Better Holiday Better Life

复星旅文
FOSUN HOLIDAY

复星旅游文化集团 FOSUN TOURISM GROUP

A company incorporated under the laws of the Cayman Islands with limited liability (Stock Code: 01992.HK)

2022 ANNUAL REPORT

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	For the years ended 31 December	
	2022 **RMB'000**	2021 RMB'000 (Restated)
Revenue	**13,777,710**	9,261,473
Resort and destination operations	**10,405,733**	6,140,192
Tourism-related property sales and construction services	**1,336,051**	2,136,920
Tourism and leisure services and solutions	**2,035,926**	984,361
Gross profit	**3,990,350**	2,566,961
Operating profit/(loss)	**593,503**	(1,444,282)
Loss before income tax	**(403,150)**	(2,406,065)
Loss for the year	**(531,791)**	(2,787,454)
Loss attributable to equity holders of the Company	**(544,900)**	(2,718,643)
Adjusted EBITDA	**2,344,855**	213,071
Adjusted net loss	**(497,281)**	(2,756,587)
Loss per share — basic (in RMB)	**(0.44)**	(2.20)
Loss per share — diluted (in RMB)	**(0.44)**	(2.20)

Club Med Grand Massif Samoëns Morillon, France

In 2022, the global tourism industry underwent reshaping amidst expedited recovery. Up to 900 million tourists travelled internationally during the year, representing a recovery to 63% of the number recorded in 2019. The industry consensus was that the most difficult period for global tourism brought about by the COVID-19 pandemic had been past.

During the past year, Europe and the Americas were the first regions to reopen their borders to international tourists, while the Asia Pacific was facing greater difficulties and challenges. The global presence of Fosun Tourism Group enabled its businesses in Europe, Africa, the Middle East and the Americas to fully benefit from the recovery in market demand and lead recovery of the industry in these markets. In the Asia Pacific market where recovery was relatively slow, we endeavoured to replicate our advantageous position, especially in the China market, where our strong product offerings and solid operations enabled us to unfailingly seize opportunities of rebound in the domestic market for leisure holiday even after recurring epidemic outbreaks.

Xu Xiaoliang
Chairman
Fosun Tourism Group

Robust recovery in business results in anticipation of future growth

In 2022, business volume of the Group's tourism operation increased by 85% year-on-year to RMB14,503 million. Adjusted EBITDA increased by more than 10-fold from RMB213 million in 2021 to RMB2,345 million in 2022. Loss attributable to equity holders was RMB545 million in 2022, narrowing significantly compared with 2021.

During the past year, Club Med sustained robust momentum in business recovery as its business volume doubled year-on-year to RMB12,110 million, which was very close to the level recorded for 2019. Profitability of Club Med was further enhanced on the back of its upgraded portfolio of holiday resorts and expanded capacity of high-end holiday resorts.

Our China operations showcased remarkable resilience in business results in 2022 despite living through the toughest of the three years under the pandemic. Within a period of merely three months of normal operation, Atlantis Sanya reported a business volume of RMB877 million on the back of 2.9 million visitors. In 2022, Lijiang Foliday Town completed its first full-year operation with a turnover of RMB89.0 million.

At Taicang Foliday Town located in the hinterland of the Yangtze River Delta in the vicinity of Shanghai, smooth progress has been made in the construction of Alpes Snow World (阿爾卑斯雪世界) and Club Med Joyview Resort and phase one of the commercial street and we are hopeful of a grand opening of the first phase in the second half of 2023 to present a brand new leisure and holiday resort lifestyle to the family consumers in the Yangtze River Delta.

In 2022, Fosun Tourism Group seized opportunities presented by periods of recovery to enhance its operating cash flow, while actively reducing its debt to support sound, long-term development. Net operating cash inflow for 2022 amounted to RMB2,244 million, while bank and debt financing reduced by RMB1,302 million compared to that as at the end of 2021.

In 2022, we continued to place a strong emphasis on environmental, social and governance ("ESG") matters, as our performance in ESG and sustainability was strongly recognised by the market. MSCI upgraded the ESG rating of Fosun Tourism Group from "AA" to "AAA", making it the only corporation in Greater China's hotel and tourism sector to be given an MSCI AAA rating. Meanwhile, our performance in sustainability was also rated "A" by the Hong Kong Quality Assurance Agency (HKQAA), and we were selected as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index for the second consecutive year. Moreover, the Group made notable progress for the second year in a row under the S&P Global Corporate Sustainability Assessment (CSA), ranking within the top 13% among its global peers.

In 2023, the further relaxation of global travel restrictions has lent to hope of full recovery. During the first two months of 2023, Club Med recorded the highest single-month global results for two consecutive months in the past decade. Turnover from Atlantis Sanya for the first two months amounted to nearly RMB400 million on the back of a 96% room occupancy. There has been swift recovery in property sales relating to Taicang and Lijiang, our two leading holiday resort projects.

Club Med Kiroro Peak, Japan

Setting the trend in holiday resort lifestyle: IP, membership and the four major capabilities

After three years of life under the pandemic, the industry has gradually come to agree that the global tourism sector has undergone a radical change in the transformation from sight-seeing tourism to holiday tourism. The future development of Fosun Tourism Group will be dependent on how it conducts its business in tandem with this trend. Based on the new trend of consumer spending in tourism, we have summed up two major dimensions, "vacation-like lifestyle" and "lifestyle-based vacation" as the focus of Fosun Tourism Group's future strategy and business development.

First, what do we mean by a vacation-like lifestyle? The daily life of people is gravitated to their cities of residence, and every city has its own culture and unique characteristics worthy to be experienced by not only visiting tourists, but also the native residents of that city. Therefore, we believe that city life in itself can be a form of vacation, and urban holiday resort hotel products will bound to emerge in the future. Urban holiday resort hotels will be based in cities to provide urban holiday resort hotels and MALL lifestyle vacations integrating cultural, commercial and tourism elements for families living in the cities as well as business travelers to experience the cultural aspects of the cities.

Second, what do we mean by a lifestyle-based vacation? While it is surely marvelous to enjoy the sceneries and landscapes of Nature, vacation could also be closely related to our daily life, which means we could integrate what we love to do in our day-to-day life into our vacation. Say if we crave for fashionable goods, we could attend a fashion show or visit a fashion museum during our vacation. If we are into sports, we could watch an English Premier League match and gain in-depth understanding of how a Premier League club is run. A lifestyle-based vacation emphasises attention to the requirements of daily life and work during vacation, in addition to diverse experiences for the daily traveling of a family. Therefore, we hope to offer a wider array of products and functions that would allow our customers to attain work-life balance while on holiday.

In short, we believe that the core trend for the future development of the holiday industry is underpinned by the notion of "vacation as lifestyle and lifestyle as vacation", and Fosun Tourism Group will deploy its business in future according to the two dimensions aforesaid. For this reason, we have proposed a new mission and vision for the Company. Our mission is "to enable a better life through vacation". In the aftermath of the pandemic, Fosun Tourism Group is more convinced than ever than vacation is an essential element for a pleasant life. Our vision is to "lead the trend in vacation life and create a world-leading family leisure holiday resort ecosystem with the aid of smart technology". We are of the view that in an era of rapid AI development and high degree of global smart inter-connection, the forging of business ecosystems is an inevitable pathway.

The strategic pathway for fulfilling our mission and vision is very clear — to focus on IP as well as membership on the other. On the one hand, we should enrich and expand our product lines on the back of Club Med, our proprietary IP, such as Club Med city hotels and Club Med Joyview. On the other, we should continue to introduce more world-class IP such as Atlantis Sanya and deliver further value and experience through sophisticated operations. Finally, we should integrate different types of IP to create a "Super Mediterranean".

In addition to the operation of IP, the operation of membership programmes is equally important, because it determines whether our future development will be sustainable. Fosun Tourism Group has classified its members according to three categories: consumer members, staff members and corporate members. We should invite customers to become members and systematise our membership programme by creating a categorised and tiered membership operating system and consistently enhancing customer satisfaction through various types of IP activities and contents.

With an elucidated strategic pathway, the four principal capabilities required for the implementation of such strategy become clear: global operation, dual-drivers, asset-right, and integrated business ecosystem.

First of all, we should be engaged in global operations. After three years of ravaging by the pandemic, many tourism groups have bowed out of business and we have come to realise the scarcity of tourism companies with a global presence, a high barrier that is very difficult to overcome for new players. In the same token, tourism groups with capabilities in global operation are invaluable, as they understand the global as well as the Chinese market and offer overseas as well as domestic products. This is the kind of enterprises that hold out potential for future development.

