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## Fosun Tourism Group 复星旅游文化集团

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

(Stock Code: 01992)

### INTERIM RESULTS ANNOUNCEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2020

#### FINANCIAL SUMMARY

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	<b>4,527,829</b>	9,062,701
Resorts and destination operations	<b>3,454,195</b>	5,997,090
Tourism-related property sales and construction services	<b>375,544</b>	1,766,547
Tourism and leisure services and solutions	<b>698,090</b>	1,299,064
<b>Gross profit</b>	<b>1,471,724</b>	3,015,671
<b>Operating (loss)/profit</b>	<b>(477,260)</b>	1,202,011
<b>(Loss)/profit before income tax</b>	<b>(907,051)</b>	819,281
<b>(Loss)/profit for the period</b>	<b>(997,164)</b>	502,438
<b>(Loss)/profit attributable to equity holders of the Company</b>	<b>(898,704)</b>	490,019
<b>Adjusted EBITDA</b>	<b>471,742</b>	1,994,213
<b>Adjusted net (loss)/profit</b>	<b>(976,714)</b>	539,164
(Loss)/earnings per share — basic ( <i>in RMB</i> )	<b>(0.73)</b>	0.40
(Loss)/earnings per share — diluted ( <i>in RMB</i> )	<b>(0.73)</b>	0.39
Interim dividend per share ( <i>in HKD</i> )	<b>nil</b>	0.07

## **BUSINESS OVERVIEW**

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

The outbreak of Novel Coronavirus Pneumonia Pandemic (“COVID-19”) since January 2020 and the extensive public health measures and travel restrictions taken by various countries and regions have significantly impacted our business. Our Business Volume<sup>1</sup> of resorts and destination operations and tourism and leisure services and solutions (collectively as “tourism operation”), at constant exchange rate, decreased to RMB4,311.3 million for the six months ended 30 June 2020 from RMB7,716.3 million for the six months ended 30 June 2019, representing a year-on-year decrease of 44.1%. Our revenues decreased to RMB4,527.8 million for the six months ended 30 June 2020 from RMB9,062.7 million for the six months ended 30 June 2019. Gross profit decreased to RMB1,471.7 million for the six months ended 30 June 2020 from RMB3,015.7 million for the six months ended 30 June 2019. Adjusted EBITDA decreased to RMB471.7 million for the six months ended 30 June 2020 from RMB1,994.2 million for the six months ended 30 June 2019, with adjusted EBITDA margin arrived at 10.4%. Loss attributable to equity holders was RMB898.7 million for the six months ended 30 June 2020, compared with profit attributable to equity holders of RMB490.0 million for the same period of last year.

## **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 2020, we have sales and marketing operations in more than 40 countries and regions across six continents, and operate 65<sup>2</sup> resorts, of which 37 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, 41 resorts are under lease model, and 10 resorts are under management contract model.

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<sup>1</sup> 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.

<sup>2</sup> The contract term of Club Med Cargese which was under lease model was due and thus terminated. Club Med resort Cap Skirring was sold to third party and leased back in January 2020.

However, due to the outbreak of COVID-19 and the public health measures and travel restrictions, all resorts were temporarily closed for certain period of time during the Reporting Period. Due to the decrease in the resort capacity by 50.9%, at constant exchange rate, the business volume of Club Med reached RMB3,908.2 million for the six months ended 30 June 2020, decreased by 44.3% on year-over-year basis. The business volume of EMEA, the Americas and Asia Pacific decreased by 45.0%, 32.1% and 56.4% for the six months ended 30 June 2020, respectively, compared with the same period of last year. The adjusted EBITDA of resort operation decreased to RMB358.5 million for the six months ended 30 June 2020, compared to RMB1,340.8 million for the six months ended 30 June 2019.

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	<b>2019<sup>1</sup></b>
<b>Business Volume by customer booking locations</b>		
<i>(RMB Millions)</i>		
EMEA	<b>2,372.0</b>	4,314.2
Americas	<b>1,000.2</b>	1,472.7
Asia Pacific	<b>536.0</b>	1,230.4
	<hr/>	<hr/>
<b>Total</b>	<b><u>3,908.2</u></b>	<b><u>7,017.3</u></b>

The following table sets out the capacity of resorts by type of resorts and by locations for the six months ended 30 June 2020, respectively:

	<b>For the six months ended 30 June</b>	
<b>Type of resorts</b>	<b>2020</b>	<b>2019</b>
	<b>'000</b>	<b>'000</b>
<b>Capacity</b>		
Mountain	<b>998</b>	1,509
Sun	<b>1,832</b>	4,422
Club Med Joyview	<b>224</b>	288
	<hr/>	<hr/>
<b>Total</b>	<b><u>3,054</u></b>	<b><u>6,219</u></b>
<b>4&amp;5 Trident %</b>	<b><u>86.2%</u></b>	<b><u>80.8%</u></b>
<b>Capacities of resorts by locations</b>		
EMEA	<b>1,240</b>	2,871
Americas	<b>892</b>	1,740
Asia Pacific	<b>922</b>	1,608
	<hr/>	<hr/>
<b>Total</b>	<b><u>3,054</u></b>	<b><u>6,219</u></b>

<sup>1</sup> at constant exchange rate.

Our resort operation experienced a strong performance in the first two months of 2020 as a result of popularity in both ski resorts and sun resorts and then significantly impacted by the COVID-19 global outbreak from March to June. Certain key information with respect to our resort business in the period of January to February and March to June 2020 is set out below:

	January-February		March-June		Six months ended 30 June	
	2020 <sup>1</sup>	2019 <sup>1</sup>	2020 <sup>1</sup>	2019 <sup>1</sup>	2020 <sup>1</sup>	2019 <sup>1</sup>
Business Volume (RMB Millions)	<b>3,205.0</b>	2,977.1	673.0	4,012.6	3,908.2	7,017.3
Capacity of Resorts (in thousands)	<b>2,139</b>	2,151	915	4,068	3,054	6,219
Occupancy Rate by Bed	<b>71.6%</b>	71.7%	39.5%	61.7%	62.0%	65.1%
Average Daily Bed Rate (RMB)	<b>1,733</b>	1,626	1,195	1,259	1,644	1,405
Revenue per Bed (RMB)	<b>1,235</b>	1,156	574	782	1,045	915

For the two months ended 29 February 2020, the business volume of our resort operation increased by approximately 8% and the EBITDA increased by over 20% compared with the same period in 2019, respectively. Our business volume decreased with the temporary closure of resorts operation from March to June. For the four months from March to June, the business volume of Club Med decreased by RMB3,340 million at constant exchange rate, compared with the same period of last year, with resort capacity decreased by 77.5%.

We have implemented various 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. Our worldwide resorts safety measures were also audited by POSI Check. Resorts in EMEA achieved average grade of 92.8% which is far above the requested 80% agreement criterion. In China, the audit was carried out by ECOLAB;
- Provide equipment and supplies for prevention of COVID-19 in the resorts and working spaces with flexible working environment and hours for employees;
- Develop customer care programs to reschedule and cancel travel services for customers in accordance with relevant regulations;

<sup>1</sup> at constant exchange rate.

