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## **Fosun Tourism Group** **复星旅游文化集团**

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

**(Stock Code: 1992)**

### **INTERIM RESULTS ANNOUNCEMENT (UNAUDITED)** **FOR THE SIX MONTHS ENDED 30 JUNE 2021**

#### **FINANCIAL SUMMARY**

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

## **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.

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

## **RESORTS AND HOTELS**

### **Club Med**

Club Med, headquartered in France and founded in 1950, is a world-renowned family centric all-inclusive leisure and vacation service provider. For the six months ended 30 June 2021, we have sales and marketing operations in more than 40 countries and regions across six continents, and operate 63 resorts<sup>2</sup>, of which 35 resorts (including a cruise ship) are in EMEA, 12 resorts are in the Americas and 16 resorts are in the Asia Pacific region (including 7 resorts in China). In terms of business models, 14 resorts are under ownership model, 39 resorts are under lease model, and 10 resorts are under management contract model. During the first half of 2021, direct sales proportion through the global sales network of Club Med reached 69.0%.

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

However, due to the continued spread of the Pandemic in Club Med’s major customer sourcing markets and destinations (except Mainland China) (the “**Affected Areas**”), governments of various countries implemented stringent Pandemic prevention measures and all mountain resorts of Club Med in the Alps (except Saint Moritz resort in Switzerland) were not in operation for the 2021 snow season<sup>1</sup> and outbound travel from major customer sourcing markets were suspended.

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

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

<sup>1</sup> Refers to the period from January to April 2021

<sup>2</sup> At constant exchange rate

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

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

Compared to the two months ended 29 February 2020 during which Club Med had a strong performance just before the global outbreak of COVID-19, for the two months ended 28 February 2021, the Business Volume of Club Med decreased by approximately 85.8%, at constant exchange rate, as a result of mandatory closure of ski slopes across French Alps by French Government and tightening travel restrictions by governments of certain countries and regions. As the Pandemic became gradually under control, we started reopening of certain resorts from mid-May 2021. For the two months ended 30 June 2021, we recorded a very significant increase of orders in the second half of 2021, among which orders in EMEA and Americas grew by 39.0% and 69.0% respectively compared to that for the two months ended 30 June 2019. As of 30 June 2021, Club Med resumed 39 resorts globally, and as at June 2021, Club Med's capacity has increased by 352.5% of that of June 2020 and resumed to 58.4% of that of June 2019.

<sup>1</sup> At constant exchange rate

Certain key information with respect to our resort operations in the period of January to February and March to June 2021 is set out below:

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

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

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

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

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

<sup>1</sup> At constant exchange rate

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

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

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

## **CASA COOK AND COOK'S CLUB SERIES BRANDS**

We have acquired the hotel brands of Casa Cook and Cook's Club from Thomas Cook Group plc and its subsidiaries (collectively referred as "Thomas Cook") upon their liquidation to further expand our resort and hotel portfolio globally. Casa Cook is an eclectic collection of lifestyle boutique resorts with a laid-back style that focuses on contemporary aesthetic and high-quality dining. Cook's Club is a lifestyle hotel concept aimed at the new generation of travellers looking for accommodation offering value for money, without compromising on design or experience. We're also developing derivative

<sup>1</sup> The 67.1% occupancy rate is based on limited capacity of resorts in certain regions due to requirements of social distance and sanitary measures.

brands from Casa Cook and Cook’s Club based on niche demands. Upon acquiring related brands, we have been actively developing projects in different regions. As of 30 June 2021, we have entered into franchise agreements with 14 hotels in EMEA, and four new management agreements in China. Among them, as of 30 June 2021, a total of 10 hotels have been in operation.

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

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

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

In July, China’s first Cook’s Home<sup>2</sup> hotel was successfully contracted at Thai Woo Town, Chongli, Zhangjiakou. We plan to further expand Casa Cook, Cook’s Club, Cook’s Home and other derivative brands (if any) worldwide, with not less than 30 hotels (including the hotels already opened) by the end of 2023.