Next we should look at the most important aspect of Fosun Tourism Group's current development — the dual-drivers of operation + asset-right strategy. In connection with the dual-drivers, we must invest in top-class IPs and contents, consistently importing internationally renowned IPs to form an IP cluster. Meanwhile, we should enhance our ability in IP operation. In addition to importing IPs, we need ensure sound operation of IP in the context of their implementation so as to generate revenue on an ongoing basis. In connection with the asset-right strategy, our ability to operate on an asset-light basis is underpinned by our operation of imported IP. However, since the asset-heavy aspects, such as capital costs and capital size, are not exactly areas of our strengths, we must actively develop friendly connections and foster complementary partnerships conducive to mutual growth with peers that provide capabilities in the asset-heavy aspects, such that the asset-light partner could share the gains generated from asset-heavy operations, while the asset-heavy partner could benefit from the capabilities of the asset-light one. In future, we should vigorously introduce strategic investors and funds in joint development of projects in tourist destinations and facilitate the export of asset-light abilities and business expansion based on successful IP operation.

Finally, we should also pursue an integrated business ecology. On top of its own businesses, Fosun Tourism Group also operates as an open business ecosystem that could be further integrated with Fosun's business ecosystem, or be engaged in further cooperation with its peers in the global tourism industry in terms of joint offering of products or shared memberships.

With the global tourism industry beginning to recover and reboot in 2023, Fosun Tourism Group has negotiated a positive start delivering business results at a faster pace on the back of solid operations, which lends us to more certainty and presents us with further demands. I would like to take this opportunity to express sincere appreciation and gratitude to our staff, management and Board of Directors for their commitment to the Company during the unprecedented difficult period for the industry in the past three years. I must also thank our landlords and partners for their unwavering support and trust for our brand and business. We will devote our full effort to reclaim the three years lost in the pandemic and lay a solid foundation for longer-term development in the future.

Xu Xiaoliang
Chairman
24 March 2023

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. Throughout our mission, "Vacation brings a better life", we seek to lead the leisure lifestyle and create a world's leading leisure tourism ecosystem for families.

In 2022, despite the global spread of the Omicron variant of Coronavirus (COVID-19) (the "Pandemic"), the Group recorded strong growth in EMEA and the Americas with the easing of pandemic-related travel restrictions in tourist source countries, and continued to achieve high growth during the Reporting Period, following the strong recovery in the second half of 2021. Our Business Volume[1] of resorts and tourism destination operation, and tourism and leisure services and solutions (collectively as "tourism operation"), at constant exchange rate, increased to RMB14,502.8 million for the year ended 31 December 2022 from RMB7,853.4 million for the year ended 31 December 2021, representing a year-on-year increase of 84.7%. Our revenue increased to RMB13,777.7 million for the year ended 31 December 2022 from RMB9,261.5 million for the year ended 31 December 2021. Gross profit increased to RMB3,990.4 million for the year ended 31 December 2022 from RMB2,567.0 million for the year ended 31 December 2021. Adjusted EBITDA increased to RMB2,344.9 million for the year ended 31 December 2022 from RMB213.1 million (restated) for the year ended 31 December 2021. Loss attributable to equity holders was RMB544.9 million for the year ended 31 December 2022, compared with loss attributable to equity holders of RMB2,718.6 million (restated) for the year ended 31 December 2021.

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

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. As of 31 December 2022, we have sales and marketing operations in more than 40 countries and regions across six continents, and operate 66 resorts[1], of which 34 resorts (including a cruise ship) are in EMEA, 12 resorts are in the Americas and 20 resorts are in the Asia Pacific region (including 10 resorts in China). In terms of business models, 11 resorts are under ownership model, 40 resorts are under lease model, and 15 resorts are under management contract model. In 2022, direct sales proportion through the global sales network of Club Med reached 73.2%.

1 During 2022, we opened Changbaishan resort in January, Marbella resort in May, Thousand Islands Lake resort in June, Yanqing Lijing Club Med Joyview (Phrase II) in July, and New Tignes, Val d'Isère EC and Kiroro Peak (Phrase I) in December.

Club Med Marbella, Spain

Club Med La Rosière, France

Club Med La Rosière, France

In 2022, Club Med business sustained and accelerated its recovery in EMEA, and Americas regions, following the strong rebound in the second half of 2021, even though the business was impacted by the Omicron Pandemic in these regions in January and February (depending on the countries). Due to the remaining travel restrictions in Asia Pacific region countries and Covid-19 resurgence in China, Club Med business in Asia Pacific region was still heavily impacted in 2022.

In 2022, the Business Volume of Club Med amounted to RMB12,011.4 million, representing an increase of 108.4% compared to that of 2021, and recovered to 99.1% of that of 2019. The recovery was uneven by regions. Compared to 2019, the Business Volume of Club Med in the Americas increased by 33.1%, EMEA increased by 3.7%, whilst Asia Pacific decreased by 48.3% as most countries had their boarders closed until early June. Despite the negative impact of the resurgence of Pandemic in China, the Business Volume of Club Med in Mainland China recorded RMB405 million in 2022, still 2.3% higher than that of the same period in 2021, and recovered to 54.3% of that of the same period in 2019, and the Business Volume of Club Med resorts in China almost recovered to the level in 2019. In 2022, the capacity of Club Med increased by 62.3% as compared to that of 2021, and recovered to 91.9% of that of the same period of 2019. In particular, the capacity of resorts in EMEA, the Americas and Asia Pacific increased by 96.8%, 43.8% and 43.1% as compared to 2021, respectively, and recovered to 86.0%, 103.7% and 89.8% of that of 2019, respectively. In 2022, the global average Occupancy Rate by Bed of Club Med reached about 60.9%, increasing by 5.6 percentage points compared to 2021 and showed a decrease of 3.5 percentage points compared with the same period of 2019; while the Average Daily Bed Rate was RMB1,468.2, at constant exchange rate, representing an increase of about 15.0% and 20.4% as compared with the same period of 2021 and 2019. The adjusted EBITDA of resort operation increased to RMB2,187.6 million for 2022, compared to adjusted EBITDA of negative RMB136.0 million for 2021 (restated).

In 2022, the three regions recovered unevenly, resulting in varying levels of profitability across the regions. In respect of operating profit, our business in EMEA and Americas significantly turned around as compared to the same period of 2021 and even exceeded that of 2019, whereas Asia Pacific was still far below the pre-Pandemic level.

	For the year ended 31 December		
	2022[1]	2021[1]	2019[1]
Business Volume by customer booking locations *(RMB million)*			
EMEA	**7,974.7**	3,688.3	7,693.5
Of which France	**4,976.0**	2,480.6	4,786.9
Americas	**2,861.2**	1,516.5	2,149.1
Asia Pacific	**1,175.5**	558.6	2,272.5
Of which Mainland China	**405.0**	395.8	745.6
Total	**12,011.4**	5,763.4	12,115.1

The following table sets out the capacity of resorts by type of resorts and by locations for the year ended 31 December 2022, respectively:

	For the year ended 31 December		
Type of resorts	**2022**	2021	2019
	'000	'000	'000
Capacity			
Mountain	**2,382.6**	896.1	2,263.7
Sun	**8,060.3**	5,220.8	9,338.1
Club Med Joyview	**882.2**	862.1	722.4
Total	**11,325.1**	6,979.0	12,324.2
4&5 Trident%[2]	**95.0%**	93.7%	85.0%
Capacities of resorts by locations			
EMEA	**4,842.4**	2,460.2	5,627.7
Americas	**3,487.9**	2,426.3	3,363.3
Asia Pacific	**2,994.8**	2,092.5	3,333.2
Total	**11,325.1**	6,979.0	12,324.2

1 At constant exchange rate

2 4&5 Trident percentage is based on resorts beds capacity (includes Villas & Chalets).