- Launch “Safe Together” program in opened resorts which includes more than 100 operational standards and a 360° communication ecosystem dedicated to guest reassurance on the enhanced health and safety protocols and dedicated staff was assigned to supervise all aspects of the hygiene and security matters;
- Implement strict cost control policies, including reduction of human resources costs, rental cost adjustments and cancellation of marketing campaigns and various variable costs and expenses. Club Med human resource costs in the second quarter of 2020 decreased by approximately 60% compared to the same period of last year;
- Cancel and postpone certain capital expenditure. Our capital expenditure of resort business for the six months ended 30 June 2020 was approximately RMB216.4 million, decreased by approximately 30.8% compared with same period of last year, the decrease in capital expenditure was mainly driven by the reduction in the second quarter, the capital expenditure decreased by approximately 70% compared with the same period of 2019;
- Actively evaluate resort opening schedule considering the travel restriction policies and implement various online marketing and precise marketing projects to optimize the customer traffic conversion and bookings for opened resorts.

The COVID-19 and the public health and epidemic prevention measures adopted by various countries are still ongoing and the full recovery of our resort operation worldwide remains uncertain. However, thanks to our advantages in product competitiveness and brand awareness, our opened resort achieved aspiring performance. In July 2020, the occupancy rate of the worldwide opened resorts was approximately 61%<sup>1</sup>. As of 15 August 2020, we have 26 resorts under operation, the re-opened resorts represent approximately 37% of the resort capacity for the same period of last year. Our resorts in China achieved an occupancy rate of approximately 88% and our opened resorts in Europe achieved an occupancy rate of 95%<sup>2</sup> in the 15 days ended 15 August 2020. Most of our resorts are expected to be under operation by the end of 2020.

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<sup>1</sup> The 61% occupancy rate is based on limited capacity in certain regions due to requirements of social distance and sanitary measures.

<sup>2</sup> The 95% occupancy rate is based on 80% of full capacity restriction in our European resorts, due to the requirements of social distance and sanitary measures.

With the preserved 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 continue to develop projects which are expected to be popular among customers. The beach resort La Palmyre has accomplished the renovation project and reopened in January. The new resorts La Rosière will open by the end of 2020, and Club Med Seychelles will open in the incoming winter season. In the upcoming years till 2022, we still have strong pipelines to open new resorts and plan to open a seaside resort Marbella, a mountain resort in Quebec Charlevoix, resort La Rosière Exclusive Collection in France and not less than five resorts in China, including a resort in Lijiang FOLIDAY Town.

## **CASA COOK AND COOK’S CLUB**

We have acquired the hotel brands of Casa Cook and Cook’s Club from Thomas Cook Group plc and its subsidiaries (collectively referred as “Thomas Cook”) upon its liquidation to further expand our resort and hotel portfolio globally. Casa Cook is an award-winning boutique hotel brand that focuses on design aesthetics and high-quality dining to create comfortable and happy experience for guests. Cook’s Club is a leisure hotel concept designed for a new generation of travelers who pursue fun, lively holiday atmosphere in hotels that have modern and stylish design. Upon acquiring relevant brands, we are actively developing projects in different regions. As of 21 August 2020, we have entered into franchise agreements with eight hotels in Europe, which are currently in operation. We also entered into three new hotel agreements in China. In the next three years, we plan to further expand Casa Cook, Cook’s club and other derivative brands, if any, with not less than 25 new hotels (including the hotels already open) in China, other Asia countries and Europe.

## **TOURISM DESTINATIONS**

### **ATLANTIS SANYA<sup>1</sup>**

The business volume of Atlantis Sanya for the six months ended 30 June 2020 was RMB331.3 million, decreased by 49.5% compared with that of the same period in last year. Room income and other operating income decreased by 46.5% and 52.9% respectively, mainly due to the significant decrease in the number of visitors during the COVID-19 period. In the first half of 2020, the number of visitors visiting Atlantis Sanya decreased from approximately 2.5 million for the first half of 2019 to approximately 1.4 million. The adjusted EBITDA of Atlantis Sanya for the first half of 2020 was RMB100.4 million, representing a decrease of 64.5% compared with the same period of last year. The following table illustrates certain key operating data of Atlantis Sanya:

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<sup>1</sup> Atlantis Sanya is owned by the Group and managed by Kerzner, except for Tang Residence.



	Three months ended		Three months ended		Six months ended	
	March 31		30 June		30 June	
	2020	2019	2020	2019	2020	2019
Business Volume ( <i>RMB'000</i> )	147,921.0	411,896.4	183,418.8	244,138.0	331,339.8	656,034.4
Room Revenue ( <i>RMB'000</i> )	85,105.6	216,840.6	101,822.8	132,462.1	186,928.4	349,302.7
Other Operating Revenue ( <i>RMB'000</i> ) <sup>1</sup>	62,815.4	195,055.8	81,596.0	111,675.9	144,411.4	306,731.7
Occupancy Rate by Room	28.9%	65.6%	61.3%	58.3%	45.1%	62.0%
Average Daily Rate by Room ( <i>RMB</i> )	2,459.2	2,794.6	1,389.1	1,899.2	1,732.3	2,371.0
RevPar by Room ( <i>RMB</i> )	711.7	1,833.6	851.5	1,107.8	781.6	1,469.0

The business volume of Atlantis Sanya was significantly impacted by the COVID-19 outbreak for the six months ended 30 June 2020. With the COVID-19 outbreak in China, certain facilities were temporarily closed according to the relevant government policies and the business volume for the three months ended 31 March 2020 decreased by 64.1% compared to the same period of last year. With the gradual control of COVID-19 in China in mid-March, Atlantis Sanya has performed various marketing and promotion activities to rebound its business, including but not limited to flash sales promotion, charter flight campaign, public health topic marketing anniversary promotion, online live streaming in cooperation with Ctrip, Fosun Family Day on 15 May 2020, collective wedding of 100 COVID-19 frontline couples, etc. Thanks to our excellent product competitiveness, the business volume for the three months ended 30 June 2020 was approximately 75.1% of the business volume of the same period in 2019. The Occupancy Rate by Room for the three months ended 30 June 2020 was 61.3%, higher than the rate of the same period in 2019.

We have implemented strict cost control measures and policies to optimize the operation cost of Atlantis Sanya, including reduction of human resources costs, optimization of energies and other fixed costs and reduction of marketing campaigns and various variable costs and expenses. Total operating costs for the six months ended 30 June 2020 decreased by RMB140.0 million compared with the same period of last year, and human resource costs and energy costs decreased by approximately 43% and 16%, respectively.

In July 2020, benefited from the recovery of demands and the unique product power, business volume of Atlantis Sanya was approximately RMB147.7 million, increased by approximately 18% compared with that of last year. The Occupancy Rate by Room was 88.1%, higher than the 81.4% in the same period of last year. For the first 15 days of August 2020, the Occupancy Rate by Room was 95%.

<sup>1</sup> 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.

For the six months ended 30 June 2020, we delivered 20 units of Tang Residence and recognized an amount of RMB366.8 million as revenue. As of 30 June 2020, we still have six apartments and ten villas available to be sold or delivered. For the apartments and villas sold, approximately 233 apartments and 11 villas were managed by us as accommodation facilities under Albion brand as of 30 June 2020.