## TOURISM DESTINATIONS

### ATLANTIS SANYA<sup>3</sup>

Our tourism destination, Atlantis Sanya, is located on the Haitang Bay National Coast of Sanya in Hainan province, China. Atlantis Sanya (the “**Tourism Complex**”) includes 1,314 premium guest rooms offering ocean views, one of China’s largest natural seawater aquariums, a themed waterpark with a total area of approximately 200,000 square meters, high quality food and beverage services, over 5,000 square meters of space for MICE<sup>4</sup> activities, and other recreational activities such as a shopping center. The Group commenced construction of Atlantis Sanya in 2014. Atlantis Sanya had its soft opening in February 2018 and officially opened on 29 April 2018.

<sup>1</sup> Casa Cook Rhodes, Cook’s Club Sunny Beach, Cook’s Club City Beach Rhodes, Cook’s Club Tigaki Kos, Cook’s Club Palma Beach, Cook’s Club Alanya, Cook’s Club Hersonissos Crete and Cook’s Club Adakoy were in operation before the liquidation of the Thomas Cook Group plc and rejoined the portfolio via franchise agreements with the Group after the acquisition of the hotel brands.

<sup>2</sup> Cook’s Home is a derivative brand under Casa Cook and Cook’s Club series brands.

<sup>3</sup> Atlantis Sanya is owned by the Group and managed by Kerzner, except for Tang Residence.

<sup>4</sup> Meetings, Incentives, Conferencing & Exhibitions.

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

In the first half of 2021, with the Pandemic in Mainland China generally under control, even in the context of the advocating of staying put for the Lunar New Year by the local government, the second wave of Pandemic in Mainland China, and the restricted travel of primary and secondary school students in major cities, benefiting from its outstanding product competitiveness and demand recovery, the operation of Atlantis Sanya still maintained a dynamic growth momentum. The number of visitors to Atlantis Sanya increased to approximately 2.6 million compared with 1.4 million in the same period of 2020. In the first half of 2021, the number of visits to the Waterpark and Aquarium reached 1.2 million and 0.6 million, respectively. The adjusted EBITDA of Atlantis Sanya for the first half of 2021 increased to RMB410.9 million, representing an increase of 309.1% compared with the same period of last year. Its operations have brought steady profits to the Group.

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

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

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

<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.



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

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

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

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

### **LIJIANG FOLIDAY TOWN (麗江復遊城)**

Lijiang FOLIDAY Town covers land parcels of approximately 695,000 square meters in Baisha town in Lijiang city, Yunnan province in Southwestern China, which is defined as an international tourism destination targeting mid-to-high-end customers and plan to combine comprehensive tourism and leisure features, including three core IPs of Club Med Lijiang resort, “Flying Over the Hump” (飛越駝峰) themed Commercial Street and “Mysterious Forest Park” (雪山秘境) theme park, and over 3,000 vacation houses.

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

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

<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.

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

### **TAICANG FOLIDAY TOWN (太倉復遊城)**

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

Taicang FOLIDAY Town is designed to offer various themed experiences and tourism features, including but not limited to a large scale indoor ski domain in East China, a sports park, Club Med Joyview Taicang resort, a European style commercial street, and saleable vacation units. The GFA of Taicang FOLIDAY Town is approximately 1,286,000 square meters and the project development costs (mainly including the cost to acquire the land use right and construction cost) is expected to be approximately RMB13.2 billion. The project was planned to include saleable vacations units with total GFA of over 554,000 square meters. The saleable vacation units are designed as high-rise residential buildings targeting mid-to-high-end customers. Our indoor ski domain of “Alpes Snow World” (阿爾卑斯雪世界) was designed by Compagnie des Alpes (“CDA”), one of the world’s leading ski domain operators based in France, to offer facilities and services with international standards. The construction of the Alpes Snow World has started in January 2021, which includes five ski slopes and seven “Magic Carpets” serving as conveyor belts and more than 20 sports items, aiming to create a customer experience close to real snow. As for the ski practices and training courses, we will establish a ski school for all ages with professional ski lessons of the European system offered by Club Med. Alpes Time Town (阿爾卑斯時光小鎮) and Club Med Joyview Taicang resort have entered the full construction phase in June 2021. The Alpes Time Town is designed by GENSLER, the world-renowned architectural design company, to meet customers’ diversified needs. Club Med Joyview Taicang resort is expected to open by the end of 2023. Club Med Joyview Taicang resort has a GFA of approximately 50,000 square meters, and includes 308 vacation guest rooms with 770 beds to meet both family leisure needs and MICE needs. The construction of Taicang FOLIDAY Town is expected to be completed in stages starting from 2021 and achieve full completion in the following three to four years.