Club Med Kiroro Peak, Japan

Club Med Joyview Thousand Islands, China

The following table sets out the number of customer by regions and by countries for the year ended 31 December 2022, respectively:

	For the year ended 31 December		
	2022	2021	2019
Number of customers by customer booking locations *(Thousands)*			
EMEA	**598**	302	680
Of which France	**386**	208	436
Americas	**372**	237	322
Asia Pacific	**334**	256	485
Of which Mainland China	**163**	210	239
Total	**1,304**	795	1,487

Certain key information with respect to our resort operations for the year ended 31 December 2022 is set out as below respectively:

	For the year ended 31 December		
	2022	2021	2019
Business Volume *(RMB million)*	**12,011.4**	5,763.4	12,115.1
Capacity of Resorts *(in thousands)*	**11,325.1**	6,979.0	12,324.2
Average Occupancy Rate by Bed	**60.9%**	55.3%	64.4%
Average Daily Bed Rate *(RMB)*	**1,468.2**	1,276.9	1,219.3
Revenue per Bed *(RMB)*	**900.0**	722.7	790.2

During the year of 2022, the Americas region had a very strong business recovery, and the Business Volume increased by 88.7% as compared to 2021 and increased by 33.1% compared to 2019. In the North America, apart from the recovery of market demand in the USA, Canada and Mexico, the newly opened resorts, Quebec Charlevoix and Miches in Dominican Republic resorts in 2021 and 2019 respectively, also contributed their upscale capacity to the growth. They respectively had an Average Occupancy Rate by Bed of 52.8% and 70.3% in 2022. In the South America, we seized the opportunities of the strong recovery of Brazilian domestic market. During the year of 2022, Brazil became the 5th sales market in terms of Business Volume, increased by 73.9% and 47.5% as compared to 2021 and 2019 respectively.

The Business Volume of our EMEA region stood at RMB7,974.7 million in 2022, increased by 116.2% and 3.7% compared to 2021 and 2019 respectively. 15 mountain resorts were open during the ski season in 2022, compared to 1 and 17 in 2021 and 2019 respectively. In EMEA, we have our new resorts Marbella and New Tignes being opened in 2022, as well as the upgraded Exclusive Collection Val d'Isère resorts.

In Asia Pacific, although the Business Volume in 2022 still had a gap of 48.3% with that in 2019, we saw the Business Volume gap between the second half of 2022 and 2019 (22.1%) was quickly narrowing down compared with that between the 1st half of 2022 and 2019 (73.3%). On the other hand, the Business Volume in 2022 had an increase of 110.4% compared with 2021, which also showed a quick recovery from the Pandemic in Asia Pacific.

In June 2022, we accomplished the sale and lease back of a Greek resort Gregolimano to a French REITS Primonial REIM. This transaction brought a RMB459.9 million of net cash flow and RMB82.5 million of gain on disposal. In September 2022, we disposed the Sandpiper resort in USA for a net amount of RMB386.0 million[1], and since then, it is no longer operated by Club Med. The extension and renovation work is planned from 2022 onwards, which aims to upgrade the resort facilities and increase capacity, thus increasing client satisfaction and pricing capability of the resort. During 2022, we continued to manage our costs with discipline under a high inflation environment. We succeeded to achieve rental savings of RMB130.4 million due to the renegotiation of rents related to the Pandemic. During 2022, the free cash flow stood at RMB1,784.8 million, increased by 213.1% compared to 2021 and even increased by 7.8% compared to 2019, benefited from the improving business performance.

We further focused and enhanced the "five-pillar strategy" to develop our resort business:

Upscale — Upscale is the core value. During 2022, we opened new resorts such as Changbaishan resort in Northeast China, Marbella resort in Spain, Thousand Islands Lake resort in Eastern China, New Tignes and Val d'Isère EC in the French Alps, Yanqing Lijing (phase 2) and Kiroro Peak. We accomplished the sale and lease back of a Greek resort Gregolimano and planned for works of renovation and extension to upgrade the facilities and increase client satisfaction in 2023 and 2024. We also began the renovation works of Phuket resort in Thailand. We closed Kemer resort in Turkey and Kamarina in Italy, which could no longer conform with our upscale strategy in the Reporting Period. As of 31 December 2022, the 4&5 Trident and above capacity represents 95.0% of our resorts' total capacity, showing an increase of 10.0 percentage points compared to 2019.

[1] The net amount of disposal calculation is adopting the 2022 year end exchange rate: EUR:RMB7.42290.

Hospitality employer of choice — As the tourism industry is facing workforce & talents shortage, recruitment, retention, and development of talents become more important than ever and require us to adapt to new expectations. Club Med's ambition is to offer a talent plan with "life-changing experience", through personalized management, trainings and fast-track career paths. This is the objective of our global HR project "Match with us" organized in 4 streams: **Recruitment and mobility** to make the most of Club Med international footprint through international mobility to ensure that we can fill all our positions and to develop new sourcing countries, as well as G.E and G.O skills; **Foster loyalty** to make Club Med one of the greatest places to work in the hospitality industry and retain talents by addressing key priorities such as work life balance, benefits, working conditions and career; **Learning and development** to become the best place to grow in the hospitality industry and real learning facilitators, transforming the learning experience by offering omnichannel, tailormade, certified trainings and by reinforcing managers engagement in talent development. **Management** is recognized as the reference in the hospitality industry with 2 main topics: (a) define Club Med behaviors for all and for managers from our 5 values (kindness, freedom, multiculturality, pioneer spirit and responsibility); (b) deploy managerial rituals to increase and align managers' skills in resorts and offices.

Glocalization — Balancing markets and destinations to achieve sustainable growth and to diversify regional operational risks, at the same time, further exploring the short-haul markets to support the resilience of our business in an uncertain global sanitary environment. In 2022, France remained the largest market worldwide, and contributed Business Volume of RMB4,976.0 million, representing 41.4% of global Business Volume and increased by 4.0% compared to 2019. This increase was explained by the reopening of ski resorts and strong rebound in demand to long-haul destinations.

We also recorded stronger-than-industry Occupancy Rate in EMEA mountain resorts and offered our unique products, such as sending French customers to the Seychelles resort, and the Dominican Republic resorts, and sending Belgium customers to the Dominican Republic resorts.

Happy to Care — Since 2021, "Happy to Care" is a strategical pillar around our corporate social responsibility approach. For instance, we strived to make sure that 100% of our current resorts are certified Green Globe[1] and we target BREEAM[2] or other equivalent eco-certification for all our new constructions or significant renovations, to respect environment during the building and the operation phases. We aim to end single-use plastic by deploying the project

[1] The Green Globe certification has indicators covering the entire corporate social responsibility process of sustainable tourism. This demanding certification certifies an establishment's commitment to an active approach to sustainable tourism and ensures that it achieves a high level of performance and instills good practices concerning environmental, social and societal issues.

[2] It is the world's leading sustainability assessment method for master planning projects, infrastructure and buildings. It recognises and reflects the value in higher performing assets across the built environment lifecycle, from new construction to in-use and refurbishment.

Club Med Lijiang Resort, China

"Bye-bye Plastic" and continue to deploy agro-ecology with our historical partner Agrisud in the framework of "Green Farmer" program. In addition, in 2022, the Happy To Care roadmap was strengthened; new commitments were introduced and existing ones were complemented with performance targets. At the end of 2022, a project mode approach was launched that will be conferenced in 2023 to accelerate the ESG dynamic, restate the ambition, and include climate policy.

Happy Digital & C2M Strategy — Direct sales proportion through the sales network of Club Med reached 73.2% in 2022, increasing 8.2 percentage points compared to 2019. 27.8% of our individual customers chose to book online, representing an increase of 7.9 percentage points compared to 2019. In 2022, we continued to improve our website in order to provide more functionalities and services to our clients, such as booking for several households, ability to save and replay later a price quotation, reservation of services including SPA and excursions etc. The goal is to provide more digital self-care services, improve client experiences in booking and increase more scenarios of offerings. We deployed a contact center empowered and served by cloud technology in the Asia Pacific markets, offering our sales agents a seamless omni-channel experience, and an easy-to-launch solution for home-based agents. We also created additional point of contacts by WhatsApp[3] to manage our prospects and clients in Brazil, Belgium and Israel. As a continuity of "Amazing Family Program" dedicated to family clients, in 2022, we deployed worldwide a 2.0 version of Mini Club Med, incorporating the leisure activities and positive education pedagogical approach, emphasising on creativity, courage, confidence, cooperation, connection and cheerfulness. More than 200 G.O were trained on this new product.

[3] WhatsApp: a universal international communication application

Club Med Marbella, Spain

While dealing with the business rebound, we also re-adjusted our investments to secure key projects including the future opening, and the maintenance and renovation of our existing resorts. Our capital expenditure of resort operation for the twelve months ended 31 December 2022 was approximately RMB600.1 million, increased by approximately 111.0% compared with the same period of 2021 (restated), representing a 13.0% decrease compared with the same period of 2019. As of 31 December 2022, the liquidity[1] stood at RMB1,994.1 million.

[1] Liquidity refers to cash, cash equivalent, unused overdrafts and credit lines.