### **FOLIDAY TOWN (復遊城)<sup>1</sup>**

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 together 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, such as a Club Med resort, customized vacation inns and other accommodations, sightseeing attractions, recreational facilities, shows, local events and tours which will be operated and managed by us or our strategic partners. 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. Subject to regulatory authority’s approval, the project was planned to include saleable vacations inns and residence with total GFA of over 237,000 square meters. The saleable vacation inns and residence will be designed as low-rise detached houses with low density targeting high-end customers and low-rise courtyard houses targeting mid-to-high-end customers. We have started construction of Club Med Resort and international tourism center in 2019 and started construction of saleable vacations inns and residence in the first half of 2020. The other portion of the project commences construction in stages upon local government approval and construction plan. The project is expected to be completed in stages starting from either late 2020 or early 2021 and achieve full completion in the following two to three years. As of 30 June 2020, the total cost incurred for the Lijiang FOLIDAY Town was approximately RMB846.6 million. In July 2020, we have obtained the presale permit of saleable vacation inns and residence with approximately 28,000 square meters and plan to start the presale activities in the second half of 2020.

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<sup>1</sup> 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.



## 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 of the Shanghai-Suzhou-Nantong Railway 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 one of the largest indoor snow slopes in East China, a sports park, a Club Med 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 apartment buildings targeting mid-to-high-end customers. Our indoor snow slope was designed 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. We have started construction of the project since January 2019, and the display center for commercial sites and marketing showrooms have been opened to customers since the end of 2019. The construction is expected to be completed in stages starting from 2021 and achieve full completion in the following three to four years. As of 30 June 2020, the total cost incurred in the Taicang Project was approximately RMB3,011.5 million, which was mainly used for land acquisitions and construction costs. In July 2020, Taicang FOLIDAY Town has obtained sales permit for GFA of approximately 100,000 square meters, of which pre-sale activities of approximately 37,000 square meters that represents 327 sets of saleable units have started.

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 are exploring various cooperation and strategic partnerships opportunities with other companies on the development and operation models of tourism destination. We also managed and operated tourism destinations in many regions of China, such as Zhejiang, Jiangsu and Guangdong provinces under the Albion Brand.

## **SERVICES AND SOLUTIONS IN VARIOUS TOURISM AND LEISURE SETTINGS**

### **Entertainment, other tourism and culture related services**

Our entertainment, other tourism and culture related services have also been significantly impacted by COVID-19 outbreak. The resident Show C in Atlantis Sanya has resumed performance since April 2020 and has restored growth since May 2020 by over 30% from May to July compared with the same period of last year. Our international learning and playing club, Miniversity, has extended its business to include more outdoor activities and summer camp business. Our indoor ski simulation centers under the brand Foryou Ski has increased in business volume from April to July 2020 compared with the same period of last year. We plan to further provide extensive services and solutions to meet the customers' evolving needs and bring value-added synergies within our FOLIDAY ecosystem.

### **Thomas Cook Lifestyle Platform**

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 179 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 "Thomas Cook Lifestyle Platform", which integrates our internal superior resources, takes content as the core drive, and forms an open internet platform based on vacation and life products. The platform was launched for trial operation on 6 July 2020 and officially launched on 18 July 2020. The platform had 118,200 APP downloads, over 104,000 registered users and transaction volume of around RMB33.24 million from 6 July 2020 to 31 July 2020.

## **MEMBER LOYALTY PROGRAMMES**

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, Tencent Wealth Management members. As of 30 June 2020, Foryou Club has accumulated approximately 5.4 million members.

## **OUR BUSINESS IN HAINAN**

On 1 June 2020, 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 structural policies and guidelines around building up Hainan Free Trade Port, including taxation, infrastructure, talent introduction, international trade and other relevant aspects. As of 30 June 2020, our business in Hainan includes not only Atlantis Sanya, Club Med resort in Sanya, but also our services and solutions, including resident Show C, Foryou Ski and travel agency business. 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 per room of above RMB1,000. We are actively searching opportunities to further develop our business in Hainan Free Trade Port, including but not limited to tourism destination, resort management, various services and solutions, travel retail and lifestyle products, etc.

## MANAGEMENT DISCUSSION & ANALYSIS

### Selected Items of Consolidated Statement of Profit or Loss

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
<b>REVENUE</b>	<b>4,527,829</b>	9,062,701
Cost of revenue	<u>(3,056,105)</u>	<u>(6,047,030)</u>
Gross profit	<b>1,471,724</b>	3,015,671
Other (expenses)/income and gains, net	<b>(618,205)</b>	3,446
Selling and marketing expenses	<b>(788,329)</b>	(1,203,422)
General and administrative expenses	<b>(542,450)</b>	(613,684)
Finance costs	<b>(425,030)</b>	(385,522)
Share of profits and losses of:		
Associates	<u>(4,761)</u>	<u>2,792</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>(907,051)</b>	819,281
Income tax expense	<u>(90,113)</u>	<u>(316,843)</u>
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b><u>(997,164)</u></b>	<b><u>502,438</u></b>
Attributable to:		
Equity holders of the Company <sup>1</sup>	<b>(898,704)</b>	490,019
Non-controlling interests	<u>(98,460)</u>	<u>12,419</u>
	<b><u>(997,164)</u></b>	<b><u>502,438</u></b>

<sup>1</sup> Loss attributable to equity holders of the Company for the six months ended 30 June 2020 included RMB792.8 million loss arising from tourism operation and RMB105.9 million loss arising from tourism-related property sales. 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.

## Revenue by business function and business segment

*Revenue:* Our revenue decreased by 50.0% from RMB9,062.7 million for the six months ended 30 June 2019 to RMB4,527.8 million for the six months ended 30 June 2020. The outbreak of COVID-19 since January 2020 has caused various countries to take extensive public health measures and travel restrictions, which have significantly and negatively impacted our tourism operation. Meanwhile, revenue arising from tourism-related property sales revenue decreased by 78.7% mainly due to the planning adjustment of construction and delivery cycles.

	For the six months ended 30 June			
	2020		2019	
	RMB'000	%	RMB'000	%
<b>Resorts and destination operations</b>	<b>3,495,463</b>	<b>77.2%</b>	6,051,964	66.8%
– Resorts	<b>3,131,887</b>	<b>69.2%</b>	5,378,834	59.4%
– Tourism destinations	<b>363,576</b>	<b>8.0%</b>	673,130	7.4%
<b>Tourism-related property sales and construction services</b>	<b>375,544</b>	<b>8.3%</b>	1,766,547	19.5%
– Resorts	<b>8,759</b>	<b>0.2%</b>	5,844	0.1%
– Tourism destinations	<b>366,785</b>	<b>8.1%</b>	1,760,703	19.4%
<b>Tourism and leisure services and solutions</b>	<b>701,354</b>	<b>15.5%</b>	1,303,993	14.4%
– Resorts	<b>639,758</b>	<b>14.1%</b>	1,218,403	13.4%
– Services and solutions in various tourism and leisure settings	<b>61,596</b>	<b>1.4%</b>	85,590	1.0%
<b>Intersegment eliminations</b>	<b>(44,532)</b>	<b>(1.0%)</b>	<b>(59,803)</b>	<b>(0.7%)</b>
<b>Total revenue from contracts with customers</b>	<b><u>4,527,829</u></b>	<b>100.0%</b>	<b><u>9,062,701</u></b>	<b>100.0%</b>

*Resorts and Destination Operations:* Revenue of resorts and destination operations decreased by 42.2% from RMB6,052.0 million for the six months ended 30 June 2019 to RMB3,495.5 million for the six months ended 30 June 2020.