As of 30 June 2021, the total cumulative cost incurred in the Taicang FOLIDAY Town was approximately RMB3,549.4 million, which was mainly used for land acquisitions and construction costs. As of 30 June 2021, Taicang FOLIDAY Town has accumulatively obtained sales permit for GFA of approximately 143,000 square meters (1,260 sets of saleable property units, of which 396 sets were obtained in June 2021), and all of which were used for pre-sale, of which 750 sets of saleable units in aggregate were pre-sold, with the pre-sold area of 82,457 square meters and the pre-sold value of RMB1,955 million. As of 31 July 2021, 823 sets of saleable property units in aggregate were pre-sold.

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

## **ALBION**

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

As of 30 June 2021, Albion managed and operated three tourist destinations and six vacation residences and resorts in China, including Zhejiang, Hainan, Guangdong, Chongqing and Yunnan provinces. In the first half of 2021, the Business Volume of Albion is RMB45.6 million, increased by 85.7% compared with the same period in 2020, in which the vacation residence and resort sector increased by 104.3% year-on-year. As of 30 June 2021, the number of rooms under management were 920, and the additional number of rooms to be managed were 915. The Albion brand has been recognized in Chinese tourism industry and was ranked among the Top 100 Leisure and Resort Brands in MBI<sup>1</sup> List during the year (ranking 94th in China high-end hotels and 33rd in resort hotels). In addition, Sanya Albion Residence Haitang Bay (三亞愛必濃棠灣度假公寓) was awarded “Annual Brand Resort Hotel and Residence in Tourist Areas” (年度品牌旅遊區度假酒店公寓) of “Continental Diamond”<sup>2</sup> during the year.

<sup>1</sup> MBI (Meadin Index), which is used by Meadin Academy (founded in 2009, it is a leading China commercial space asset strategy research and consulting organization, and has long-term commitment to the construction of a big data business analysis platform) to reflect the influence index of brands on the Internet over a period of time.

<sup>2</sup> The Continental Diamond, a top prize issued to tourist hotel investors, hotel real estate agents and cross-border companies in the cultural and tourist industry, is established jointly by China-Love International Culture and Tourism Group (中愛國際文旅集團) and Pan Tourism Culture Group (泛旅文化集團), and prepared by them with leaders of well-known institutions from different countries.

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

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

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

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

Our international learning and playing club, Miniversity (迷你營) is dedicated to changing the ways how the next generation in China grow, covering innovative well-rounded education concepts to children and teenagers aged 2–16. Miniversity is also expanding new business, in Shanghai, Jiangsu, Zhejiang and Hainan regions, creating a series of study tour (遊學) courses through collaboration with the FOLIDAY ecosystem. In the first half of 2021, the number of students exceeded 9,300, a nearly ten-times increase over the same period of 2020. In July 2021, the number of Miniversity students in summer vacation reached 2,400 and the Business Volume increased by 306.7% over the same period of 2020. In particular, products using Club Med Joyview Anji Resort and Atlantis Sanya as the venues were widely praised by students.

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

## **Thomas Cook China and Thomas Cook UK**

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

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

As of 30 June 2021, the application had approximately 1.5 million downloads. The platform is currently in a stage of rapid growth. In the first half of 2021, downloads of the application increased by 172.7% compared to that of the second half of 2020, and Thomas Cook China achieved Business Volume of approximately RMB161.4 million, representing an increase of 105.2% compared to that of the first half of 2020<sup>1</sup>, increased by 54.0% compared to that of the second half of 2020. As of 31 July 2021, the application had approximately 1.9 million downloads, and Thomas Cook China recorded Business Volume of RMB55.5 million, increased 47.5% compared to that of June 2021.