In the first two months ended 28 February 2023, we recorded an increase of Business Volume by 55.4% compared to that for the same period of 2022, and increased by 26.4% compared with that of 2019. Business Volume in EMEA, Americas and Asia Pacific grew by 25.2%, 85.5% and 285.2% respectively compared to that for the same period of 2022, and increased by 22.2%, 82.0% and decreased by 17.4% compared with that of 2019. In China, despite massive COVID-19 cases, in the first two months ended 28 February 2023, Business Volume derived from Club Med China increased by 88.5% compared to the same period of 2022 but was 36.5% lower than that of 2019. In the first two months ended 28 February 2023, the Average Occupancy Rate by Bed of worldwide resorts achieved 71.7%, and the global capacity has increased by 21.1% compared to the same period of 2022, with the capacity in EMEA, Americas and Asia Pacific increased by 25.7%, decreased by 3.2% and increased by 47.0%, respectively. Compared to the same period of 2019, the capacity has restored to 99.8%, with the capacity in EMEA, Americas and Asia Pacific restored to 96.1%, 98.0% and 107.2% respectively.

We are seeing demand for 2022/23 ski season and spring of 2023 continues to gain momentum. As of 11 March 2023, the cumulative bookings for the six months ended 30 June 2023, expressed in Business Volume of Stays, Tours and Services at constant exchange rate, increased by 35.6% compared to that for the first half of 2022 as of 11 March 2022, and increased by approximately 25.2% for the first half of 2019 as of 11 March 2019 which was before the Pandemic. The cumulative bookings (expressed in Business Volume of Stays, Tours and Services) for Club Med for the six months ended 31 December 2023, at constant exchange rate, increased by approximately 23.4% compared to the cumulative bookings for the second half of 2022 as of 11 March 2022, and increased by approximately 20.4% compared to the cumulative bookings for the second half of 2019 as of 11 March 2019 which was before the Pandemic.

During the second half of 2022, we opened another four new resorts to reach a total of seven new resorts in 2022. From the beginning of 2023 to the end of 2025, we plan to open 17 new resorts or spaces. By 2025, together with new opening and renovation, partially offset by closure of obsolete resorts, we anticipate an increase of annual capacity of 20.0% or more compared to that of 2022.

We have two strategic products: Mountain business and Exclusive Collection.

Mountain business provides unique value proposition. By 2025, we target to have mountain business account for 21.0% of the Club Med capacity and have approximately 438,000 customers.

Another strategic product is Exclusive Collection. In 2022, Exclusive Collection accounted for 13.0% of Club Med capacity, and 15.0% of Club Med global Business Volume, having 118,000 customers. By 2025, we target to grow the capacity of Exclusive Collection by 15.0% compared to that of 2022, and have approximately 177,000 customers by then.

No.	Name of Resort	Number of Beds	Duration[1]	Number of Rooms	Trident[2]	Location	Year of opening[3]	Type	Operating Model[4]
	EMEA								
1	ALBION	611	Permanent	258	5	Mauritius	2007	Sun	Leased
2	ALBION VILLAS	178	Permanent	31	5	Mauritius	2010	Sun	Leased
3	ARCS EXTREME	566	Seasonal	283	3	France	1980	Mountain	Leased
4	BODRUM	484	Seasonal	224	4	Turkey	1995	Sun	Managed
5	CAP SKIRRING	413	Seasonal	204	4	Senegal	1973	Sun	Leased
6	CEFALU	637	Seasonal	318	5	Italy	2018	Sun	Leased
7	CM2	377	Permanent	184	5	CM2	1992	Sun	Owned
8	DA BALAIA	792	Seasonal	388	4	Portugal	1986	Sun	Leased
9	DJERBA LA DOUCE	1,044	Seasonal	498	3	Tunisia	1975	Sun	Leased
10	GRAND MASSIF CHALETS	102	Bi-seasonal	96	5	France	2019	Mountain	Leased
11	GRAND MASSIF SAMOENS MORILLON	941	Bi-seasonal	420	4	France	2017	Mountain	Leased
12	GREGOLIMANO	958	Seasonal	457	4	Greece	1978	Sun	Leased
13	LA PALMYRE ATLANTIQUE	1,105	Seasonal	387	4	France	2003	Sun	Leased
14	LA PLAGNE 2100	587	Seasonal	339	4	France	1990	Mountain	Leased
15	LA POINTE AUX CANONNIERS	873	Permanent	393	4	Mauritius	1973	Sun	Leased
16	LA ROSIERE	878	Bi-seasonal	398	4	France	2020	Mountain	Leased
17	L'ALPE D'HUEZ LA SARENNE	993	Bi-seasonal	441	4	France	1985	Mountain	Leased
18	LES ARCS PANORAMA	965	Bi-seasonal	433	4+5	France	2018	Mountain	Leased
19	MARBELLA	1,003	Permanent	485	4	Spain	2022	Sun	Leased
20	MARRAKECH LA PALMERAIE	861	Permanent	356	4+5	Morocco	2004	Sun	Leased
21	OPIO EN PROVENCE	848	Seasonal	399	4	France	1989	Sun	Leased
22	PALMIYE	1,791	Seasonal	722	4	Turkey	1988	Sun	Managed
23	PEISEY — VALLANDRY	820	Bi-seasonal	316	4	France	2005	Mountain	Leased

No.	Name of Resort	Number of Beds	Duration[1]	Number of Rooms	Trident[2]	Location	Year of opening[3]	Type	Operating Model[4]
24	PRAGELATO	911	Bi-seasonal	378	4	Italy	2012	Mountain	Leased
25	SAINT-MORITZ ROI SOLEIL	584	Seasonal	304	4	Switzerland	1963	Mountain	Leased
26	SERRE-CHEVALIER	943	Bi-seasonal	334	3	France	2001	Mountain	Leased
27	SEYCHELLES	612	Permanent	285	5	Seychelles	2021	Sun	Leased
28	TIGNES NEW	860	Bi-seasonal	387	4	France	2022	Mountain	Leased
29	VAL D'ISERE	400	Seasonal	173	5	France	2022	Mountain	Leased
30	VAL THORENS	776	Seasonal	384	4	France	2014	Mountain	Leased
31	VALMOREL	896	Bi-seasonal	415	4+5	France	2011	Mountain	Leased
32	VALMOREL CHALETS	323	Bi-seasonal	61	5	France	2011	Mountain	Leased
33	VITTEL ERMITAGE	194	Seasonal	104	4	France	1973	Sun	Leased
34	YASMINA	808	Seasonal	343	4	Morocco	1969	Sun	Leased
	Americas								
1	CANCUN YUCATAN	1,298	Permanent	495	4+5	Mexico	1976	Sun	Owned
2	COLUMBUS ISLE	527	Permanent	232	4	Bahamas	1992	Sun	Owned
3	IXTAPA PACIFIC	817	Permanent	292	4	Mexico	1981	Sun	Owned
4	LA CARAVELLE	812	Permanent	349	4	France (Guadeloupe)	1974	Sun	Leased
5	LAKE PARADISE	831	Permanent	377	4	Brazil	2016	Sun	Leased
6	LES BOUCANIERS	634	Permanent	285	4	France (Martinique)	1969	Sun	Owned
7	MICHES	865	Permanent	329	5	Dominican Republic	2019	Sun	Leased
8	PUNTA CANA	1,710	Permanent	623	4+5	Dominican Republic	1981	Sun	Owned
9	QUEBEC CHARLEVOIX	798	Permanent	284	4	Canada	2021	Mountain	Managed
10	RIO DAS PEDRAS	823	Permanent	379	4+5	Brazil	1988	Sun	Owned
11	TRANCOSO	689	Permanent	280	4	Brazil	2002	Sun	Owned
12	TURQUOISE, TURCS & CAICOS	563	Permanent	281	4	Turks and Caikos	1985	Sun	Leased