Resort revenue decreased by 41.8% year-over-year, reflecting the sharp decrease of the resort capacity by 50.9% and occupancy rate decreased by 3.1 percentage points due to the COVID-19 public health prevention measures and travel restrictions, partially offset by the Average Daily Bed Rate increased by 17.0%, which benefited from popularity in both ski resorts and sun resorts in January and February 2020.

Tourism destination operation revenue mainly includes operation revenue of Atlantis Sanya and Albion. Operation revenue of Atlantis Sanya decreased by 49.5% from RMB656.0 million for the six months ended 30 June 2019 to RMB331.3 million for the six months ended 30 June 2020. The operation revenue for the three months ended 31 March 2020 decreased by RMB264.0 million compared with same period of last year with the Occupancy Rate decreased by 36.7 percentage points and Average Daily Rate decreased by 12.0%. With the gradual control of COVID-19 outbreak in China, the operation revenue for the three months ended 30 June 2020 has recovered to only decrease by 60.7 million compared with the same period of last year with the Occupancy Rate increased by 3.0 percentage points and Average Daily Rate decreased by 26.9%. Meanwhile, even under the impact of the COVID-19, operation revenue of Albion increased by 27.1% year-over-year mainly due to the successful business ramp-up and strong brand awareness. We commenced the operation of 147 units of Tang Residence apartments in January 2019 under the brand of Albion, as of 30 June 2020, we operated approximately 233 apartments and 11 villas.

*Tourism-related property sales and construction services:* Revenue decreased by 78.7% to RMB375.5million, as we delivered 141 Tang Residence units in the first six months of 2019 and only delivered 20 units in the same period of 2020. As of 30 June 2020, we still had six apartments and ten villa available to be sold or delivered. During the Reporting Period, construction of saleable vacation inns and residences in Lijiang and Taicang FOLIDAY town were under construction. We started the pre-sale of Taicang saleable vacation units in July 2020 and planned to start pre-sale of Lijiang sales vacation units in the second half of 2020. The planning adjustment of construction and delivery cycles led to the temporary decrease of our tourism-related property sales and construction revenue.

*Tourism and leisure services and solutions:* Revenue of tourism and leisure services and solutions decreased by 46.2% year-over-year, mainly due to decrease in transportation services, other services and solutions related to our resort transportation, entertainment, kid-playing activities and FOLIDAY platform which was impacted by COVID-19 and related public health prevention measures and travel restrictions.



## Cost of revenue by business function

	For the six months ended 30 June			
	2020		2019	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Resorts and destination operations	<b>2,340,050</b>	<b>76.6%</b>	3,915,179	64.7%
Tourism-related property sales and construction services	<b>110,168</b>	<b>3.6%</b>	1,066,777	17.6%
Tourism and leisure services and solutions	<b>649,273</b>	<b>21.2%</b>	1,119,780	18.5%
Intersegment eliminations	<b>(43,386)</b>	<b>(1.4%)</b>	(54,706)	(0.8%)
<b>Total</b>	<b><u>3,056,105</u></b>	<b><u>100.0%</u></b>	<b><u>6,047,030</u></b>	<b><u>100.0%</u></b>

## Gross profit and gross profit margin by business function

	For the six months ended 30 June			
	2020		2019	
	<b>Gross Profit</b> <i>RMB'000</i>	<b>Gross Profit Margin</b> %	Gross Profit <i>RMB'000</i>	Gross Profit Margin %
Resorts and destination operations	<b>1,155,413</b>	<b>33.1%</b>	2,136,785	35.3%
Tourism-related property sales and construction services	<b>265,376</b>	<b>70.7%</b>	699,770	39.6%
Tourism and leisure services and solutions	<b>52,081</b>	<b>7.4%</b>	184,213	14.1%
Intersegment eliminations	<b>(1,146)</b>	<b>N/A</b>	(5,097)	N/A
<b>Total</b>	<b><u>1,471,724</u></b>	<b><u>32.5%</u></b>	<b><u>3,015,671</u></b>	<b><u>33.3%</u></b>

*Cost of revenue, gross profit and gross profit margin by business function:* Cost of revenue decreased by 49.5% from RMB6,047.0 million for the six months ended 30 June 2019 to RMB3,056.1 million for the six months ended 30 June 2020, which is in line with decrease of revenue by 50.0%, even relative fixed operation costs and depreciation costs accounted for approximately 50% of total cost in 2019. 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 casts, cancellation and reduction of various variable costs and expenses, etc. to mitigate the COVID-19 impact on our operation.

Gross profit decreased by 51.2% and gross profit margin slightly decreased from 33.3% to 32.5% year-over-year. Gross profit for resort and destination operations contributed gross profit of RMB1,155.4 million, decreased by 45.9% compared with same period of last year. Gross profit margin of resort and destination operation decreased by 2.2 percentage points, as certain relative fixed operation costs have not been reduced in the same percentage with the decrease in business volume. Gross profit of tourism related property sales and construction services decreased by 62.1% while the gross profit margin increased from 39.6% to 70.7%, as delivered vacation units in 2020 have relative high margin and we adjusted estimated construction cost based on actual costs incurred.

### **Other (expenses)/income and gains, net**

We incurred a net loss of RMB618.2 million in the first six months of 2020 comparing with a net gain of RMB3.4 million in the same period of last year. Net loss in the first half of 2020 was mainly due to recorded exceptional costs amounted to RMB634.8 million (1H 2019: nil) due to COVID-19, including the costs of the business during their closure when they are supposed to be open in normal time, and additional operation costs such as transportation to bring our customer back home due to the epidemic outbreak.

### **Selling and marketing expenses**

Selling and marketing expenses decreased by 34.5% year-over-year to RMB788.3 million for the first six months ended 30 June 2020, mainly due to (i) commission on sales for resorts and destination operation and property sales decreased by 46.5% year-over-year to RMB207.3 million (1H 2019: RMB387.5 million), which was in line with the lower revenue of tourism operation and tourism-related property sales, (ii) Employee costs decreased by RMB68.2 million as a result of cost saving policies, (iii) Other major cost reduction measures including reduction of marketing campaigns and related marketing and promotion expenses, cancellation of travel & trips and other expenses.

### **General and administrative expenses**

General and administrative expenses decreased by RMB71.2 million to RMB542.5 million in the first six months of 2020. The change was primarily due to (i) employee costs decreased by RMB45.2 million, as a result of cost saving policies, (ii) decrease in share-based payment expenses, IT expenses, outsourcing services expenses, travel expenses and other expenses compared with same period of last year.

## Operating (loss)/profit by segment

Our operating loss was RMB477.3 million in the first six months of 2020, comparing with the operating profit of RMB1,202.0 million in the same period of last year.

