,562.0
RevPar by Room *(RMB)*	**1,469.0**	742.0

In July 2019, the business volume of Atlantis Sanya operation increased by more than 20.0% compared with last year with robust growth in Room Revenue and Other Operating Revenue.

Atlantis Sanya includes 1,004 saleable residential vacation units, called Tang Residence, including 197 villas and 807 vacation apartments with 190 villas and 788 apartments presold. We delivered 764 apartments in 2018. For the first half of 2019, we delivered 23 apartments and 118 villas and recognized RMB1,770.2 million of contract liabilities as revenue. The remaining presold apartments and villas are expected to be transferred when the ownerships are transferred subject to applicable laws and regulations. For the apartments and villas sold, approximately 243 apartments and 8 villas were managed by us as accommodation facilities under Albion brand.

1 Atlantis Sanya is owned by the Group and managed by Kerzner, except for Tang Residence. It had its soft opening in February 2018 and officially opened on 29 April 2018.

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

Lijiang FOLIDAY Town (麗江復游城)[1]

We position our Lijiang FOLIDAY Town as an international tourism destination targeting mid-to-high-end customers and plan to combine comprehensive tourism and leisure features, such as sightseeing attractions, resort and other accommodations (including a Club Med resort), leisure entertainment facilities, customized vacation inns and residences, performances, local activities and tours which could be operated and managed by us or our strategic partners. We have started the construction of Club Med resort in February 2019 and other portion was under design phase and will commence construction in stages. The project will be completed in stages starting from either late 2020 or early 2021 and achieve full completion in the following two to three years. As of 30 June 2019, the total cost incurred for the Lijiang Project was approximately RMB575.6 million.

Taicang FOLIDAY Town (太倉復游城)[2]

Our Taicang FOLIDAY Town is designed to offer various themed experiences and tourism features, including but not limited to one of the largest indoor snow slope in East China, a sports park, a Club Med resort, a Sunwing parent-kids style hotel, a European style town, and saleable vacation units. Our indoor snow slop was under design by Compagnie des Alpes ("CDA"), one of the world's leading ski resort operators based in France, to offer facilities and services with international standards. The construction has started in January 2019 and expected to be completed in stages starting from late 2020 and achieve full completion in the following three to four years. As of 30 June, 2019, the total cost incurred for the Taicang Project was approximately RMB2,395.1 million, which was mainly the consideration paid for our land acquisitions.

Other than Lijiang FOLIDAY Town and Taicang FOLIDAY Town, we are also in discussion with other developers to explore the opportunities to provide tailor-made tourism destination design, technical support and management services. In addition, we managed and operated tourism destinations in many regions of China, such as Zhejiang, Jiangsu and Guangdong provinces under the Albion Brand.

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1 A tourism destination with a total GFA of approximately 350,000 square meters in Baisha town in Lijiang city, Yunnan province in Southwestern China.

2 A tourism destination with a land parcels over 483,000 square meters in total in Taicang city, Jiangsu province in East China.

SERVICES AND SOLUTIONS IN VARIOUS TOURISM AND LEISURE SETTINGS

Our services and solutions in various tourism and leisure settings grow rapidly. A modern show, the resident show C, which involves creative inputs from world-class creators and artists, integrated with advanced stage technologies, started to be performed at the C Theatre of Atlantis Sanya in February 2019. After the opening of Miniversity in Atlantis Sanya in 2018, two Miniversity[1] clubs in shopping malls located in Shanghai were launched in March 2019. In addition, we launched Foryou Ski, an indoor ski simulation center, in Atlantis Sanya. We plan to further provide extensive services and solutions to meet the customers' evolving needs and bring value-added synergies within our FOLIDAY ecosystem. In addition, the business volume of our FOLIDAY Travel Distribution Platform[2] for the six months ended 30 June 2019 increased to RMB198.1 million, up by 288.3% compared with the same period of 2018.

LOYALTY PROGRAMMES MEMBERSHIP

Our loyalty programs include global Club Med Great Member loyalty program and Foryou Club membership system which has integrated members from various of our brands in the FOLIDAY ecosystem, including but not limited to members of Atlantis Sanya, Club Med's Great Members from China, FOLIDAY application and other members from various activities and services we provide. Foryou club was not only integrated with Fosun International's Youle Customer Loyalty Program, but also interacted with other strategic partners for membership benefits, including Alipay members. As of 30 June 2019, Foryou Club has accumulated approximately 3.5 million members with the average monthly purchase by the members of approximately RMB7.5 million for the first half of 2019.

INTELLIGENT MIDDLE OFFICE PLATFORM

To position us at the industry's competitive edge through implementation of innovation digital technology systems, we have launched a program to develop an integrated middle-office platform with operation functions in marketing, branding, pricing and yield management, payments and orders, sales, CRM and call centers for various business lines located in different regions. The information and data were accumulated to Artificial Intelligent Data Center for data analytics, transaction mappings and decision-making supports. In addition, we are launching the resort and tourism destination digitalization center which provide various digital solutions and management systems, including our hotel (resort) operating management system FOTEL. With the implementation of our Intelligent Middle Office Platform, we expect to further improve our capability and operational efficiency to provide convenient and fun leisure experiences to our customers.

With continuous enhancement of our FOLIDAY global ecosystem and product capabilities, the Group's business achieved a dynamic and robust growth in the first half of 2019. We will continue to strategically focus on innovation on the business models and products we provide, further strengthen globalization with brands, network and talents, reinforce ecosystem expansion with synergies in tourism and leisure settings, develop contents and distribution platforms, and seize investment, acquisition or strategic alliance opportunities to further supplement our FOLIDAY ecosystem.

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1 A one-stop international learning and playing club for children under the joint venture with Mattel, a global leader in learning and developing through play and the owner of the copyrights and trademarks of Fisher-Price, Thomas & Friends, MEGA, Hot Wheels, Bob the Builder and Barbie. Under the joint venture agreement, we hold 70% of equity interest in the joint venture and Mattel holds 30%.