No.	Name of Resort	Number of Beds	Duration(1)	Number of Rooms	Trident(2)	Location	Year of opening(3)	Type	Operating Model(4)
	Asia Pacific								
1	BALI	903	Permanent	388	4	Indonesia	1986	Sun	Owned
2	BEIDAHU	439	Seasonal	172	4	China	2016	Mountain	Managed
3	BINTAN ISLAND	646	Permanent	303	4	Indonesia	1996	Sun	Leased
4	CHANGBAISHAN	254	Permanent	100	4	China	2022	Mountain	Managed
5	CHERATING BEACH	634	Permanent	284	4	Malaysia	1979	Sun	Owned
6	CLUB MED JOYVIEW ANJI	810	Permanent	300	4	China	2018	JoyView	Managed
7	CLUB MED JOYVIEW GOLDEN COAST	780	Permanent	298	4	China	2018	JoyView	Managed
8	GUILIN	726	Permanent	299	4	China	2013	Sun	Managed
9	KABIRA	493	Permanent	179	4	Japan	1999	Sun	Leased
10	KANI	620	Permanent	260	4+5	Maldive Islands	2000	Sun	Leased
11	KANI FINOLHU VILLAS	119	Permanent	52	5	Maldive Islands	2015	Sun	Leased
12	KIRORO	271	Bi-seasonal	126	4	Japan	2022	Mountain	Managed
13	LIJIANG	711	Permanent	276	4	China	2021	Sun	Managed
14	PHUKET	771	Permanent	335	4	Thailand	1985	Sun	Owned
15	SAHORO HOKKAIDO	557	Seasonal	208	4	Japan	1988	Mountain	Leased
16	THOUSAND ISLANDS	475	Permanent	186	4	China	2022	Joyview	Managed
17	TOMAMU HOKKAIDO	948	Bi-seasonal	341	4	Japan	2018	Mountain	Managed
18	YABULI	650	Saisonnier	279	4	China	2010	Mountain	Managed
19	YANQING	757	Permanent	301	4	China	2019	JoyView	Managed
20	Yanqing Lijing PH2 (JV)	282	Permanent	112	4	China	2022	Sun	Managed

Notes:

(1) Permanent resorts open all year long. Seasonal resorts open in either the summer season or the winter season of each year. Bi-seasonal resorts open in the summer season and the winter season of each year.

(2) "3": Three Trident Resort "4": Premium Four Trident Resort "4+5": Four Trident Resort with Five Trident Space "5": Five Trident Resort, Villas and Chalets, and Club Med 2 cruise ship, now called Exclusive Collection collectively.

(3) This includes year of re-opening.

(4) Unless otherwise stated, we wholly own the property holding companies of the resorts below under the ownership operating model.

EMEA: 34

Note: [1] In Europe and Caribbean

ClubMed

Americas: 12

ClubMed

Asia and Pacific: 20

ClubMed ClubMed Joyview

CASA COOK LIFESTYLE HOTEL COLLECTION

We grow Casa Cook and Cook's Club and Cook's Home brand collection to develop our lifestyle hotel segment with an asset-light model. As of 31 December 2022, we had opened 15 hotels in EMEA and one hotel in China respectively, with four new hotels opened in 2022 across key tourist destinations in Europe.

In 2022, the Casa Cook and Cook's Club hotel collection recorded a global Business Volume of RMB59.7 million, increased by 92.5% compared to the same period of 2021. Among which, benefiting from a strong rebound in demand for leisure travel in Europe, the Business Volume recorded in EMEA increased by 110.7% compared with the same period of 2021; and the Business Volume recorded in China decreased by 64.9% compared with the same period of 2021 due to the planning of business cycle of technical service agreement (TSA).

Casa Cook El Gouna, Egypt

Casa Cook El Gouna, Egypt

NO.	Hotel Name	Number of rooms	Location	Opening Date
1	Casa Cook Rhodes[1]	111	Greece	Jul-2020
2	Casa Cook El Gouna	100	Egypt	May-2020
3	Cook's Club Sunny Beach[1]	428	Bulgaria	Jul-2020
4	Cook's Club City Beach Rhodes[1]	18	Greece	Jul-2020
5	Cook's Club Tigaki Kos[1]	63	Greece	Aug-2020
6	Cook's Club Palma Beach[1]	318	Spain	Jul-2020
7	Cook's Club El Gouna	144	Egypt	Aug-2020
8	Cook's Club Alanya[1]	119	Turkey	Jun-2020
9	Cook's Club Hersonissos Crete[1]	140	Greece	Jun-2021
10	Cook's Club Adakoy[1]	151	Turkey	May-2021
11	Casa Cook North Coast	38	Egypt	Jun-2021
12	Cook's Club Guilin	72	China	Dec-2021
13	Cook's Club Ialysos, Rhodes	83	Greece	May-2022
14	Casa Cook Samos	128	Greece	May-2022
15	Cook's Club Corfu	195	Greece	Jun-2022
16	Casa Cook Mykonos	26	Greece	Jun-2022

In 2022, the Casa Cook and Cook's Club brand collection of 16 opened hotels in EMEA and China recorded an average Occupancy Rate of approximately 61.0% and an average daily room rate of around RMB942.05.

1 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.

Cook's Club Sunny Beach, Bulgaria

Cook's Club City Beach Rhodes, Greece

Cook's Club El Gouna, Egypt

TOURISM DESTINATIONS

ATLANTIS SANYA[1]

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 guest rooms offering full 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[2] activities, and other recreational activities such as a shopping centre. The Group commenced construction of Atlantis Sanya in 2014, which was officially opened in April 2018.

In 2022, due to the negative impact of several outbreaks of COVID-19 (Omicron) in the PRC, the Business Volume of its operating business decreased from RMB1,455.3 million in 2021 to RMB877.2 million in 2022, decreased by 39.7% compared with that of 2021. Of which, room revenue and other operating revenue decreased by 39.4% and 40.1%, respectively compared with that of 2021. The average daily rate by room increased by 0.9% compared with that of 2021, and the average Occupancy Rate was 43.0%, down by 28.5 percentage points.

1 Atlantis Sanya is owned by the Group and managed by Kerzner, except for Tang Residence.
2 Meetings, Incentives, Conferencing & Exhibitions.

Atlantis Sanya, China

In 2022, its business showed strong resilience when the Pandemic was under control despite the impact of domestic Pandemic. During the two-month period ended 28 February 2022, with the Pandemic in Mainland China generally under control, benefiting from its outstanding product competitiveness, and the release of suppressed demand for leisure vacations, the operation of Atlantis Sanya maintained a dynamic growth momentum. Atlantis Sanya recorded a Business Volume of RMB362.1 million, increased by approximately 44.3% year-on-year. In July 2022, while the Pandemic was still spreading in Mainland China, with the explosive rebound in demand for summer family vacations, Atlantis Sanya recorded a Business Volume of approximately RMB215.1 million, only 7.6% less than its highest single-month Business Volume, July 2021, since its opening. In 2022, the number of visits decreased to 2.9 million compared with 4.7 million in the same period of 2021. The adjusted EBITDA for 2022 decreased to RMB289.1 million, representing a decrease of 55.6% compared with RMB651.7 million in 2021.

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

	For the six months ended 30 June		For the six months ended 31 December		For the twelve months ended 31 December	
	2022	2021	**2022**	2021	**2022**	2021
Business Volume *(RMB'000)*	**486,863**	835,151	**390,350**	620,171	**877,212**	1,455,322
Room Revenue *(RMB'000)*	**271,173**	471,026	**231,489**	358,684	**502,662**	829,710
Other Operating Revenue *(RMB'000)*[1]	**215,690**	364,125	**158,861**	261,487	**374,550**	625,612
Occupancy Rate by Room	**46.0%**	79.9%	**40.0%**	63.3%	**43.0%**	71.5%
Average Daily Rate by Room *(RMB)*	**2,479**	2,478	**2,396**	2,345	**2,440**	2,419
RevPar by Room *(RMB)*	**1,140**	1,980	**957**	1,484	**1,048**	1,730

1 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.

As a one-stop entertainment, leisure and integrated resort destination, Atlantis Sanya presents a range of new experience for guests. In January, Atlantis Sanya joined hands with French luxury fashion house LANVIN for the first time to create a limited-time boutique and a limited-time café — LANVIN Café. It was grandly launched to the Spring Festival market of the Year of The Tiger, offering guests ways of celebrating the Spring Festival, namely the "16-hours Non-stop Celebrations for Happy Chinese New Year at Atlantis". In May, it fulfilled its commitment to sea turtle conservation by holding a "Thanksgiving to the Sea, Turtle-Back to Nature" rescue and rewilding event. Since July, Atlantis Sanya fully upgraded its signature summer project, the Aquaventure Waterpark Night Carnival, and launched the "2022 Atlantis Super Summer Vacation" campaign. The Super Summer Vacation lasted throughout July and August, and covered five themed events, with the Aquaventure Waterpark Night Carnival as the core. It has also introduced an upgraded C-Show, Mermaid Diving Experience, Parent-Child Art Festival and Atlantis Summer Camp. In respect of social media, as of 30 June

2022 China Mermaid Open (Atlantis Sanya Event)

2022, "Atlantis Sanya" was ranked No. 1 on Sanya's luxury hotel seeding list by Douyin. In October, the Lost Chambers Aquarium under the theme of "Scream Night under Deep Sea II" to experience the different aquarium feeling during the day and night was resumed. In December, the pink-themed activities under the theme of "Perfect Holiday for Christmas and New Year's Day" during Christmas and New Year's Day were held. At the end of December, the General Administration of Sport of China and Fosun Tourism Atlantis Sanya jointly held the 2022 China Mermaid Open (Atlantis Sanya Event). As the closing event for the year, it once again made the brand Atlantis Sanya a new hot spot in the field of professional water events. The official topic "China Mermaid Open (Sanya Event)" on Xiaohongshu (小紅書) earned 15 million exposures, nearly double the platform exposures last year.