	For the six months ended 30 June			
	2020		2019	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Resorts	(498,200)	104.4%	561,324	46.7%
Tourism destinations	157,442	(33.0%)	762,276	63.4%
Services and solutions in various tourism and leisure settings	(61,135)	12.8%	(32,951)	(2.7%)
Eliminations and unallocated expenses	(75,367)	15.8%	(88,638)	(7.4%)
<b>Total</b>	<b>(477,260)</b>	<b>100.0%</b>	<b>1,202,011</b>	<b>100.0%</b>

*Resorts:* Resorts business incurred an operating loss of RMB498.2 million in the first six months of 2020 compared with an operating profit of RMB561.3 million in the same period in 2019, reflecting the unprecedented impact to our business volume from COVID-19 outbreak and our cost saving actions. Excluding the non-recurring operating items, resort business still maintained the operating profit position with the profit of RMB49.8 million. Non-recurring operating items of resorts operation included the costs of the business during their closure when they are supposed to be open in normal time, and additional operation costs such as transportation to bring our customer back home due to the epidemic outbreak, 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 decreased by RMB604.9 million to RMB157.4 million in the first six months of 2020. Operating profit contributed by delivery of Tang Residence decreased by RMB398.8 million mainly due to changes in delivery cycle. Operation of Atlantis Sanya changed from operating profit of RMB168.7 million in the first six months of 2019 to operating loss of RMB31.5 million in the same period of 2020, represented a decrease of RMB200.1 million year-over-year.

*Services and solutions in various tourism and leisure settings:* Operating loss for the first six months ended 30 June 2020 was RMB61.1 million compared with RMB33.0 million for the same period in 2019 due to the impact of COVID-19 on our operation.

## **Finance costs**

Finance costs net of capitalized interest increased by RMB39.5 million from RMB385.5 million for the first six months of 2019 to RMB425.0 million in the same period of 2020, which is primarily attributable to the increase in indebtedness. Our indebtedness balance as of 30 June 2020 increased by approximately RMB6,408.0 million compared with the balance as of 31 December 2019.

## **Income tax expense**

Income tax expenses decreased by RMB226.7 million from RMB316.8 million in the first six months of 2019 to RMB90.1 million in the same period of 2020. The income tax expense for the six months ended 30 June 2020 primarily comprises of PRC land appreciation tax (“LAT”) amounted to RMB83.5 million recorded with 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 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.

## **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.

## ADJUSTED EBITDA

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
<b>(Loss)/income before income tax</b>	<b>(907,051)</b>	819,281
Adjustment:		
Depreciation	948,517	867,952
Amortization	68,296	55,042
Finance costs	425,030	385,522
Land appreciation tax	(83,500)	(170,310)
<b>EBITDA</b>	<b>451,292</b>	1,957,487
Add:		
Equity-settled share-based payments	20,450	36,726
<b>Adjusted EBITDA</b>	<b>471,742</b>	1,994,213
Arising from tourism operation <sup>(1)</sup>	381,003	1,570,464
Arising from tourism-related property sales <sup>(1)</sup>	90,739	423,749

*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 RMB1,994.2 million in the first six months of 2019 to RMB471.7 million in the same period of 2020.

Adjusted EBITDA arising from tourism operation decreased to RMB381.0 million in the first six months of 2020 from RMB1,570.5 million in the same period of 2019. The adjusted EBITDA of resorts operation decreased to RMB358.5 million in the first six months of 2020 from RMB1,340.8 million in the same period of last year, which was mainly caused by COVID-19 impact on our operation. Excluding the change of non-recurring operating items<sup>1</sup>, the recurring adjusted EBITDA was RMB631.4 million, represented the decline of 54.7% year-over-year. Adjusted EBITDA of Atlantis Sanya in the first six months of 2020 decreased to RMB100.4million from RMB282.4 million in the same period of 2019. Excluding the change of non-recurring operating items<sup>1</sup>, adjusted EBITDA of Atlantis Sanya operation was RMB106.2 million for the six months ended 30 June 2020, compared to RMB282.4 million for the six months ended 30 June 2019.

The adjusted EBITDA of tourism-related property sales in the first six months of 2020 was RMB127.6 million before net off unallocated expenses, mainly arising from the delivery of Tang Residence units.

## Adjusted Net (Loss)/Profit

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
<b>Net (Loss)/Profit</b>	<b>(997,164)</b>	502,348
Add:		
Equity-settled share-based payments	<u>20,450</u>	<u>36,726</u>
<b>Adjusted Net (Loss)/Profit</b>	<b><u>(976,714)</u></b>	<b><u>539,164</u></b>

<sup>1</sup> Non-recurring operating items of resorts operation included the costs of the business during their closure when they are supposed to be open in normal time, and additional operation costs such as transportation to bring our customer back home due to the epidemic outbreak, 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.



## 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, leases, and related company loans. The amount of capital expenditures of the Group for the first six months ended 30 June 2019 and 2020 was RMB567.9 million and RMB596.3 million, respectively. 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. For the six months ended 30 June 2020, our capital expenditure for resorts decreased by approximately RMB92.6 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 increased by RMB112.5 million mainly due to the construction progress of Taicang and Lijiang FOLIDAY Town projects. We will keep balance for 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. The following table set out our cash flows for the periods indicated:

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<i>RMB Billion</i>	<i>RMB Billion</i>
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(0.7)</b>	1.3
Net cash flows used in investing activities	<b>(0.8)</b>	(0.8)
Net cash flows generated from/(used in) financing activities	<b>5.6</b>	(0.7)
<b>Cash and cash equivalents at end of the period</b>	<b>6.3</b>	1.7

As of 30 June 2020, we had cash and cash equivalents of approximately RMB6.3 billion. Our liquidity as of 30 June 2020 was improved by the following measures taken:

- In March 2020, we issued Asset-backed Securities (commercial mortgage backed securities in specific, “CMBS”) amounted to RMB6.8 billion, with mortgage of underlying assets of Atlantis Sanya hotels and Waterpark and equity interest of Hainan Atlantis Business and Tourism Development Co., Ltd. and pledge of operating revenue of Atlantis Sanya (“Atlantis CMBS”). Atlantis CMBS was recorded as other borrowings with a coupon rate of 5% and 48 repayment installments in 24 years.
- In June 2020, Club Med obtained long term loan amounted to Euro 180 million (equivalent of RMB1,433.0 million) from banks which was guaranteed by French Republic (“French State Guaranteed Loan”). The loan has an interest rate calculated based on EURIBOR plus adjustment and a maturity up to six years.
- As of 30 June 2020, we had unused banking facilities amounted to approximately RMB2,251.1 million. In July and August 2020, we have obtained approximately RMB1.5 billion and RMB870 million long-term loan facilities related to Taicang project from Bank of China and China Construction Bank, respectively.

Our indebtedness included interest-bearing bank and other borrowings, convertible bonds, convertible redeemable preferred shares, and lease liabilities. As of 30 June 2020, the total amount of interest-bearing bank and other borrowings was RMB13,173.6 million (31 December 2019: RMB6,556.9 million), within which RMB1,921.5 million was repayable within one year (31 December 2019: RMB2,038.2 million).

Our loan agreements may also include material financial covenants. Furthermore, we may be required to provide additional guarantees upon the lending banks’ request if any changes in our guarantor adversely affect the guarantee granted by the guarantor to the lending banks. We also entered into some amendments to existing loan or facility agreements to get the covenant holiday in 2020. 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.

## **Capital Structure**

The Company continued to maintain a healthy and sound financial position. Our total assets increased from RMB36,802.9 million as of 31 December 2019 to RMB39,671.3 million as of 30 June 2020, and our total liabilities increased from RMB28,373.0 million as of 31 December 2019 to RMB32,539.4 million as of 30 June 2020. We changed the net current liabilities position of RMB3,725.7 million as of 31 December 2019 to net current assets of RMB450.3 million as of 30 June 2020.