2 Includes the FOLIDAY mobile application, Wechat account, travel agencies and the joint ventures with Thomas Cook Group plc, Kuyi International Travel Agency (Shanghai) Co., Ltd. and Kuyi International Travel Agency (Sanya) Co., Ltd.. We held an approximate 11.4% of equity interest in Thomas Cook as of 30 June, 2019.

MANAGEMENT DISCUSSION & ANALYSIS

Selected Items of Consolidated Statement of Profit or Loss

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
REVENUE	**9,062,701**	6,667,416
Cost of revenue	**(6,047,030)**	(4,868,914)
Gross profit	**3,015,671**	1,798,502
Other income and gains, net	**3,446**	39,530
Selling and marketing expenses	**(1,203,422)**	(1,167,730)
General and administrative expenses	**(613,684)**	(655,740)
Finance costs	**(385,522)**	(198,818)
Share of profits and losses of:		
A joint venture	**–**	(3,435)
Associates	**2,792**	1,607
PROFIT/(LOSS) BEFORE TAX	**819,281**	(186,084)
Income tax (expenses)/credit	**(316,843)**	51,470
PROFIT/(LOSS) FOR THE PERIOD	**502,438**	(134,614)
Attributable to:		
Equity holders of the Company[1]	**490,019**	(254,524)
Non-controlling interests	**12,419**	119,910
	502,438	(134,614)

Revenue: Our revenue increased by 35.9%, from RMB6,667.4 million for the six months ended 30 June 2018 to RMB9,062.7 million for the six months ended 30 June 2019, mainly driven by strong performance of our resorts and destination operation and tourism-related property sales and construction services.

1 Profit attributable to equity holders of the Company for the six months ended 30 June 2019 included RMB333.7 million profit arising from tourism operation and RMB156.3 million profit arising from tourism-related property sales. Loss attributable to equity holders of the Company for the six months ended 30 June 2018 included RMB199.2 million loss arising from tourism operation and RMB55.3 million loss arising from tourism-related property sales.

Revenue by business function and business segment

	For the six months ended 30 June			
	2019		2018	
	RMB'000	*%*	*RMB'000*	*%*
Resorts and destination operations	**6,051,964**	**66.8%**	5,396,340	80.9%
– Resorts	**5,378,834**	**59.4%**	5,179,783	77.7%
– Tourism destinations	**673,130**	**7.4%**	216,557	3.2%
Tourism-related property sales and construction services	**1,766,547**	**19.5%**	18,730	0.3%
– Resorts	**5,844**	**0.1%**	18,730	0.3%
– Tourism destinations	**1,760,703**	**19.4%**	–	0.0%
Tourism and leisure services and solutions	**1,303,993**	**14.4%**	1,252,771	18.8%
– Resorts	**1,218,403**	**13.4%**	1,170,057	17.5%
– Services and solutions in various tourism and leisure settings	**85,590**	**1.0%**	82,714	1.3%
Intersegment eliminations	**(59,803)**	**(0.7%)**	(425)	(0.0%)
Total revenue from contracts with customers	**9,062,701**	**100.0%**	6,667,416	100.0%

Resorts and Destination Operations: Resorts and destination operations revenue increased by 12.1% from RMB5,396.3 million for the six months ended 30 June 2018 to RMB6,052.0 million for the six months ended 30 June 2019.

Resort revenue increased by 3.8% year-over-year, from RMB5,179.8 million to RMB5,378.8 million for the six months ended 30 June 2018 and 2019, primarily driven by the increase in business volume by 5.0% compared with same period in last year on a like-for-like basis. Business volume increase was primarily contributed by higher Average Daily Bed Rate benefited from our popularity on winter ski products and increased 4&5 Trident resorts capacities under our upscale strategies, partially offset by the ramp-up of increased capacities and closed resorts of limited capacity and aging facilities.

Operation of Atlantis Sanya posted revenue growth of 220.2% to RMB656.0 million for the six months ended 30 June 2019, mainly due to, (i) room revenue resulting from higher Average Daily Rate by room; (ii) higher Occupancy Rate by Room, and (iii) the increase of other operating revenues generated from Aquarium, Waterpark and other services provided. Atlantis Sanya had its soft opening in February 2018 and official opening in April 2018 and recorded operation revenue of approximately RMB204.9 million for the six months ended 30 June 2018.

Tourism-related property sales and construction services: Revenue increased by RMB1,747.8 million, amounted to robust RMB1,766.5 million for the six months ended 30 June 2019 compared with RMB18.7 million for the same period of last year, primarily due to the delivery of property units in Tang Residence in 2019. During the Reporting Period, 141 pre-sold units in Tang Residence were delivered to customers and the contract liabilities of RMB1,770.2 million were recognized as revenue accordingly. We started to deliver the pre-sold units of Tang Residence in the second half year of 2018.

Tourism and leisure services and solutions: Revenue of tourism and leisure services and solutions increased from RMB1,252.8 million to RMB1,304.0 million year-over-year, the increase of revenue was mainly generated from: (i) transportation service of resorts and destination operations; (ii) FOLIDAY Travel Distribution Platform; (iii) kid learning and play activities and entertainment services.

Cost of revenue by business function

	For the six months ended 30 June			
	2019		2018	
	RMB'000	*%*	*RMB'000*	*%*
Resorts and destination operations	**3,915,179**	**64.7%**	3,741,765	76.9%
Tourism-related property sales and construction services	**1,066,777**	**17.6%**	14,893	0.3%
Tourism and leisure services and solutions	**1,119,780**	**18.5%**	1,112,256	22.8%
Intersegment eliminations	**(54,706)**	**(0.8%)**	–	–
Total	**6,047,030**	**100.0%**	4,868,914	100.0%

Gross profit and gross profit margin by business function

	For the six months ended 30 June			
	2019		2018	
	Gross Profit	**Gross Profit Margin**	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*
Resorts and destination operations	**2,136,785**	**35.3%**	1,654,575	30.7%
Tourism-related property sales and construction services	**699,770**	**39.6%**	3,837	20.5%
Tourism and leisure services and solutions	**184,213**	**14.1%**	140,515	11.2%
Intersegment eliminations	**(5,097)**	**N/A**	(425)	N/A
Total	**3,015,671**	**33.3%**	1,798,502	27.0%

Cost of revenue, gross profit and gross profit margin by business function: Cost of revenue increased by 24.2% from RMB4,868.9 million for the six months ended 30 June 2018 to RMB6,047.0[1] million year-over-year, which was in line with revenue growth.