Since 2023, thanks to the lifting of COVID-19 related travel restrictions, Atlantis Sanya recorded a Business Volume of RMB398.6 million in the two months ended 28 February 2023, representing an increase of 10.1% compared to the same period of 2022. The Average Occupancy Rate by Room reached 96.0% and the Average Daily Rate by Room was RMB2,893.0.

As of 31 December 2022, there was only a small amount of units left in Tang Residence. We still have 2 villas available to be sold or delivered.

Atlantis Sanya, China

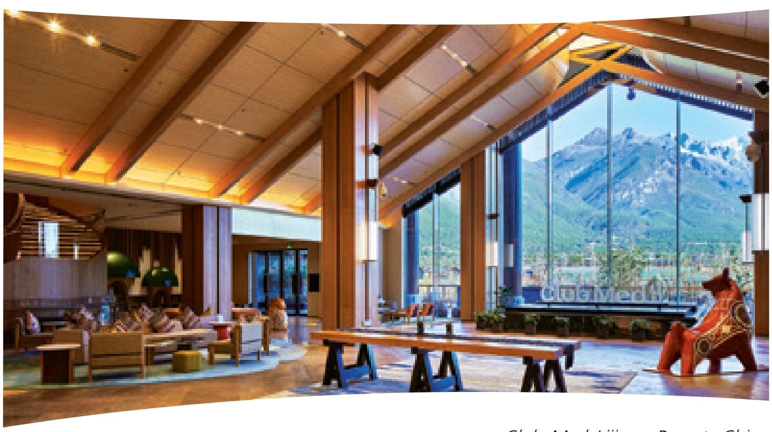
Lijiang FOLIDAY Town, China

FOLIDAY TOWN[1] (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 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 plans to combine comprehensive tourism and leisure features, including Club Med Lijiang resort, themed commercial street, theme park and lake camp ("Operational Section"), and about 3,000 vacation houses. The total GFA of Lijiang FOLIDAY Town is approximately 283,000 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. Club Med Lijiang resort has a GFA of 56,785 square meters, and includes 302 vacation guest rooms with 770 beds. The project plan also includes saleable



Club Med Lijiang Resort, China

[1] FOLIDAY Town is designated to offer FOLIDAY lifestyle experience with integrated settings of international brands, intelligent operations and various innovation solutions in FOLIDAY ecosystem for global families.

vacation houses with a total GFA of over 208,000 square meters, certain portions of which have been approved by regulatory authorities for construction and presale. The saleable vacation houses will be designed as 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 have started construction of saleable vacation houses in 2020. The project has been completed in stages since late 2021. In the second half of 2021, Club Med Lijiang resort, Albion Holiday Apartment of Lijiang FOLIDAY Town, and lake camp have been put into operation. Among them, Albion Holiday Apartment of Lijiang FOLIDAY Town was officially opened in January 2022. The product is positioned as a serviced holiday apartment.

Lijiang FOLIDAY Town commenced operation on 25 September 2021. In 2022, despite the negative impact of the Pandemic resurgence in China, the performance of Lijiang FOLIDAY Town in the third quarter was particularly robust. With the turnaround of the Pandemic situation in major customer source cities and the summer peak season, Lijiang FOLIDAY Town recorded the Business Volume of RMB53.7 million with approximately 105,000 visits. In 2022, FOLIDAY Snow Mountain Camp ranked the third in the "Jintianmu List — Top 10 Most Beautiful Camping Sites in Yunnan of 2022 (金天幕風雲榜2022雲南十佳最美露營地)" initiated by www.btiii.com (勁旅網). It provides consumers with high-end wild luxury catering, in-depth tourism customization, high-end outdoor sports experience and other rich content, gradually becoming one of the high-end tourism experience places in Lijiang.

As of 31 December 2022, the operation of Lijiang FOLIDAY Town is as follows:

	2022	2021	2022 (on comparable basis[1])	2021 (on comparable basis[1])
Lijiang FOLIDAY Town				
Business Volume *(RMB million)*	**88.9**	8.8	**17.3**	8.8
Visits *('0,000)*	**17.4**	1.7	**2.2**	1.7
Club Med Lijiang resort				
Business Volume *(RMB million)*	**78.8**	7.7	**15.9**	7.7
Capacity *(beds)*	**619**	396	**709**	396
Average Occupancy Rate by Bed	**29.7%**	23.1%	**20.3%**	23.1%
Average Daily Bed Rate *(RMB)*	**1,186**	857	**1,176**	857

As of 31 December 2022, the total cost incurred in the Lijiang FOLIDAY Town was approximately RMB1,695.8 million; the approved project development loans amounted to RMB1,300.0 million and the loan balance was RMB613.5 million as of the end of the period. As of 31 December 2022, Lijiang FOLIDAY Town has obtained sales permit for GFA of approximately 28,500 square meters, with the number of saleable sets of 482. As of 31 December 2022, the area developed for sale was 23,211.6 square meters. The value sold to be carried forward was RMB28.6 million.

As of 31 December 2022, the sold and delivered details of Lijiang FOLIDAY Town are as follows:

Periods	Number of sets sold (sets)	Sales value (RMB million)	Delivered sets (sets)	Delivered GFA (m²)	Recognised revenue (RMB million)
2022	26	25.2	19	1,079.2	21.9
Starting from pre-sale up to 31 December 2022	88	108.0	61	3,476.0	72.8

For the two months ended 28 February 2023, with the relaxation of the epidemic prevention policy and the recovery of the number of guests, and driven by the New Year's Day holiday and the Spring Festival holiday, Lijiang FOLIDAY Town recorded the Business Volume of RMB17.7 million, representing an increase of 148.9% compared to the same period of 2022, with 27,000 visits. The number of sets sold in Lijiang FOLIDAY Town was 12 and the sales value was RMB16.3 million. Club Med Lijiang resort recorded a Business Volume of RMB16.2 million. The Average Daily Bed Rate was RMB1,080 and average Occupancy Rate by Bed reached 45.7%.

1 The business period was from 25 September 2022 to 31 December 2022 and the business period was from 25 September 2021 to 31 December 2021

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. It takes less than 30 minutes to reach Taicang FOLIDAY Town from Shanghai Hongqiao Transportation Hub by high-speed train.

With the theme of "Alps", 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 themed commercial street, and saleable vacation units. The total GFA of Taicang FOLIDAY Town is approximately 1,286,000 square meters and the project development costs (mainly including the cost to acquire the land use right and construction cost) is expected to be approximately RMB13.2 billion. The project was planned to include saleable vacation units with a total GFA of over 554,000 square meters. The saleable property units are mainly designed as high-rise residential buildings targeting mid-to-high-end customers.

Our indoor ski domain of "Alps Snow Live" (阿爾卑斯雪世界) was designed by Compagnie des

Taicang FOLIDAY Town, China

Alps ("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 Alps Snow Live has started in January 2021, with a GFA of approximately 90,000 square meters, which includes five ski slopes with a total length of approximately 500 meters. The indoor ski domain adopts WYSS snow-making machines from France with the latest EU technical standards, combined with 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 Ecole du Ski Francais ("ESF"), a long-time cooperation partner of Club Med. In January 2022, the indoor ski domain completed the capping of the main structure and the installation of snow-making equipment was completed in June 2022.

The themed commercial street "Alps Time" and Club Med Joyview Taicang resort have entered the full construction phase in June 2021. The "Alps Time" is designed and created by GENSLER, a world-renowned architectural design company, incorporating Alps traditions and special elements into themed cultural activities to meet customers' diversified needs. The "Alps Time" has a GFA of approximately 67,600

Alps Time, Taicang FOLIDAY Town

square meters and completed the capping of the main structure in July 2022. Club Med Joyview Taicang resort has a GFA of approximately 50,000 square meters, and includes 308 vacation guest rooms with 770 beds, creating a special resort with ice and snow sports as the theme to meet the family leisure and MICE needs, etc. The podium of Club Med Joyview Taicang resort completed the capping of the structure in March 2022 and the main building completed the capping of the main structure in September 2022.