Our current ratio improved from 0.7 as of 31 December 2019 to 1.0 as of 30 June 2020 as we have obtained long term financings including other borrowings related to Atlantis CMBS and French State Guaranteed Loan to improve our liquidity in the first six months of 2020.

Our gearing ratio<sup>1</sup> slightly increased from 37.5% as of 31 December 2019 to 40.5% as of 30 June 2020 primarily due to increased interest-bearing bank and other borrowings.

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, convertible bonds and convertible redeemable preferred shares, less cash and cash equivalents.

## **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 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 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 year of 2020, unprecedented factors including the ongoing COVID-19 situation severely increased the volatility of the currencies. Euro significantly appreciated against a lot of currencies such as Brazilian Real, Dominican Pesos and Mexican Pesos, Indonesian Rupiah and British Pound, leading to foreign currency exchange losses. For the six months ended 30 June 2019 and 2020, we recorded foreign exchange gain of RMB24.2 million and loss of RMB66.9 million, respectively in other income and gains, net.

### *Currency fluctuation effects on translations*

Our consolidated financial statements are prepared in RMB, our Group's reporting currency. In preparing the consolidated financial statements, the results of operations of our subsidiaries outside the PRC are translated from their functional currencies into the RMB. The assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the period. Fluctuations in the value of the exchange rates of our subsidiaries from one year to the next affect our consolidated results of operations. Exchange differences on translation of foreign operations are recognized in our exchange fluctuation reserve, the movement of which is recorded in other comprehensive income. We recorded a gain of RMB7.5 million and a loss of RMB426.0 million for the six months ended 30 June 2019 and 2020, respectively, which mainly comes from the translation of foreign operations in Brazil, Mexico and the Dominican Republic.

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<sup>1</sup> Excluding the impact of IFRS 16, gearing ratio would be 22.7% and 16.9% as of 30 June 2020 and 31 December 2019, respectively.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
	<i>Notes</i>	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
<b>REVENUE</b>	3	<b>4,527,829</b>	9,062,701
Cost of revenue		<u>(3,056,105)</u>	<u>(6,047,030)</u>
Gross profit		<b>1,471,724</b>	3,015,671
Other (expenses)/income and gains, net	4	<b>(618,205)</b>	3,446
Selling and marketing expenses		<b>(788,329)</b>	(1,203,422)
General and administrative expenses		<u>(542,450)</u>	<u>(613,684)</u>
<b>Operating (loss)/profit</b>		<u><b>(477,260)</b></u>	<u>1,202,011</u>
Finance costs	5	<b>(425,030)</b>	(385,522)
Share of profits and losses of:			
Associates		<u>(4,761)</u>	<u>2,792</u>
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>	6	<b>(907,051)</b>	819,281
Income tax expense	7	<u>(90,113)</u>	<u>(316,843)</u>
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<u><b>(997,164)</b></u>	<u>502,438</u>
Attributable to:			
Equity holders of the Company		<b>(898,704)</b>	490,019
Non-controlling interests		<u>(98,460)</u>	<u>12,419</u>
		<u><b>(997,164)</b></u>	<u>502,438</u>

		<b>For the six months ended</b>	
		<b>30 June</b>	
		<b>2020</b>	2019
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(LOSS)/EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY EQUITY</b>			
<b>HOLDERS OF THE COMPANY</b>			
Basic			
— For (loss)/profit for the period (RMB)	9	<u><u><b>(0.73)</b></u></u>	<u><u>0.40</u></u>
Diluted			
— For (loss)/profit for the period (RMB)	9	<u><u><b>(0.73)</b></u></u>	<u><u>0.39</u></u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	<b>2019</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b><u>(997,164)</u></b>	<b><u>502,438</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</b>		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	(8,903)	3,977
Reclassification adjustments for losses/(gains) included in the consolidated statement of profit or loss	<u>42,902</u>	<u>(31,299)</u>
	<b>33,999</b>	<b>(27,322)</b>
Exchange differences on translation of foreign operations	<u>(426,021)</u>	<u>7,547</u>
<b>Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods</b>	<b>(392,022)</b>	<b>(19,775)</b>
<b>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</b>		
Actuarial reserve relating to employee benefits	(4,327)	(29,524)
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>—</u>	<u>(308,689)</u>
<b>Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods</b>	<b>(4,327)</b>	<b>(338,213)</b>



**For the six months ended  
30 June**

	<b>2020</b>	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)

**OTHER COMPREHENSIVE LOSS FOR  
THE PERIOD, NET OF TAX**

	<u>(396,349)</u>	<u>(357,988)</u>
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**TOTAL COMPREHENSIVE (LOSS)/INCOME FOR  
THE PERIOD**

	<u><u>(1,393,513)</u></u>	<u><u>144,450</u></u>
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Attributable to:

Equity holders of the Company

	(1,215,069)	105,717
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Non-controlling interests

	<u>(178,444)</u>	<u>38,733</u>
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	<u><u>(1,393,513)</u></u>	<u><u>144,450</u></u>
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## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at <b>30 June</b> <b>2020</b>	As at 31 December 2019
<i>Notes</i>	<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>10,026,628</b>	10,623,796
Right-of-use assets	<b>10,635,979</b>	11,053,155
Intangible assets	<b>2,815,326</b>	2,756,705
Goodwill	<b>1,833,136</b>	1,730,305
Investments in associates	<b>202,909</b>	194,707
Financial assets at fair value through profit or loss	<b>28,902</b>	28,478
Properties under development	<b>1,311,172</b>	1,157,886
Due from related companies	<b>4,026</b>	6,874
Prepayments, other receivables and other assets	<b>303,378</b>	296,667
Deferred tax assets	<b>182,141</b>	294,351
	<hr/>	<hr/>
Total non-current assets	<b>27,343,597</b>	28,142,924
<b>CURRENT ASSETS</b>		
Inventories	<b>166,381</b>	196,193
Completed properties for sale	<b>291,602</b>	462,497
Properties under development	<b>962,448</b>	779,956
Trade receivables	<b>193,123</b>	653,035
Contract assets and other assets	<b>1,716</b>	4,284
Prepayments, other receivables and other assets	<b>1,835,331</b>	2,059,455
Due from related companies	<b>1,863,604</b>	1,911,718
Derivative financial instruments	<b>40,656</b>	31,042
Financial assets at fair value through profit or loss	<b>424,770</b>	423,432
Restricted cash	<b>293,154</b>	9,690
Cash and cash equivalents	<b>6,254,953</b>	2,128,677
	<hr/>	<hr/>
Total current assets	<b>12,327,738</b>	8,659,979