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

## **Member Loyalty Programs**

Our loyalty programs include global Club Med Great Member loyalty program and Foryou Club, which has integrated members from our various brands in the FOLIDAY ecosystem, including members of Atlantis Sanya, Club Med members from Mainland China, Thomas Cook mobile application and other members from various activities and services we provide. Foryou club interacted with other strategic partners for membership benefits, including Alipay, Fliggy and Tencent Wealth Management members. As of 30 June 2021, Foryou Club had approximately 6.6 million members.

<sup>1</sup> After acquiring the right to use Thomas Cook’s brand, the Company integrated various applications and channels on the original FOLIDAY distribution platform into the Thomas Cook lifestyle platform.

## **Our Business in Hainan**

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

As of 30 June 2021, our business in Hainan includes not only Atlantis Sanya, Club Med Sanya resort, but also our services and solutions, including resident Show C, Foryou Ski and travel agency business. We are actively searching opportunities to further develop our business in Hainan Free Trade Port. We intend to actively expand the tourism destination business in Hainan under the brand of FOLIDAY Town, and reached cooperative intention with Sanya municipal government on the development of Sanya FOLIDAY Town. We are expanding new businesses in areas such as tourism retail and lifestyle products to strengthen cooperation with IP within the Group. According to Frost & Sullivan, our operation of Atlantis Sanya and Club Med Sanya Resort together makes us the largest high-end resort provider in Sanya, based on number of guest rooms with an average daily rate by room of above RMB1,000 in 2019.

## **Ski Ecosystem**

We are committed to building an extensive and a comprehensive ski ecosystem. We are the largest supplier of ski resorts in Europe in terms of the number of ski resorts in 2019<sup>1</sup>. Club Med now operates 15 and four mountain (ski) resorts in Europe and the Asia Pacific respectively. By the end of 2023, we plan to open six to eight mountain resorts, in which two new mountain resorts would be located in China, including Club Med Changbaishan resort and Club Med Chongli Thai Woo resort (崇禮太舞度假村). By then, we have developed six to eight mountain resorts in China and the surrounding countries. The “Alpes Snow World” in Taicang FOLIDAY Town is planned to be a large scale indoor ski domain, designed and jointly managed by Compagnie des Alpes (CDA), a French leading ski domain operator. It includes five ski slopes and seven “Magic Carpets” and provides more than 20 ski and entertaining snow items. We have seven stores of indoor ski simulators under the brand “Foryou Ski” which pursue the provision of quality ski solutions for people living in cities.

<sup>1</sup> According to Frost & Sullivan's report.

## MANAGEMENT DISCUSSION & ANALYSIS

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

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

## Revenue by business function and business segment

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

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

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



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

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

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

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

## Cost of revenue by business function

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

## Gross profit and gross profit margin by business function

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

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

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

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

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

#### **Selling and marketing expenses**

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

#### **General and administrative expenses**

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

## Operating loss by segment

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

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

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

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

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

## Finance costs

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

## **Income tax expense**

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

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

## **Non-IFRS Measures**

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

## ADJUSTED EBITDA

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

Note:

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

### Adjusted EBITDA

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

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

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

### Adjusted Net Loss

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

### Capital expenditures

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

## Indebtedness, liquidity and financial resources of the Group

Our Group funds our investments and operations principally with cash generated from our operations, bank and other borrowings, funds raised from the capital market, and capital investments by our Controlling Shareholders. As of 30 June 2021, we had cash and bank balances of approximately RMB5.2 billion. The following table sets out our cash flows for the periods indicated:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB Billion</b>	<b>RMB Billion</b>
<b>Net cash flows generated from/(used in) operating activities<sup>1</sup></b>	<b>1.3</b>	(0.7)
Net cash flows used in investing activities <sup>2</sup>	<b>(0.5)</b>	(0.5)
Net cash flows (used in)/generated from financing activities	<b>(0.3)</b>	5.6
<b>Cash and bank balances at end of the period</b>	<b><u>5.2</u></b>	<b><u>6.5</u></b>
Analysis of balances of cash and cash equivalents		
Cash and bank balances at end of the period	<b>5.2</b>	6.5
<i>Less:</i> Pledged bank balances	<b>0.0</b>	0.0
Time deposits with original maturity of more than three months	<b>0.2</b>	0.2
Restricted pre-sale proceeds	<b>0.3</b>	—
<b>Cash and cash equivalents at end of the period</b>	<b><u>4.7</u></b>	<b><u>6.3</u></b>