The construction of Taicang FOLIDAY Town was completed in stages starting from 2021, among which the Alps Snow Live, Club Med Joyview Taicang resort and Alps Time Phase I will commence their business in the second half of 2023.

As of 31 December 2022, the total cumulative cost incurred in the Taicang FOLIDAY Town was approximately RMB5,722.1 million, which was mainly used for land acquisitions and construction costs. A project development loan amounting to RMB2,280.0 million was granted, of which RMB950.5 million has already been utilised. As of 31 December 2022, Taicang FOLIDAY Town has obtained sales (pre-sale) permit for GFA of approximately 229,274.9 square meters and all of which were used for sales (pre-sale) with saleable property units of 2,020 sets. As of 31 December 2022, the area developed for sale was 109,641.4 square meters and the sales value to be carried forward was RMB253.4 million.

As of 31 December 2022, the sold (including pre-sale) and delivered details of Taicang FOLIDAY Town are as follows:

Periods	Number of sets sold (including pre-sale) (sets)	Sold (including pre-sale) value (RMB million)	Delivered sets (sets)	Delivered GFA (m²)	Recognised revenue (RMB million)
2022	133	353.1	429	46,980.3	1,033.0
Starting from pre-sale up to 31 December 2022	1,082	2,838.3	989	109,239	2,366.0

For the two months ended 28 February 2023, the number of sets sold in Taicang FOLIDAY Town was 54 and the sales value was RMB148.9 million.

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

ALBION

Albion focuses on the "transformation and upgrading of China's scenic resorts" and "core first- and second-tier cities tour", aiming to become a leading one-stop professional operator of scenic resort in China.

In 2022, Albion managed and operated four tourism destinations[1], three vacation and accommodation projects[2] and two AHAVA SPA in China, across regions such as Zhejiang, Hainan, Chongqing and Yunnan. In 2022, the Business Volume of Albion was approximately RMB85.1 million, increased by 3.4% compared with the same period in 2021.

In September 2022, the first wild fun art toy and unpowered park built by Albion — Changshu Joelux Park officially commenced its operation. Located in Changshu Shanghu Scenic Area (5A), the park becomes a popular parent-child art toy as well as leisure and staycation destination in Jiangsu, Zhejiang and Shanghai by virtue of its four characteristics of art toy fun, immersive interpretation, natural exploration and natural oxygen bar, so as to further enhance the comprehensive competitiveness of Albion's "hotel +" model in the scenic vacation market.

Tang'an Residence by Albion, Sanya

[1] Tourism destinations include Nanxijiang Scenic Area (楠溪江景區), Luzhai Scenic Area(Dongyang) (東陽盧宅景區), Yushe National Forest Park in Liupanshui (六盤水玉舍國家森林公園) and Changshu Joelux Park (常熟尚湖角樂士樂園)

[2] Accommodation projects include Tang'an Residence by Albion, Sanya (三亞愛必儂棠岸度假公寓), Albion Holiday Apartment of Lijiang FOLIDAY Town (麗江復遊城愛必儂度假公寓) and Chongqing Albion Golden Buddha Mountain Resort (重慶金佛山愛必儂度假村)

SERVICES AND SOLUTIONS IN VARIOUS TOURISM AND LEISURE SETTINGS

Entertainment, other tourism and culture related services

Through the development of performances in tourism destinations, resorts and hotels by Fanxiu Performance (泛秀演藝), we meet the needs of customers for more enriched and joyous vacation experiences and diversified lifestyles. Fanxiu Performance launched the resident Show C in Atlantis Sanya in February 2019. Since the Christmas in 2021, Atlantis Sanya's resident Show C has been completely revamped with the introduction of the first immersive marine fantasy acrobatics show in China. The performance received sound feedback during the Spring Festival in 2022, with the number of viewers increased by 137.0% year-on-year. Tourism still maintained a strong growth despite the significant impact of the Pandemic during the summer season, with ticket revenue increased by 25.2% year-on-year. In 2022, Fanxiu Performance recorded a Business Volume of RMB27.9 million, down by 26.3% compared with that of 2021. To further enrich the supply of tourism and cultural products, we enriched the parent-child experience at Atlantis Sanya with the launch of our first destination-based, kid-friendly arts festival in July

Fanxiu Performance

Thomas Cook Lifestyle Platform

2022 for the sizeable parent-child customer base in the PRC. In October 2022, we launched the second season of Atlantis' Scream Night under Deep Sea, transforming the aquarium into a 3,000-square meters soaking and frightening deep sea experience space where 50 professional actors and NPC[1] gave performances to bring tourists an exclusive experience for the festival.

Our international learning and playing club, Miniversity (迷你營) created a series of study tour courses through collaboration with the FOLIDAY ecosystem. Although the business was affected by the Pandemic in 2022, the Business Volume reached RMB17.0 million, down by 7.3% compared with that of 2021. This was mainly attributable to the decrease in the number of students of the indoor Miniversity business as a result of the Pandemic, which was offset by the increase in the Business Volume contributed by the increase in sales of the outdoor product series. Winter/Summer Camp was well received by consumers and grew by 16.8% to RMB13.2 million in 2022 compared with RMB11.3 million in 2021. Our indoor ski simulator brand, Foryou Ski, enrolled more than 12,000 students in 2022, representing a multiple times growth compared with that of 2021.

Thomas Cook China and Thomas Cook UK

In November 2019, we acquired the right, title and interest of Thomas Cook brand, a centennial travel brand, as well as its trademarks across most international markets upon its liquidation.

Thomas Cook China

In July 2020, we launched the "Thomas Cook Lifestyle Platform" ("TC China"), a lifestyle platform focusing on quality vacation and leisure. In 2022, the average number of monthly active application users was 558,000, and the number of paying users reached 75,000. Currently, the platform is in a rapid growth stage.

In 2022, although affected by the sporadic outbreak of the Pandemic in China, and thanks to the in-depth insight on the changes of C-end consumers' needs transformation during the Pandemic period, TC China held a variety of marketing activities, such as issuance of universal voucher for ATLANTIS/Club Med, celebration of 181st anniversary of Thomas Cook and October 18 Prime Members' Day; schemed out several special tourism products, such as core destinations, tours to neighbouring regions and ice and snow tourism. TC China achieved a business volume of approximately RMB325.3 million, representing a year-on-year decrease of 9.1% as compared with that of 2021, which was mainly due to the impact of the Pandemic in China. In 2022, TC China recorded 367,000 orders, representing a year-on-year increase of 20.3% as compared with that of 2021. In 2022, TC China, together with the Group's self-operated tourism and leisure settings, pushed its business into the core destinations, Hainan and Yunnan, to launch the "hotel +" portfolio products, with a order volume of 25,000.

[1] Non-player Character, is any character in a game that is not controlled by a player

Thomas Cook UK

Travel restrictions were removed across Europe in 2022 which meant significant growth for the Thomas Cook UK business. There was particularly strong demand for luxury beach holidays with nearly 80.0% of the Company's holidays in four- and five-star hotels and around half in all-inclusive properties.

The expansion into Europe with the launch of Netherlands and Belgium has enabled the business to better benefit from the strong demand. The business delivered 85,000 bookings for the year of 2022, 286.4% higher than in 2021. The business of Thomas Cook UK has seen significant growth with its business volume rising 236.5%, compared to 2021, to RMB1,199.8 million.

In 2022, the business continues to invest in its digital platform, focusing on higher quality accommodation and long haul holidays to help further increase margin and differentiate itself from other online travel agents across Europe.

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.

Selected Items of Consolidated Statement of Profit or Loss

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000 (Restated)[1]
REVENUE	**13,777,710**	9,261,473
Cost of revenue	**(9,787,360)**	(6,694,512)
Gross profit	**3,990,350**	2,566,961
Other income and gains/(expenses), net	**103,659**	(952,968)
Selling and marketing expenses	**(2,005,914)**	(1,454,853)
General and administrative expenses	**(1,494,592)**	(1,603,422)
Operating income/(loss)	**593,503**	(1,444,282)
Finance costs	**(995,591)**	(960,442)
Share of losses of:		
associates	**(1,062)**	(1,341)
LOSS BEFORE INCOME TAX	**(403,150)**	(2,406,065)
Income tax expense	**(128,641)**	(381,389)
LOSS FOR THE YEAR	**(531,791)**	(2,787,454)
Attributable to:		
Equity holders of the Company	**(544,900)**	(2,718,643)
Non-controlling interests	**13,109**	(68,811)
	(531,791)	(2,787,454)

Revenue: Our revenue increased by 48.8%, from RMB9,261.5 million for the year ended 31 December 2021 to RMB13,777.7 million for the year ended 31 December 2022. Due to the lifting of travel restrictions in major sourcing markets and destinations, our global tourism operation experienced a strong recovery during 2022. However, the Pandemic resurgence especially in Shanghai, Beijing and Sanya, had a significant negative impact on our business in China.