	As at <b>30 June 2020</b>	As at 31 December 2019
<i>Notes</i>	<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Audited)</b>
<b>CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>1,921,474</b>	2,038,170
Contract liabilities	<b>276,821</b>	1,175,498
Trade payables	<b>1,515,253</b>	1,708,988
Accrued liabilities and other payables	<b>4,557,623</b>	5,518,933
Tax payable	<b>772,443</b>	913,437
Lease liabilities	<b>856,460</b>	864,353
Due to related companies	<b>1,896,861</b>	66,546
Derivative financial instruments	<b>80,514</b>	99,706
	<hr/>	<hr/>
Total current liabilities	<b>11,877,449</b>	12,385,631
	<hr/>	<hr/>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>450,289</b>	<b>(3,725,652)</b>
	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>27,793,886</b>	24,417,272
	<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>		
Convertible redeemable preferred shares	<b>46,144</b>	85,323
Convertible bonds	<b>93,463</b>	172,735
Interest-bearing bank and other borrowings	<b>11,252,115</b>	4,518,769
Lease liabilities	<b>8,157,936</b>	8,240,290
Deferred income	<b>112,024</b>	113,521
Due to related companies	<b>—</b>	1,821,347
Other long-term payables	<b>446,041</b>	432,514
Deferred tax liabilities	<b>554,276</b>	602,897
	<hr/>	<hr/>
Total non-current liabilities	<b>20,661,999</b>	15,987,396
	<hr/>	<hr/>
<b>Net assets</b>	<b>7,131,887</b>	<b>8,429,876</b>
	<hr/> <hr/>	<hr/> <hr/>

	<b>As at 30 June 2020</b>	As at 31 December 2019
<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	<b>183</b>	183
Shares held for the share-based payment schemes	<b>(3,004)</b>	(3,004)
Reserves	<b>6,889,925</b>	8,132,384
	<b>6,887,104</b>	8,129,563
<b>Non-controlling interests</b>	<b>244,783</b>	300,313
<b>Total equity</b>	<b><u>7,131,887</u></b>	<b><u>8,429,876</u></b>

# 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 2020 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 2019.

## 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 2019, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>COVID-19-Related Rent Concessions (early adopted)</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

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

- (a) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any significant impact on the financial position and performance of the Group.
- (c) Amendment to IFRS 16 provides a 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. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the period ended 30 June 2020, certain monthly lease payments for the leases of the property, plant and equipments of certain resorts of the Group have been reduced, waived or deferred by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the period ended 30 June 2020. Accordingly, reduction and deferral in the lease payments arising from the rent concessions of RMB61,909,000 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 2020.

- (d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. 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 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 2020

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

**Six months ended 30 June 2019**

	Resorts <i>RMB'000</i> (Unaudited)	Tourism destinations <i>RMB'000</i> (Unaudited)	Services and solutions in various tourism and leisure settings <i>RMB'000</i> (Unaudited)	Eliminations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Segment revenue</b>					
External customers	6,577,106	2,404,934	80,661	—	9,062,701
Intersegment sales	<u>25,975</u>	<u>28,899</u>	<u>4,929</u>	<u>(59,803)</u>	<u>—</u>
Total revenue	<u><u>6,603,081</u></u>	<u><u>2,433,833</u></u>	<u><u>85,590</u></u>	<u><u>(59,803)</u></u>	<u><u>9,062,701</u></u>
Segment operating profit/(loss)	<u>561,324</u>	<u>762,276</u>	<u>(32,951)</u>	<u>—</u>	<u>1,290,649</u>
Unallocated expenses*					<u>(88,638)</u>
Total operating profit					1,202,011
Finance costs					(385,522)
Share of profits and losses of associates					<u>2,792</u>
Profit before income tax					<u><u>819,281</u></u>

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

## Geographical information

	For the six months ended	
	30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue from external customers</b>		
Europe, Middle East and Africa	2,395,479	4,215,624
America	988,720	1,453,683
Asia Pacific	1,143,630	3,393,394
	<u>4,527,829</u>	<u>9,062,701</u>

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

### 3. REVENUE

An analysis of revenue is as follows:

	For the six months ended	
	30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers</b>		
Resorts and destination operation	3,454,195	5,997,090
Tourism-related property sales and construction services	375,544	1,766,547
Tourism and leisure services and solutions	698,090	1,299,064
	<u>4,527,829</u>	<u>9,062,701</u>

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

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

*For the period ended 30 June 2020*

<b>Segments</b>	<b>Resorts RMB'000 (Unaudited)</b>	<b>Tourism destinations RMB'000 (Unaudited)</b>	<b>Services and solutions in various tourism and leisure settings RMB'000 (Unaudited)</b>	<b>Eliminations RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
<b>Types of goods or services</b>					
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
	<u>3,780,404</u>	<u>730,361</u>	<u>61,596</u>	<u>(44,532)</u>	<u>4,527,829</u>
Intersegment sales	<u>(7,641)</u>	<u>(33,627)</u>	<u>(3,264)</u>	<u>44,532</u>	<u>—</u>
Total revenue from contracts with customers	<u><u>3,772,763</u></u>	<u><u>696,734</u></u>	<u><u>58,332</u></u>	<u><u>—</u></u>	<u><u>4,527,829</u></u>
<b>Timing of revenue recognition</b>					
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
	<u>3,780,404</u>	<u>730,361</u>	<u>61,596</u>	<u>(44,532)</u>	<u>4,527,829</u>
Intersegment sales	<u>(7,641)</u>	<u>(33,627)</u>	<u>(3,264)</u>	<u>44,532</u>	<u>—</u>
Total revenue from contracts with customers	<u><u>3,772,763</u></u>	<u><u>696,734</u></u>	<u><u>58,332</u></u>	<u><u>—</u></u>	<u><u>4,527,829</u></u>

*For the period ended 30 June 2019*

Segments	Resorts <i>RMB'000</i> (Unaudited)	Tourism destinations <i>RMB'000</i> (Unaudited)	Services and solutions in various tourism and leisure settings <i>RMB'000</i> (Unaudited)	Eliminations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Type of goods or services</b>					
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	<u>6,577,106</u>	<u>2,404,934</u>	<u>80,661</u>	<u>—</u>	<u>9,062,701</u>
<b>Timing of revenue recognition</b>					
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	<u>6,577,106</u>	<u>2,404,934</u>	<u>80,661</u>	<u>—</u>	<u>9,062,701</u>

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

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

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Other income</b>		
Interest income	12,992	7,321
Government grants	18,964	18,896
Others	8,622	17,212
	<u>40,578</u>	<u>43,429</u>
<b>Gains</b>		
Gain on disposal of a subsidiary	34,735	—
Gain on disposal of items of property, plant and equipment	—	1,438
Gain on rent concessions as a result of COVID-19 pandemic	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	5,739	3,290
Gain on reversal of provisions relating to:		
— Resort closure costs	—	2,555
— Litigation claims	4,286	7,037
Exchange gain, net	—	24,197
	<u>119,324</u>	<u>38,517</u>
Other income and gains	<u>159,902</u>	<u>81,946</u>
<b>Other expenses</b>		
Exceptional costs due to COVID-19 pandemic*	(634,815)	—
Compensation costs relating to employees	(26,022)	(20,409)
Provision for resort closure costs	(26,335)	(545)
Provision for litigation, including tax related	(4,988)	(23,328)
Impairment losses on:		
— Intangible assets	—	(5,140)
— Property, plant and equipment	(12,425)	(1,148)
Exchange loss, net	(66,939)	—
Others	(6,583)	(27,930)
Other expenses	<u>(778,107)</u>	<u>(78,500)</u>
Other (expenses)/income and gains, net	<u>(618,205)</u>	<u>3,446</u>

- \* Exceptional costs due to COVID-19 pandemic primarily comprised operating costs of resorts and other facilities during their closure when they should be 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.