1 With the adoption of IFRS 16, cost of revenue decreased by approximately RMB124.8 million, and gross profit increased by RMB124.8 million for the six months ended 30 June 2019.

Gross profit in the first six months of 2019 was RMB3,015.7 million compared with RMB1,798.5 million during the same period of 2018, up 67.7% year-over-year. Robust performance of resorts and destination operations contributed incremental gross profit of RMB482.2 million, representing of 29.1% growth year-on-year, mainly due to resorts operation gross profit amounted to RMB1,817.6 million and Atlantis Sanya operation gross profit amounted to RMB305.6 million. Meanwhile, the tourism related property sales and construction services contributed of RMB700.5 million additional gross profits in 2019 through the delivery of certain Tang Residence units.

Gross profit margin of resorts and destination operations was 35.3% compared with 30.7% in the same period last year, primary due to the improved margin of resorts operation and Atlantis Sanya operation, which was approximately 46.6%. Gross profit margin of tourism-related property sales and construction services increased from 20.5% in the first six months of 2018 to 39.6% in the same period of 2019, primary due to the delivery of pre-sold apartment units of Tang Residence.

Other income and gains, net

We had a net gain of RMB3.4 million in the first six months of 2019 and a net gain of RMB39.5 million in the same period last year. The decrease was primarily due to one-off gains recognized in 2018 from the reversal of provisions for litigation and resort closure costs accrued in 2017. The reversal of provisions for litigation was made due to favourable rulings ending litigation in two matters with provisions made. The reversal of provisions for village closure was due to savings from anticipated costs for the planned closure of two villages including rent savings from early termination of leases.

Selling and marketing expenses

Our selling and marketing expenses grew by 3.1% from RMB1,167.7 million in the first six months of 2018 to RMB1,203.4 million in the same period of 2019, mainly due to increase in commission expenses, more advertising and promotion activities regarding resorts operation, which was partially offset by opening ceremony expenses decrease of Atlantis Sanya.

General and administrative expenses

General and administrative expenses decreased by 6.4% from RMB655.7 million in the first six months of 2018 to RMB613.7 million in the same period of 2019. The change was primarily due to one-off expenses incurred in 2018 including preparation and organization cost of Atlantis Sanya of RMB67.3 million and listing expenses of RMB17.1 million, partially offset by the increase in depreciation expenses.

Operating profit/(loss) by segment

Our segment operating profit increased by RMB1,187.4 million from RMB14.6 million in the first six months of 2018 to RMB1,202.0[1] million year-over-year.

	For the six months ended 30 June			
	2019		2018	
	RMB'000	*%*	*RMB'000*	*%*
Resorts	**561,324**	**46.7%**	436,747	2,999.2%
Tourism destinations	**762,276**	**63.4%**	(360,963)	(2,478.8%)
Services and solutions in various tourism and leisure settings	**(32,951)**	**(2.7%)**	2,484	17.1%
Eliminations and unallocated expenses	**(88,638)**	**(7.4%)**	(63,706)	(437.5%)
Total	**1,202,011**	**100.0%**	14,562	100.0%

Resorts: Operating profit increased from RMB436.7 million in the first six months of 2018 to RMB561.3 million in the same period of 2019. Excluding the non-recurring operating items and impact of implementing IFRS 16 , the recurring operating profit was up 8.2% to a robust amount of RMB479.9 million, compared with RMB443.4 million in the first six months of 2018, primarily due to the improved profitability of our resorts operation. Non-recurring operating items of resorts operation included impairment and provisions, restructuring, gain/(loss) on the fair value change of investments measured at fair value through profit or loss, and disposal damage insurance.

Tourism destinations: Operating profit/(loss) changed from operating loss of RMB361.0 million for the six months ended 30 June 2018 to operating profit of RMB762.3 million for the same period in 2019. Operation of Atlantis Sanya contributed RMB168.7 million operating profit and deliver of pre-sold units of Tang Residence contributed RMB635.2 million operating profit, respectively.

Services and solutions in various tourism and leisure settings: Operating loss for the first six months ended 30 June 2019 was RMB33.0 million compared with operating profit of RMB2.5 million for the same period in 2018. The operating loss was mainly due to (i) ramp-up of online and offline travel agency leading to more cost and expenses than revenue expansion at the early stage, (ii) start-up costs in 2019 including the resident show C in Atlantis Sanya in February and two Miniversity clubs in shopping malls in March.

[1] With the adoption of IFRS 16, operating profit increased by RMB134.7 million for the six months ended 30 June 2019.

Finance costs

Finance costs net of capitalized interest increased from RMB198.8 million for the first six months of 2018 to RMB385.5[1] million in the same period of 2019. The increase of RMB186.7 was mainly due to (i) RMB206.4 million finance cost on lease liabilities with the implementation of IFRS 16, (ii) decrease in capitalized interest after completion of Atlantis Sanya construction. The interest rates of borrowings as at 30 June 2019 were approximately between 2.75% and 7.37%, as compared with approximately between 2.75% and 7.00% as at 31 December 2018.

Income tax expense/(credit)

Income tax expense was RMB316.8 million in the first six months of 2019 compared with income tax credit RMB51.5 million in the same period of 2018. The increase in tax expenses was mainly resulted from the strong profit position in 2019.