As of 30 June 2021, we had unused banking facilities amounted to approximately RMB4,367.4 million. We have taken the following measures to maintain our healthy liquidity:

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

*Notes:*

<sup>1</sup> Excluding flow of pledged bank balances and restricted pre-sale proceeds.

<sup>2</sup> Excluding flow of time deposits with original maturity of more than three months. Because the Group can freely use the time deposits if we waived the interest from income receivable related to the time deposits.



Our indebtedness included interest-bearing bank and other borrowings, convertible bonds, and lease liabilities. As of 30 June 2021, the total amount of interest-bearing bank and other borrowings was RMB13,755.5 million (31 December 2020: RMB13,341.1 million), of which RMB2,282.2 million was repayable within one year (31 December 2020: RMB2,187.9 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 loans or facility agreements to get the covenant holiday in 2021. Our Directors confirmed that we complied with all material covenants under our loan agreements and amendments during the Reporting Period and up to the date of this announcement.

### **Capital Structure**

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

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

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

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

### **Exchange Rate Fluctuation**

#### ***Currency fluctuation effects on transactions***

The Group has resorts and commercial operations in over 40 countries and regions which are exposed to foreign exchange risks arising from various currency exposures. Major currencies for our commercial transaction included the Euro, U.S. dollar, British Pound, Hong Kong dollar and Canadian dollar. We were engaged in hedging transactions to limit the impact of changes in interest rates, indebtedness and the effects of changes in foreign exchange rates on commercial operation and to reduce our exposure to market volatility. During the first half of 2021, unprecedented factors including the ongoing COVID-19 situation severely increased the volatility of the currencies. Euro depreciated

against a lot of currencies such as British Pound, Canadian dollar, Seychelles Rupee and South African Rand, leading to foreign currency exchange losses. For the six months ended 30 June 2020 and 2021, we recorded foreign exchange loss of RMB66.9 million and RMB79.2 million in other income and gains, net, respectively.

***Currency fluctuation effects on translations***

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
*For the six months ended 30 June 2021*

		<b>For the six months ended 30 June</b>	
	<i>Notes</i>	<b>2021</b>	<b>2020</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUE</b>	3	<b>2,781,466</b>	4,527,829
Cost of revenue		<u><b>(2,186,293)</b></u>	<u>(3,056,105)</u>
Gross profit		<b>595,173</b>	1,471,724
Other (expenses)/income and gains, net	4	<b>(616,791)</b>	(618,205)
Selling and marketing expenses		<b>(631,231)</b>	(788,329)
General and administrative expenses		<u><b>(727,258)</b></u>	<u>(542,450)</u>
<b>Operating loss</b>		<u><b>(1,380,107)</b></u>	<u>(477,260)</u>
Finance costs	5	<b>(483,475)</b>	(425,030)
Share of profits and losses of:			
Associates		<u><b>(1,719)</b></u>	<u>(4,761)</u>
<b>LOSS BEFORE INCOME TAX</b>	6	<b>(1,865,301)</b>	(907,051)
Income tax expense	7	<u><b>(199,731)</b></u>	<u>(90,113)</u>
<b>LOSS FOR THE PERIOD</b>		<u><b>(2,065,032)</b></u>	<u>(997,164)</u>
Attributable to:			
Equity holders of the Company		<b>(2,004,796)</b>	(898,704)
Non-controlling interests		<u><b>(60,236)</b></u>	<u>(98,460)</u>
		<u><b>(2,065,032)</b></u>	<u>(997,164)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic			
— For loss for the period (RMB)	9	<u><b>(1.62)</b></u>	<u>(0.73)</u>
Diluted			
— For loss for the period (RMB)	9	<u><b>(1.62)</b></u>	<u>(0.73)</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2021*