## 5. FINANCE COSTS

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Interest on bank and other borrowings	<b>186,242</b>	139,994
Interest on loans from related companies	<b>—</b>	180
Interest expense arising from revenue contracts	<b>1,237</b>	38,572
Interest on convertible bonds	<b>3,677</b>	13,058
Interest on convertible redeemable preferred shares	<b>1,869</b>	6,743
Interest on lease liabilities	<b>234,239</b>	206,626
Bank charges and other financial costs	<b>5,297</b>	2,099
	<b>432,561</b>	407,272
Less: Interest capitalised	<b>7,531</b>	21,750
Total finance costs	<b>425,030</b>	385,522



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

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

	<i>Notes</i>	<b>For the six months ended</b>	
		<b>30 June</b>	
		<b>2020</b>	2019
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Unaudited)
Cost of revenue		<b>3,056,105</b>	6,047,030
Depreciation of property, plant and equipment		<b>378,679</b>	354,709
Amortisation of intangible assets		<b>68,296</b>	55,042
Depreciation of right-of-use assets		<b>569,838</b>	513,243
Impairment of financial and contract assets and other assets:			
<i>(Reversal)/provision for impairment of trade receivables</i>		<b>(256)</b>	4,861
<i>(Reversal)/provision for impairment of financial assets included in prepayments, other receivables and other assets</i>		<b>(416)</b>	154
Write-down of inventories to net realisable value		<b>1,717</b>	1,625
Provision for impairment of items of property, plant and equipment	4	<b>12,425</b>	1,148
Provision for impairment of intangible assets	4	—	5,140
Fair value gain on financial assets at fair value through profit or loss	4	<b>(5,739)</b>	(3,290)
Fair value loss on derivative instruments, net		—	23
Exchange loss/(gain), net	4	<b>66,939</b>	(24,197)
Gain on rent concessions as a result of COVID-19 pandemic	4	<b>(61,909)</b>	—
Gain on disposal of items of property, plant and equipment	4	—	(1,438)
Gain on disposal of a subsidiary	4	<b>(34,735)</b>	—
Gain on settlement of liabilities	4	<b>(12,655)</b>	—

## 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.

	<i>Notes</i>	<b>For the six months ended</b>	
		<b>30 June</b>	
		<b>2020</b>	2019
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Unaudited)
Current — France and others	(1)	<b>39,628</b>	76,840
Current — Mainland China			
Income tax in Mainland China for the period	(2)	<b>1,180</b>	167,242
Land appreciation tax (“LAT”) in Mainland China for the period	(3)	<b>83,500</b>	170,310
Deferred		<b>(34,195)</b>	(97,549)
Income tax expense for the period		<b><u>90,113</u></b>	<u>316,843</u>

### *Notes:*

- (1) The provision for income tax of Club Med Holding (“CMH”) and its subsidiaries incorporated in France for the six months ended 30 June 2020 was based on a rate of 32.02% (six months ended 30 June 2019: 34.43%).
- (2) The provision for Mainland China current income tax is based on the statutory rate of 25% (six months ended 30 June 2019: 25%) of the assessable profits for the six months ended 30 June 2020 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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Final declared — HKD0.02 per ordinary share (2019: nil)	22,236	—
Interim — Nil (Six months ended 30 June 2019: HKD0.07 per ordinary share)	—	77,435
	<u>22,236</u>	<u>77,435</u>

The proposed final dividend of HKD0.02 per ordinary share for the year ended 31 December 2019 was declared payable and approved by shareholders at the annual general meeting of the Company on 20 May 2020, and has been fully paid as at the date of this report.

No dividend has been declared by the Company for the six months ended 30 June 2020 (Six months ended 30 June 2019: HKD0.07 per ordinary share).

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

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,235,045,383 (six months ended 30 June 2019: 1,233,020,372) in issue during the period.

The calculation of the diluted (loss)/earnings per share amount is based on the (loss)/profit 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)/earnings 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)/earnings per share are based on:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>(Loss)/earnings</b>		
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic and diluted (loss)/earnings per share calculations	<b><u>(898,704)</u></b>	<u>490,019</u>
	<b>Number of shares</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	<b>1,235,045,383</b>	1,233,020,372
Effect of dilution — weighted average number of ordinary shares:		
— Share ownership plan	<b>919,198</b>	1,864,963
— Share option scheme	<b>225,892</b>	6,057,161
Weighted average number of ordinary shares used in the calculation of diluted (loss)/earnings per share	<b><u>1,236,190,473</u></b>	<u>1,240,942,496</u>
Basic (loss)/earnings per share ( <i>RMB</i> )	<b><u>(0.73)</u></b>	<u>0.40</u>
Diluted (loss)/earnings per share ( <i>RMB</i> )	<b><u>(0.73)</u></b>	<u>0.39</u>

## 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:

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	<b>97,839</b>	468,072
91 to 180 days	<b>77,473</b>	43,011
181 to 365 days	<b>2,240</b>	141,952
1 to 2 years	<b>15,571</b>	—
	<hr/> <b>193,123</b> <hr/>	<hr/> <b>653,035</b> <hr/>

## 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:

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	<b>1,177,556</b>	1,270,744
91 to 180 days	<b>41,105</b>	19,894
181 to 365 days	<b>176,166</b>	16,933
1 to 2 years	<b>93,344</b>	401,136
2 to 3 years	<b>27,071</b>	86
Over 3 years	<b>11</b>	195
	<hr/> <b>1,515,253</b> <hr/>	<hr/> <b>1,708,988</b> <hr/>

## 12. EVENTS AFTER THE REPORTING PERIOD

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

## **INTERIM DIVIDEND PAYMENT**

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$0.07 per Share).

## **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 three independent non-executive Directors, namely Mr. Guo Yongqing (Chairman), Ms. Katherine Rong Xin and Dr. Allan Zeman. 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.

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.

## **PUBLICATION OF INTERIM RESULTS**

This results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.fosunholiday.com](http://www.fosunholiday.com)). The interim report will be despatched to the Shareholders and published on both websites on or before 30 September 2020.

## **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

Albion brand	the brand under which we conduct operation and management of tourism destinations in China
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 strategy	a customer-to-maker strategy that we implement to strengthen the attractiveness of our product line-up and increase our customized offerings based on our understanding of evolving customer preferences
Capacity of Resorts	the total number of beds available for sale over a period or year, i.e., the number of beds, multiplied by the number of days on which resorts are open
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 ( <i>société par actions simplifiée</i> ) incorporated in France on 12 November 1957 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
ECOLAB	Ecolab is the global leader in water, hygiene and infection prevention solutions and services
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
Fosun Family Day	A series of events sponsored by Fosun International and its subsidiaries focusing on the theme of family life
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 become the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
Hainan Free Trade Port	According to the central deployment, Hainan Free Trade Port is to construct free trade zone and free trade port with Chinese characteristics. On 1 June 2020, the Central Committee of the Communist Party of China and the State Council issued “Overall Plan for the Construction of Hainan Free Trade Port”, requesting all districts and departments to carry out conscientiously with practice
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	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
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
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
Novel Coronavirus Pneumonia or COVID-19	an acute infectious pneumonia, and its pathogen is a new type of coronavirus that has not been previously found
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
POSI Check	The POSI-Check audit solution is designed to formulate and monitor an effective response to communicable infections in hotels and restaurants around the world.
Reporting Period	1 January 2020 to 30 June 2020
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*

25 August 2020

*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; and the independent non-executive directors are Dr. Allan Zeman, Mr. Guo Yongqing and Ms. Katherine Rong Xin.*