Non-IFRS Measures

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

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1 With the adoption of IFRS 16, finance costs increased by RMB206.4 million for the six months ended 30 June 2019.

ADJUSTED EBITDA

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Income/(Loss) before income tax	**819,281**	(186,084)
Adjustment:		
Depreciation	**867,952**	303,115
Amortization	**55,042**	58,072
Finance costs	**385,522**	198,818
Land appreciation tax	**(170,310)**	–
EBITDA	**1,957,487**	373,921
Add:		
Equity-settled share-based payments	**36,726**	34,044
Listing expenses	**–**	17,062
Adjusted EBITDA[(1)(2)]	**1,994,213**	425,027
Arising from tourism operation[(3)]	**1,570,464**	430,733
Arising from tourism-related property sales[(3)]	**423,749**	(5,706)

Notes:

(1) With the adoption of IFRS 16, adjusted EBITDA increased by RMB628.6 million for the six months ended 30 June 2019.

(2) Adjusted EBITDA for the six months end 30 June 2018 included the preparation and operation costs of RMB187.2 million related to Atlantis Sanya before the official opening in April 2018.

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

Adjusted EBITDA

Adjusted EBITDA increased from RMB425.0 million in the first six months of 2018 to RMB1,994.2 million in the same period of 2019. Adjusted EBITDA arising from tourism operation increased from 430.7 million for the six months ended 30 June 2018 to RMB1,570.5 million for the six months ended 30 June 2019.

The adjusted EBITDA of resorts operation increased to RMB1,340.8 million in the first six months of 2019 from RMB722.1 million in the same period of last year mainly due to the improved profitability of resort operation and the impact of implementation of IFRS 16 which capitalizes the present value of the remaining lease payment as right-of-use assets and calculate depreciation instead of recording lease expenses in current period. Excluding the change of non-recurring operating items and IFRS 16 impact, the recurring adjusted EBITDA was up 5.5% year-over-year. Adjusted EBITDA of Atlantis Sanya operation was RMB282.4 million for the six months ended 30 June 2019, compared to RMB249.6 million losses for the six months ended 30 June 2018.

The adjusted EBITDA of tourism-related property sales in the first six months of 2019 was RMB458.6 million before net off unallocated expenses, mainly due to the delivery of pre-sold Tang Residence units.

Adjusted Net Profit/(loss)

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Net Profit/(loss)	**502,348**	(134,614)
Add:		
Interest to related companies prior to reorganization [(1)]	**–**	30,190
Equity-settled share-based payments	**36,726**	34,044
Listing expenses	**–**	17,062
Adjusted Net Profit/(Loss) [(2)(3)]	**539,164**	(53,318)

Notes:

(1) Interest to related companies included the interest on convertible bonds and convertible redeemable preferred shares of Fidelidade which was settled in May 2018.

(2) Adjusted Net Profit for the six months ended 30 June 2018 included the preparation and operation costs of RMB187.2 million related to Atlantis Sanya before the official opening in April 2018.

(3) With the adoption of IFRS 16, adjusted net profit/(loss) decreased by RMB53.4 million for the the six months ended 30 June 2019.

Capital expenditures

Our major capital expenditures primarily consist 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, finance leases, and related company loans. The amount of capital expenditures of the Group for the first six months ended 30 June 2018 and 2019 was RMB713.4 million and RMB567.9 million, respectively. The capital expenditures incurred in the first half of 2018 included the capital expenditure for Atlantis Sanya which is completed in 2018 and IT tools and HR tools upgrade of Club Med. The capital expenditure incurred in the first half of 2019 mainly related to capital expenditures in tourism destination projects, upgrade or renovation of existing resorts, and investments in digital technology.

Indebtedness, liquidity and financial resources of the Group

Our Group funds our investments and operations principally with cash generated from our operations, bank and other borrowings, funds raised from the capital market, related party borrowings and capital investments by our Controlling Shareholders. As of 30 June 2019, we had cash and cash equivalents of approximately RMB1.7 billion. The following table set outs our cash flows for the periods indicated:

	For the six months ended 30 June	
	2019	2018
	RMB Billion	*RMB Billion*
Net cash flows generated from operating activities	**1.3**	0.2
Net cash flows used in investing activities	**(0.8)**	(0.5)
Net cash flows (used in)/from financing activities	**(0.7)**	0.7
Cash and cash equivalents at end of the period	**1.7**	1.4

Our indebtedness included interest-bearing bank borrowings, convertible bonds, convertible redeemable preferred shares and finance lease payable. As of 30 June 2019, the total amount of interest-bearing bank borrowing was RMB5,359.2 million, within which RMB995.9 million was repayable within one year.

Our loan agreements may also include material financial covenants. Furthermore, we may be required to provide additional guarantees upon the lending banks' request if any changes in our guarantor adversely affect the guarantee granted by the guarantor to the lending banks. Our Directors confirm that we complied with all material covenants under our loan agreements during the Reporting Period and up to 30 June 2019.

Capital Structure

The Company continued to maintain a healthy and sound financial position. Our total assets increased from RMB29,532.3 million as of 31 December 2018 to RMB35,378.1 million as of 30 June 2019, and our total liabilities increased from RMB21,217.1 million as of 31 December 2018 to RMB26,816.2 million as of 30 June 2019.

Our current ratio decreased from 0.7 as of 31 December 2018 to 0.6 as of 30 June 2019 primarily due to decrease in the completed properties for sales and contract liabilities and increase in lease liability.

Our gearing ratio increased from 14.0% as of 31 December 2018 to 34.2% as of 30 June 2019 primarily due to increase in lease liability after the implementation of IFRS 16. Gearing ratio without accounting treatment of IFRS 16 would be 15.1% as of 30 June 2019.