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**30 June 2021**

	<b>30 June</b>	31 December
	<b>2021</b>	2020
<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>9,538,112</b>	9,913,468
Right-of-use assets	<b>11,070,775</b>	11,115,553
Intangible assets	<b>2,731,360</b>	2,836,417
Goodwill	<b>1,772,297</b>	1,847,305
Investments in associates	<b>245,438</b>	224,734
Financial assets at fair value through profit or loss	<b>151,031</b>	77,872
Properties under development	<b>986,564</b>	1,516,108
Due from related companies	<b>2,205</b>	2,037
Prepayments, other receivables and other assets	<b>578,190</b>	449,392
Deferred tax assets	<b>149,113</b>	106,423
	<hr/>	<hr/>
Total non-current assets	<b>27,225,085</b>	28,089,309
<b>CURRENT ASSETS</b>		
Inventories	<b>219,587</b>	204,926
Completed properties for sale	<b>126,009</b>	312,964
Properties under development	<b>1,777,251</b>	1,029,608
Trade receivables	<b>470,347</b>	483,276
Contract assets and other assets	<b>781</b>	5,325
Prepayments, other receivables and other assets	<b>1,756,934</b>	1,790,383
Due from related companies	<b>838,303</b>	1,836,748
Derivative financial instruments	<b>6,370</b>	32,302
Financial assets at fair value through profit or loss	<b>315,507</b>	330,504
Cash and bank balances	<b>5,157,552</b>	4,571,249
	<hr/>	<hr/>
Total current assets	<b>10,668,641</b>	10,597,285

	<b>30 June</b>	31 December
	<b>2021</b>	2020
<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>2,282,210</b>	2,187,901
Contract liabilities	<b>1,602,963</b>	618,456
Trade payables	<b>1,849,826</b>	1,522,315
Accrued liabilities and other payables	<b>5,121,319</b>	4,887,727
Tax payable	<b>226,554</b>	30,091
Lease liabilities	<b>795,983</b>	922,762
Due to related companies	<b>835,864</b>	16,407
Derivative financial instruments	<b>36,378</b>	185,992
	<hr/>	<hr/>
Total current liabilities	<b>12,751,097</b>	10,371,651
	<hr/>	<hr/>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	<b>(2,082,456)</b>	225,634
	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>25,142,629</b>	28,314,943
	<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>		
Convertible bonds	<b>11,935</b>	12,044
Interest-bearing bank and other borrowings	<b>11,473,293</b>	11,153,182
Lease liabilities	<b>8,866,910</b>	8,844,827
Contract liabilities	<b>4,073</b>	7,781
Deferred income	<b>124,243</b>	131,231
Due to related companies	<b>—</b>	1,828,914
Other long-term payables	<b>616,335</b>	485,381
Financial liabilities at fair value through profit or loss	<b>—</b>	2,000
Deferred tax liabilities	<b>498,222</b>	505,697
	<hr/>	<hr/>
Total non-current liabilities	<b>21,595,011</b>	22,971,057
	<hr/>	<hr/>
<b>Net assets</b>	<b>3,547,618</b>	5,343,886
	<hr/> <hr/>	<hr/> <hr/>

	<b>30 June</b>	31 December
	<b>2021</b>	2020
<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	185	183
Shares held for the share-based payment schemes	(3,004)	(3,004)
Reserves	<u>3,353,421</u>	<u>5,129,015</u>
	<b>3,350,602</b>	5,126,194
<b>Non-controlling interests</b>	<u>197,016</u>	<u>217,692</u>
<b>Total equity</b>	<u><u>3,547,618</u></u>	<u><u>5,343,886</u></u>

## 1.1 BASIS OF PREPARATION

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

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

## 1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to IFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i> (early adopted)