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

Exchange Rate Fluctuation

The Group has resorts and commercial operations in over 40 countries and regions which are exposed to foreign exchange risk arising from various currency exposures. Major currencies for our commercial transaction included the Euro, U.S. dollar, British Pound, Hong Kong dollar and Canadian dollar. We engage 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. For the first six months ended 30 June, 2018 and 2019, we recorded foreign exchange gain of RMB32.3 million and RMB24.2 million respectively in other income and gains, net. In addition, we recorded loss of RMB138.1 million and gain of RMB7.5 million exchange difference on translation of foreign operations in exchange reserve in other comprehensive income for the first six months ended 30 June 2018 and 2019, respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
REVENUE	3	**9,062,701**	6,667,416
Cost of revenue		**(6,047,030)**	(4,868,914)
Gross profit		**3,015,671**	1,798,502
Other income and gains, net	4	**3,446**	39,530
Selling and marketing expenses		**(1,203,422)**	(1,167,730)
General and administrative expenses		**(613,684)**	(655,740)
Operating profit		**1,202,011**	14,562
Finance costs	5	**(385,522)**	(198,818)
Share of profits and losses of:			
A joint venture		**–**	(3,435)
Associates		**2,792**	1,607
PROFIT/(LOSS) BEFORE INCOME TAX	6	**819,281**	(186,084)
Income tax (expense)/credit	7	**(316,843)**	51,470
PROFIT/(LOSS) FOR THE PERIOD		**502,438**	(134,614)
Attributable to:			
Equity holders of the Company		**490,019**	(254,524)
Non-controlling interests		**12,419**	119,910
		502,438	(134,614)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic			
– For profit/(loss) for the period *(RMB)*	9	**0.40**	(0.25)
Diluted			
– For profit/(loss) for the period *(RMB)*	9	**0.39**	(0.25)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
PROFIT/(LOSS) FOR THE PERIOD	**502,438**	(134,614)
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**3,977**	20,422
Reclassification adjustments for (gains)/losses included in the consolidated statements of profit or loss	**(31,299)**	14,132
	(27,322)	34,554
Exchange differences on translation of foreign operations	**7,547**	(138,144)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(19,775)**	(103,590)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to employee benefits	**(29,524)**	(246)
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(308,689)**	(147,625)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(338,213)**	(147,871)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(357,988)**	(251,461)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**144,450**	(386,075)
Attributable to:		
Equity holders of the Company	**105,717**	(448,013)
Non-controlling interests	**38,733**	61,938
	144,450	(386,075)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**30 June 2019** *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**10,203,892**	10,153,134
Right-of-use assets		**9,881,934**	–
Prepaid land lease payments		**–**	1,339,883
Intangible assets		**2,609,942**	2,624,720
Goodwill		**1,730,637**	1,737,345
Investments in associates		**189,740**	158,586
Financial assets at fair value through profit or loss		**393,361**	363,845
Equity investments designated at fair value through other comprehensive income		**200,171**	309,438
Properties under development		**1,679,857**	1,124,014
Due from related companies		**1,321**	20,400
Prepayments, other receivables and other assets		**312,957**	1,556,763
Deferred tax assets		**273,416**	241,978
Total non-current assets		**27,477,228**	19,630,106
CURRENT ASSETS			
Inventories		**167,767**	178,640
Completed properties for sale		**211,898**	1,243,892
Properties under development		**1,107,847**	1,046,604
Trade receivables	*10*	**595,827**	772,353
Contract assets and other assets		**38,397**	59,313
Prepayments, other receivables and other assets		**2,013,633**	2,450,631
Due from related companies		**1,963,210**	1,933,349
Derivative financial instruments		**26,984**	54,664
Restricted cash		**60,045**	287,791
Cash and cash equivalents		**1,715,255**	1,874,998
Total current assets		**7,900,863**	9,902,235

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2019

	Notes	**30 June 2019** *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
CURRENT LIABILITIES			
Interest-bearing bank borrowings		**995,933**	752,377
Contract liabilities		**2,718,224**	4,434,605
Trade payables	*11*	**1,913,713**	1,870,767
Accrued liabilities and other payables		**4,455,253**	4,742,855
Tax payable		**748,155**	730,616
Lease liabilities		**824,677**	–
Finance lease payables		**–**	6,647
Due to related companies		**1,946,415**	1,975,348
Derivative financial instruments		**48,770**	49,516
Total current liabilities		**13,651,140**	14,562,731
NET CURRENT LIABILITIES		**(5,750,277)**	(4,660,496)
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,726,951**	14,969,610
NON-CURRENT LIABILITIES			
Convertible redeemable preferred shares		**169,085**	163,136
Convertible bonds		**342,745**	330,369
Interest-bearing bank borrowings		**4,363,316**	4,674,114
Lease liabilities		**7,103,518**	–
Finance lease payables		**–**	73,372
Deferred income		**117,255**	120,720
Other long-term payables		**431,655**	589,646
Deferred tax liabilities		**637,445**	703,055
Total non-current liabilities		**13,165,019**	6,654,412
Net assets		**8,561,932**	8,315,198
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**182**	174
Reserves		**8,249,127**	8,036,866
		8,249,309	8,037,040
Non-controlling interests		**312,623**	278,158
Total equity		**8,561,932**	8,315,198

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with International Accounting Standards ("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 2018.