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

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



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

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

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

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

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

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

Six months ended 30 June 2021

	Resorts and Hotels <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	1,221,291	1,483,111	77,064	—	2,781,466
Intersegment sales	<u>1,985</u>	<u>27,508</u>	<u>8,518</u>	<u>(38,011)</u>	<u>—</u>
Total revenue	<u><u>1,223,276</u></u>	<u><u>1,510,619</u></u>	<u><u>85,582</u></u>	<u><u>(38,011)</u></u>	<u><u>2,781,466</u></u>
Segment operating (loss)/profit	<u><u>(1,803,435)</u></u>	<u><u>590,035</u></u>	<u><u>(89,345)</u></u>	<u><u>(4,729)</u></u>	<u><u>(1,307,474)</u></u>
Unallocated expenses*					<u><u>(72,633)</u></u>
Total operating loss					(1,380,107)
Finance costs					(483,475)
Share of profits and losses of associates					<u><u>(1,719)</u></u>
Loss before income tax					<u><u>(1,865,301)</u></u>

**Six months ended 30 June 2020**

	Resorts and Hotels <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>3,780,404</u>	<u>730,361</u>	<u>61,596</u>	<u>(44,532)</u>	<u>4,527,829</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>(907,051)</u>

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

**Geographical information**

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue from external customers</b>		
Europe, Middle East and Africa	<b>633,291</b>	2,395,479
America	<b>523,202</b>	988,720
Asia Pacific	<u><b>1,624,973</b></u>	<u>1,143,630</u>
	<u><b>2,781,466</b></u>	<u>4,527,829</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	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Resorts and destination operation	1,881,790	3,454,195
Tourism-related property sales and construction services	658,935	375,544
Tourism and leisure services and solutions	240,741	698,090
	<u>2,781,466</u>	<u>4,527,829</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 2021*

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

**For the period ended 30 June 2020**

Segments	Resorts and Hotels <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	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	<u>639,758</u>	<u>—</u>	<u>61,596</u>	<u>(3,264)</u>	<u>698,090</u>
	3,780,404	730,361	61,596	(44,532)	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 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	<u>3,780,404</u>	<u>363,576</u>	<u>60,088</u>	<u>(44,525)</u>	<u>4,159,543</u>
	3,780,404	730,361	61,596	(44,532)	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 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>

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

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

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

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

## 6. LOSS BEFORE INCOME TAX

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

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cost of revenue		2,186,293	3,056,105
Depreciation of property, plant and equipment		336,272	378,679
Amortisation of intangible assets		77,137	68,296
Depreciation of right-of-use assets		553,422	569,838
Impairment of financial and contract assets and other assets:			
<i>Provision/(reversal) for impairment of trade receivables</i>		6,241	(256)
<i>Reversal of provision for impairment of financial assets included in prepayments, other receivables and other assets</i>		—	(416)
Write-down of inventories to net realisable value		2,034	1,717
Provision for impairment of items of property, plant and equipment	4	9,347	12,425
Fair value gain on financial assets at fair value through profit or loss	4	(3,238)	(5,739)
Exchange loss, net	4	79,242	66,939
Rent concessions as a result of COVID-19 pandemic in other gains	4	(55,556)	(61,909)
Gain on disposal of items of property, plant and equipment	4	(898)	—
Gain on deemed disposal of interests in an associate	4	(2,893)	—
Gain on disposal of a subsidiary	4	—	(34,735)
Gain on settlement of liabilities	4	—	(12,655)
		<u>          </u>	<u>          </u>



## 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 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current — France and others	(1)	<b>413</b>	39,628
Current — Mainland China			
Income tax in Mainland China for the period	(2)	<b>77,465</b>	1,180
Land appreciation tax (“LAT”) in Mainland China for the period	(3)	<b>160,740</b>	83,500
Deferred		<b>(38,887)</b>	(34,195)
Income tax expense for the period		<b><u>199,731</u></b>	<b><u>90,113</u></b>

*Notes:*

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

## 8. DIVIDENDS

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

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

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

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

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

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

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

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

## 10. TRADE RECEIVABLES

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

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

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

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

## 12. EVENTS AFTER THE REPORTING PERIOD

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

## **INTERIM DIVIDEND PAYMENT**

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2021.

## **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**

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

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

## **CORPORATE GOVERNANCE PRACTICES OF THE COMPANY**

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

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

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

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

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

**MODEL CODE FOR SECURITIES TRANSACTIONS**

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

**PUBLICATION OF INTERIM RESULTS**

This results announcement is published on the websites 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 2021.

**FORWARD-LOOKING STATEMENTS**

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

## GLOSSARY

### ABBREVIATIONS

Aquarium	the Lost Chambers Aquarium in Atlantis Sanya
Atlantis Sanya	our tourism destination on the Haitang Bay National Coast of Sanya, Hainan province, PRC
Audit Committee	the audit committee of the Board
Average Daily Bed Rate	the business volume divided by the total number of beds sold
Board	our board of Directors
C2M	customer-to-maker
capacity of resorts	the total number of beds available for sale over a period or year, i.e. the number of beds, multiplied by the number of days on which resorts are open
Casa Cook	an award-winning boutique lifestyle hotel brand under Thomas Cook, with a focus on design, high-quality food and wellbeing
CG Code	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
China or PRC	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
Club Med	Club Med SAS (formerly known as Club Méditerranée SA), a simplified joint-stock company (société par actions simplifiée) incorporated in France on 12 November 1957 and a non-wholly owned subsidiary of our Company
Club Med Joyview	one of the Club Med resort brands catering to the Chinese market for vacations during weekends and MICE services, to fulfill the increasing leisure and holiday needs of Chinese tourists

Company	Fosun Tourism Group (formerly known as Fosun Tourism and Culture Group (Cayman) Company Limited), an exempted company with limited liability incorporated in the Cayman Islands on 30 September 2016
Cook's Club	a beach hotel brand under Thomas Cook, designed for a new generation of travellers who want fun, lively holidays in hotels that have modern and stylish design
Director(s)	the director(s) of the Company
EBITDA	earnings before interest, taxes, depreciation and amortization
EMEA	Europe, Middle East, and Africa, which, for our purposes, also includes Turkey
Euro	the lawful currency of the European Union
FOLIDAY	our global ecosystem consisting of our commercially-interconnected businesses that offers a wide spectrum of tourism- and leisure-related services
FOLIDAY Town	the Group's brand name for major comprehensive tourism destinations
Foryou Club	our membership system in China that manages and operates services and activities for members and customers under the FOLIDAY ecosystem
Frost & Sullivan Report	an independent market research report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent third party
GFA	gross floor area
Group, our Group, we, or us	our Company and our subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)

Happy Digital	Club Med’s digitalization initiatives, through which we use digital solutions to improve our guests’ and employees’ experience while making the technology user-friendly and seamless
HK\$ or HKD	the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Kerzner	Kerzner International Limited, a company incorporated in The Commonwealth of the Bahamas, and its subsidiaries
Listing	the listing of the Shares on the Main Board
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Miniversity	the brand for learning and playing club for children
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Occupancy Rate by Bed	the ratio expressed as a percentage between the total number of beds sold and the total number of beds available for sale over a period or year
Occupancy Rate by Room	the total number of rooms sold divided by the total number of rooms available for sale
Revenue per Bed	the Resort Revenue divided by the Capacity of Resorts
resort revenue	the aggregate income of all resorts, including sales of all-inclusive packages and revenue generated onsite out of the all-inclusive packages
Reporting Period	1 January 2021 to 30 June 2021
RMB	the lawful currency of the PRC
Share(s)	Ordinary share(s) in the share capital of our Company
Shareholder(s)	holder(s) of the Shares



Stock Exchange subsidiary(ies)	The Stock Exchange of Hong Kong Limited has the meaning ascribed thereto under section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Tang Residence	the saleable residential vacation units in Atlantis Sanya
Thomas Cook	Thomas Cook Group plc, a company incorporated in England and Wales, the shares of which are listed on the London Stock Exchange (stock code: TCG), the company applied for liquidation on 23 September 2019
Trident	the measurement unit used by Club Med to indicate the level of each Club Med resort, which is similar to “star” used for traditional hotel ratings
USD or U.S. dollar	the lawful currency of the United States of America
Waterpark	the Aquaventure Waterpark in Atlantis Sanya

By Order of the Board  
**Fosun Tourism Group**  
**Qian Jiannong**  
*Chairman*

19 August 2021

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