The Group has net current liabilities of RMB5,750,277,000 as at 30 June 2019. Having taken into account of the expected cash flows from operating and financing activities and the fact that the contract liabilities included in current liabilities in the amount of RMB2,718,224,000 at 30 June 2019 will be recognised as revenue and 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.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new standards amendments effective as of 1 January 2019 as follows:

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC Interpretation 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

The Group has applied, for the first time, IFRS 16 *Leases*, Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* and IFRIC-Int 23 *Uncertainty over Income Tax Treatments*. The nature and impact of the new and revised IFRSs are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

(a) IFRS 16 replaces IAS 17 *Leases*, IFRIC-Int 4 *Determining whether an Arrangement contains a Lease*, SIC-Int 15 *Operating Leases – Incentives* and SIC-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) Adoption of IFRS 16 (continued)

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16
The Group has lease contracts for various items of buildings, machinery and furniture, fixture and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., vehicles and furniture); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition
Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and presented separately in the statement of financial position.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of RMB68,260,000 that were reclassified from property, plant and equipment.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) Adoption of IFRS 16 (continued)

As a lessee – Leases previously classified as operating leases (continued)

Impacts on transition (continued)
The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	Increase/(decrease)
	RMB'000
	(Unaudited)
Assets	
Increase in right-of-use assets	9,581,802
Decrease in property, plant and equipment	(68,260)
Decrease in intangible assets	(65,964)
Decrease in prepaid land lease payments	(1,339,883)
Decrease in the current portion of prepaid land lease payments in prepayments, other receivables and other assets	(34,663)
Decrease in prepayments, other receivables and other assets	(165,933)
Increase in total assets	7,907,099
Liabilities	
Increase in lease liabilities	8,200,588
Decrease in trade payables	(17,897)
Decrease in accrued liabilities and other payables	(1,988)
Decrease in other long-term payables	(193,585)
Decrease in finance lease payables	(80,019)
Increase in total liabilities	7,907,099

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
	(Unaudited)
Operating lease commitments as at 31 December 2018	13,853,114
Less: Operating lease commitments for signed lease contract of which the lease terms were not started at 1 January 2019	(3,297,560)
Commitments relating to short-term leases and low-value leases	(10,158)
Add: Payments in optional extension periods not recognised as at 31 December 2018	570,342
Operating lease commitments as at 31 December 2018	11,115,738
Weighted average incremental borrowing rate as at 1 January 2019	5.77%
Discounted operating lease commitments as at 1 January 2019	8,120,569
Add: Commitments relating to leases previously classified as finance leases	80,019
Lease liabilities as at 1 January 2019	8,200,588

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) Adoption of IFRS 16 (continued)

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) Adoption of IFRS 16 (continued)

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follows:

	Right-of-use assets					
	Land *RMB'000*	**Buildings** *RMB'000*	**Machinery** *RMB'000*	**Furniture, fixtures and other equipment** *RMB'000*	**Subtotal** *RMB'000*	**Lease liabilities** *RMB'000*
As at 1 January 2019	**1,374,546**	**8,111,089**	**78,088**	**18,079**	**9,581,802**	**8,200,588**
Additions	**740,750**	**114,908**	**1,817**	**2,751**	**860,226**	**114,195**
Depreciation charge	**(27,301)**	**(474,372)**	**(6,901)**	**(4,669)**	**(513,243)**	**–**
Disposal	**–**	**(11,771)**	**–**	**(406)**	**(12,177)**	**–**
Interest expense	**–**	**–**	**–**	**–**	**–**	**206,626**
Payments	**–**	**–**	**–**	**–**	**–**	**(563,733)**
Exchange alignment	**–**	**(34,593)**	**(258)**	**177**	**(34,674)**	**(29,481)**
As at 30 June 2019	**2,087,995**	**7,705,261**	**72,746**	**15,932**	**9,881,934**	**7,928,195**

The Group recognised rental expenses from short-term leases and low-value assets of RMB39,119,000 and variable lease payments not based on index or rate of RMB22,056,000 for the six months ended 30 June 2019.

(b) IFRIC-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

(c) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

2. OPERATING SEGMENT INFORMATION

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

(a) The resorts segment which comprises principally the operation and management of the resorts which offer vacation resort services at a package rate;

(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 profits which is calculated based on gross profit less other income and gains, other expenses, selling and marketing expenses and general and administrative expenses. No analysis of the Group's assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision-maker for review.

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

Six months ended 30 June 2019

	Resorts *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	6,577,106	2,404,934	80,661	–	9,062,701
Intersegment sales	25,975	28,899	4,929	(59,803)	–
Total revenue	6,603,081	2,433,833	85,590	(59,803)	9,062,701
Segment operating profit	561,324	762,276	(32,951)	–	1,290,649
Unallocated expenses (*)					(88,638)
Total operating profit					1,202,011
Finance costs					(385,522)
Share of profits and losses of associates					2,792
Profit before income tax					819,281

2. **OPERATING SEGMENT INFORMATION (continued)**

Six months ended 30 June 2018

	Resorts *RMB'000* (Audited)	Tourism destinations *RMB'000* (Audited)	Services and solutions in various tourism and leisure settings *RMB'000* (Audited)	Eliminations *RMB'000* (Audited)	Total *RMB'000* (Audited)
Segment revenue					
External customers	6,368,570	216,557	82,289	–	6,667,416
Intersegment sales	–	–	425	(425)	–
Total revenue	6,368,570	216,557	82,714	(425)	6,667,416
Segment operating profit/(loss)	436,747	(360,963)	2,484	–	78,268
Unallocated expenses (*)					(63,706)
Total operating profit					14,562
Finance costs					(198,818)
Share of profits and losses of joint ventures					(3,435)
Share of profits and losses of associates					1,607
Loss before income tax					(186,084)

(*) The unallocated expenses for the six months ended 30 June 2019 mainly represented the equity-settled share-based payment expenses and other employee benefit expenses (six months ended 30 June 2018: mainly represented the equity-settled share-based payment expenses and listing expenses).

Geographical information

	For the six months ended 30 June **2019** ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Revenue from external customers		
Europe, Middle East and Africa	**4,215,624**	4,218,995
America	**1,453,683**	1,275,640
Asia Pacific	**3,393,394**	1,172,781
	9,062,701	6,667,416

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

3. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers		
Resorts and destination operation	**5,997,090**	5,396,340
Tourism-related property sales and construction services	**1,766,547**	18,730
Tourism and leisure services and solutions	**1,299,064**	1,252,346
	9,062,701	6,667,416

(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 2019

Segments	**Resorts**	**Tourism destinations**	**Services and solutions in various tourism and leisure settings**	**Eliminations**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Type of goods or services					
Resorts and destination operation	**5,378,834**	**673,130**	**–**	**(54,874)**	**5,997,090**
Tourism-related property sales and construction services	**5,844**	**1,760,703**	**–**	**–**	**1,766,547**
Tourism and leisure services and solutions	**1,218,403**	**–**	**85,590**	**(4,929)**	**1,299,064**
	6,603,081	**2,433,833**	**85,590**	**(59,803)**	**9,062,701**
Intersegment sales	**(25,975)**	**(28,899)**	**(4,929)**	**59,803**	**–**
Total revenue from contracts with customers	**6,577,106**	**2,404,934**	**80,661**	**–**	**9,062,701**
Timing of revenue recognition					
Goods transferred at a point in time	**–**	**1,760,705**	**930**	**(20)**	**1,761,615**
Services transferred over time	**6,603,081**	**673,128**	**84,660**	**(59,783)**	**7,301,086**
	6,603,081	**2,433,833**	**85,590**	**(59,803)**	**9,062,701**
Intersegment sales	**(25,975)**	**(28,899)**	**(4,929)**	**59,803**	**–**
Total revenue from contracts with customers	**6,577,106**	**2,404,934**	**80,661**	**–**	**9,062,701**

3. **REVENUE (continued)**

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

For the period ended 30 June 2018

Segments	Resorts *RMB'000* (Audited)	Tourism destinations *RMB'000* (Audited)	Services and solutions in various tourism and leisure settings *RMB'000* (Audited)	Eliminations *RMB'000* (Audited)	Total *RMB'000* (Audited)
Type of goods or services					
Resorts and destination operation	5,179,783	216,557	–	–	5,396,340
Tourism-related property sales and construction services	18,730	–	–	–	18,730
Tourism and leisure services and solutions	1,170,057	–	82,714	(425)	1,252,346
	6,368,570	216,557	82,714	(425)	6,667,416
Intersegment sales	–	–	(425)	425	–
Total revenue from contracts with customers	6,368,570	216,557	82,289	–	6,667,416
Timing of revenue recognition					
Services transferred over time	6,368,570	216,557	82,714	(425)	6,667,416
	6,368,570	216,557	82,714	(425)	6,667,416
Intersegment sales	–	–	(425)	425	–
Total revenue from contracts with customers	6,368,570	216,557	82,289	–	6,667,416

4. OTHER 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	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Other income		
Interest income	**7,321**	12,615
Government grants	**18,896**	2,690
Compensation and indemnity	**–**	7,904
Others	**17,212**	1,625
	43,429	24,834
Gains		
Gain on disposal of items of property, plant and equipment	**1,438**	25,830
Gain on the fair value change of investments measured at fair value through profit or loss	**3,290**	7,868
Gain on reversal of provisions relating to:		
– *Resort closure costs*	**2,555**	19,239
– *Litigation claims*	**7,037**	41,519
Exchange gain, net	**24,197**	32,318
	38,517	126,774
Other income and gains	**81,946**	151,608
Other expenses		
Compensation costs relating to employees	**(20,409)**	(39,699)
Provision for litigation, including tax related	**(23,328)**	–
Provision for resort closure costs	**(545)**	(19,071)
Impairment loss on:		
– *Intangible assets*	**(5,140)**	(15,800)
– *Property, plant and equipment*	**(1,148)**	(25,414)
Others	**(27,930)**	(12,094)
Other expenses	**(78,500)**	(112,078)
Other income and gains, net	**3,446**	39,530

5. FINANCE COSTS

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest on bank borrowings	**139,994**	154,373
Interest on loans from related companies	**180**	180
Interest expense arising from revenue contracts	**38,572**	88,553
Interest on convertible bonds	**13,058**	33,065
Interest on convertible redeemable preferred shares	**6,743**	16,249
Interest on lease liabilities	**206,626**	–
Interest on finance leases	**–**	1,876
Bank charges and other financial costs	**2,099**	3,991
	407,272	298,287
Less: Interest capitalised	**21,750**	99,469
Total finance costs	**385,522**	198,818

6. PROFIT/(LOSS) BEFORE INCOME TAX

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

		For the six months ended 30 June	
		2019	2018
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Audited)
Cost of revenue		**6,047,030**	4,868,914
Depreciation of property, plant and equipment		**354,709**	303,115
Amortisation of prepaid land lease payments		**–**	11,110
Amortisation of intangible assets		**55,042**	46,962
Depreciation of right-of-use assets		**513,243**	–
Impairment of financial and contract assets and other assets:			
Impairment of trade receivables		**4,861**	2,302
Impairment/(reversal) of impairment of financial assets included in prepayments, other receivables and other assets		**154**	(561)
Provision/(reversal) of provision for inventories		**1,625**	(349)
Provision for impairment of items of property, plant and equipment	*4*	**1,148**	25,414
Provision for impairment of intangible assets	*4*	**5,140**	15,800

6. PROFIT/(LOSS) BEFORE INCOME TAX (continued)

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

	Notes	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Fair value gain on financial assets at fair value through profit or loss	4	**(3,290)**	(7,868)
Fair value loss on derivative instruments, net		**23**	3,513
Operating rental expenses		**–**	676,625
Exchange gain, net	4	**(24,197)**	(32,318)
Gain on disposal of items of property, plant and equipment	4	**(1,438)**	(25,830)

7. INCOME TAX

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

	Notes	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Current – France and others	(1)	**76,840**	63,231
Current – Mainland China			
Income tax in Mainland China for the period	(2)	**167,242**	70
Land appreciation tax ("LAT") in Mainland China for the period	(3)	**170,310**	–
Deferred		**(97,549)**	(114,771)
Income tax expense/(credit) for the period		**316,843**	(51,470)

Notes:

(1) The provision for income tax of Club Med Holding and its subsidiaries incorporated in France in the six months ended 30 June 2019 was based on a rate of 34.43% (six months ended 30 June 2018: 34.43%).

(2) The provision for Mainland China current income tax is based on the statutory rate of 25% (six months ended 30 June 2018: 25%) of the assessable profits for the six months ended 30 June 2019 of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008.

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

8. DIVIDENDS

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interim – HKD0.07 (2018: Nil) per ordinary share *(Note)*	**77,435**	–

Note:

On 19 August 2019, the Board declared an interim dividend of HKD0.07 (six months ended 30 June 2018: Nil) per ordinary share, amounting to a total of approximately HKD86,345,000 (equivalent to RMB77,435,000).

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,233,020,372 (six months ended 30 June 2018: 1,000,000,001) in issue during the period.

The calculation of the diluted earnings/(loss) per share amount is based on the profit/(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 earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed vesting of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings/(loss) per share calculations	**490,019**	(254,524)

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

	Number of shares	
	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Audited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	**1,233,020,372**	1,000,000,001
Effect of dilution – weighted average number of ordinary shares:		
– Share ownership plan	**1,864,963**	1,674,626
– Share option scheme	**6,057,161**	–
Weighted average number of ordinary shares used in the calculation of diluted earnings/(loss) per share	**1,240,942,495**	1,001,674,627
Basic earnings/(loss) per share *(RMB)*	**0.40**	(0.25)
Diluted earnings/(loss) per share *(RMB)*	**0.39**	(0.25)

10. TRADE RECEIVABLES

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

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances with ages:		
Within 90 days	**539,468**	607,716
91 to 180 days	**30,955**	17,671
181 to 365 days	**25,404**	146,966
	595,827	772,353

11. TRADE PAYABLES

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

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances with ages:		
Within 90 days	**1,285,503**	1,556,497
91 to 180 days	**31,620**	21,866
181 to 365 days	**313,077**	281,481
1 to 2 years	**277,969**	8,353
2 to 3 years	**3,707**	2,570
Over 3 years	**1,837**	–
	1,913,713	1,870,767

12. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the Reporting Period.

INTERIM DIVIDEND PAYMENT AND CLOSURE OF REGISTER OF MEMBERS

The Board is pleased to declare an interim dividend for the six months ended 30 June 2019 (the "Interim Dividend") of HK$0.07 (six months ended 30 June 2018: nil) per Share, payable to Shareholders whose names appear on the Company's register of members at the close of business on 8 October 2019, being the record date for determination of entitlement to the Interim Dividend. The Interim Dividend represented a distribution of approximately 15.8% of the Group's profit attributable to equity holders of the Company for the six months ended 30 June 2019, which is expected to be paid on or around 18 October 2019.

The register of members of the Company will be closed from 3 October 2019 to 8 October 2019 (both days inclusive), during which period no share transfers can be registered. In order to qualify for the Interim Dividend, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 2 October 2019.

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 comprises one non-executive Director, namely Mr. Wang Can and two independent non-executive Directors, namely Mr. Guo Yongqing (Chairman) and Ms. Katherine Rong Xin. The main duties of the Audit Committee are to review and monitor the financial reporting procedures, risk management and internal control system of the Company, and to provide recommendations and advice to the Board.

The interim results of the Company 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.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

PUBLICATION OF INTERIM RESULTS

This results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.fosunholiday.com). The interim report will be despatched to the Shareholders and published on both websites on or before 30 September 2019.

FORWARD-LOOKING STATEMENTS

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

GLOSSARY

ABBREVIATIONS

Aquarium	the Lost Chambers Aquarium in Atlantis Sanya
Associate(s)	has the meaning ascribed thereto under the Listing Rules
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 or Board of Directors	our board of Directors
Capacity of Resort	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
CG Code	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
"China" or "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
Club Med	Club Med SAS (formerly known as Club Méditerranée SA), a simplified joint-stock company (*société par actions simplifiée*) incorporated in France on 12 November 1957 and a non-wholly owned subsidiary of our Company
Club Med Holding	Club Med Holding (formerly known as Holding Gaillon II), a simplified joint-stock company (*société par actions simplifiée*) incorporated in France on 9 September 2014 and a non-wholly owned subsidiary of our Company
Company or our 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
connected person(s)	has the meaning ascribed thereto under the Listing Rules
Controlling Shareholder(s)	has the meaning ascribed thereto under the Listing Rules and,unless the context otherwise requires, refers to Fosun International, FHL, FIHL, and Mr. Guo Guangchang

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 offer a wide spectrum of tourism- and leisure-related services
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
Great Members	members of Club Med's Great Member loyalty program
Group, our Group, we, or us	our Company and our subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
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 or Hong Kong dollars	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Independent third party(ies)	an individual or a company which, to the best of our Directors' knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
Kerzner	Kerzner International Limited, a company incorporated in The Commonwealth of the Bahamas, and its subsidiaries
Listing	the listing of the Shares on the Main Board
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Macau	the Macau Special Administrative Region of the PRC
Main Board	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
Mattel	Mattel Ventures International II Limited, a company incorporated in Hong Kong and an independent third party
Miniversity	the brand for learning and playing club for children
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Occupancy Rate by Bed	the ratio expressed as a percentage between the total number of beds sold and the total number of beds available for sale over a period or year
Occupancy Rate by Room	the total number of rooms sold divided by the total number of rooms available for sale
Reporting Period	1 January 2019 to 30 June 2019
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
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)
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
U.S.	the United States of America, its territories, possessions, and all areas subject to its jurisdiction
Waterpark	the Aquaventure Waterpark in Atlantis Sanya

By Order of the Board
Fosun Tourism Group
Qian Jiannong
Chairman

19 August 2019

As at the date of this announcement, the executive directors of the Company are Mr. Qian Jiannong, Mr. Henri Giscard d'Estaing and Mr. Wang Wenping; the non-executive director is Mr. Wang Can; and the independent non-executive directors are Dr. Allan Zeman, Mr. Guo Yongqing and Ms. Katherine Rong Xin.