[1] Details of the restatement of the 2021 statements are set out in note 2.2 to the financial statements.

Revenue by business function and business segment

	For the year ended 31 December			
	2022		2021	
	RMB'000	**%**	RMB'000	%
Resorts and destination operations	**10,457,426**	**75.9%**	6,205,928	67.0%
— Resorts and hotels	**9,430,652**	**68.4%**	4,668,606	50.4%
— Tourism destinations	**1,026,774**	**7.5%**	1,537,322	16.6%
Tourism-related property sales and construction services	**1,336,051**	**9.7%**	2,136,920	23.1%
— Resorts and hotels	**280,912**	**2.0%**	124,922	1.3%
— Tourism destinations	**1,055,139**	**7.7%**	2,011,998	21.8%
Tourism and leisure services and solutions	**2,064,507**	**15.0%**	1,008,983	10.9%
— Resorts and hotels	**1,809,609**	**13.1%**	802,863	8.7%
— Services and solutions in various tourism and leisure settings	**254,898**	**1.9%**	206,120	2.2%
Eliminations	**(80,274)**	**(0.6%)**	(90,358)	(1.0%)
Total revenue from contracts with customers	**13,777,710**	**100.0%**	9,261,473	100.0%

Resorts and Destination Operations: Resort and destination operation revenue increased by 68.5% from RMB6,205.9 million for the year ended 31 December 2021 to RMB10,457.4 million for the year ended 31 December 2022.

Resorts and hotels revenue increased by 102.0% year-over-year, benefiting from the increase of capacity by 62.3%, the increase of Average Daily Bed Rate by 15.0% and the increase of Occupancy Rate by Bed by 5.6 percentage points in Club Med. Club Med have experienced strong signs of recovery since early 2022.

Tourism destination operation revenue mainly includes operation revenue of Atlantis Sanya, Lijiang Club Med and Albion. The operating revenue of Atlantis Sanya decreased by 39.7% from RMB1,455.3 million for the year ended 31 December 2021 to RMB877.2 million for the year ended 31 December 2022, caused by the negative impact of several outbreaks of COVID-19 (Omicron) in the PRC since March 2022. The Pandemic resurgence also had negative impact on business of Albion and Lijiang Club Med. The operating revenue of Albion only increased by 3.4% to RMB85.1 million year-over-year. Lijiang Club Med recorded an operating revenue of RMB61.1 million for the year ended 31 December 2022.

Tourism-related property sales and construction services: Revenue decreased by 37.5% from RMB2,136.9 million for the year ended 31 December 2021 to RMB1,336.1 million for the year ended 31 December 2022. Revenue of tourism-related property sales mainly contributed from the delivery of property units in Taicang and Liliang Foliday Towns. During the Reporting Period, 429 Taicang Foliday Town units and 19 Lijiang Foliday Town units were delivered to customers.

Tourism and leisure services and solutions: Revenue of tourism and leisure services and solutions increased by 104.6% year-over-year, mainly due to increase in transportation services, as well as increase in revenue of tourism services, entertainment services, youth play and learning, and other services and solutions.

Cost of revenue by business function

	For the year ended 31 December			
	2022		2021	
	RMB'000	**%**	RMB'000	%
Resorts and destination operations	**7,310,892**	**74.7%**	4,750,341	71.0%
Tourism-related property sales and construction services	**825,708**	**8.4%**	1,140,858	17.0%
Tourism and leisure services and solutions	**1,723,555**	**17.6%**	879,456	13.1%
Eliminations	**(72,795)**	**(0.7%)**	(76,143)	(1.1%)
Total	**9,787,360**	**100.0%**	6,694,512	100.0%

Gross Profit and Gross Profit Margin (GP Margin) by business function

	For the year ended 31 December			
	2022		2021	
	Gross Profit RMB'000	**GP Margin %**	Gross Profit RMB'000	GP Margin %
Resorts and destination operations	**3,146,534**	**30.1%**	1,455,587	23.5%
Tourism-related property sales and construction services	**510,343**	**38.2%**	996,062	46.6%
Tourism and leisure services and solutions	**340,952**	**16.5%**	129,527	12.8%
Eliminations	**(7,479)**	**N/A**	(14,215)	N/A
Total	**3,990,350**	**29.0%**	2,566,961	27.7%

Cost of revenue, gross profit and GP Margin by business function: Cost of revenue increased by 46.2% from RMB6,694.5 million in 2021 to RMB9,787.4 million in 2022 year-on-year, which was in line with revenue increase.

Gross profit in 2022 increased by 55.5% and gross profit margin increased from 27.7% to 29.0% year-over-year. Gross profit of resorts and destination operations sharply increased by 116.2% and gross profit margin increased from 23.5% to 30.1% compared with that of last year. The increase was mainly due to business recovery of Club Med whose gross profit and margin rate recovered to the vast majority level of 2019. Gross profit of tourism related property sales and construction services decreased by 48.8% and gross profit margin decreased from 46.6% to 38.2% year-on-year, because delivered vacation units in 2021 contained 6 villas with relatively higher unit price and margin rate. Gross profit of tourism and leisure services and solutions increased by 163.2% and gross profit margin increased from 12.8% to 16.5% year-on-year. The increase of gross profit margin was mainly due to increase of tourism services business which brought higher margin rate.

Other income and gains/(expenses), net

We incurred a net income of RMB103.7 million in 2022 comparing with a net expenses of RMB953.0 million in the same period of last year. Net income in 2022 was mainly due to gain of the sale and lease back of a Greek Club Med resort Gregolimano amounted to RMB82.5 million and rent concessions of Club Med amounted to RMB78.6 million in relation to the Pandemic.

Selling and marketing expenses

Selling and marketing expenses increased by 37.9% year-over-year to RMB2,005.9 million for the year ended 31 December 2022, mainly due to (i) commission on sales mainly generated from resorts and destination operation and property sales increased by 94.7% to RMB578.8 million (2021: RMB297.3 million), which was in line with the revenue increase of tourism operation sales, and (ii) advertising and promotion expenses increased by 26.2% to RMB447.3 million (2021: RMB354.4 million) as a result of business recovery.

General and administrative expenses

General and administrative expenses decreased by 6.8% year-over-year to RMB1,494.6 million in 2022. The change was primarily due to (i) management fee payable to brand licensor decreased by RMB80.3 million due to no incentive management fee charge for business operation of Atlantis Sanya in 2022, and (ii) employee costs decreased by RMB33.9 million, as a result of operation efficiency improvement.

Operating profit/(loss) by segment

Our operating profit was RMB593.5 million in 2022, comparing with the operating loss of RMB1,444.3 million year-over-year.

	For the year ended 31 December			
	2022		2021	
	RMB'000	**%**	RMB'000 (Restated)	%
Resorts and hotels	**675,070**	**113.7%**	(1,747,635)	121.0%
Tourism destinations	**385,004**	**64.9%**	1,087,885	(75.3%)
Services and solutions in various tourism and leisure settings	**(301,247)**	**(50.8%)**	(267,630)	18.5%
Eliminations and unallocated expenses	**(165,324)**	**(27.8%)**	(516,902)	35.8%
Total	**593,503**	**100.0%**	(1,444,282)	100.0%

Resorts and hotels business generated an operating profit of RMB675.1 million in 2022 compared with an operating loss of RMB1,747.6 million in 2021, reflecting the business recovery of Club Med.

Tourism destinations: Operating profit decreased by RMB702.9 million to RMB385.0 million in 2022. Operation profit of Atlantis Sanya decreased from RMB422.2 million in 2021 to RMB71.2 million in 2022 year-on-year, caused by the Pandemic resurgence in China. Delivery of Taicang Foliday Town units contributed an operating profit of RMB373.1 million in 2022, compared with an operating profit of RMB422.5 million in 2021.

Services and solutions in various tourism and leisure settings: Operating loss in 2022 was RMB301.2 million compared with RMB267.6 million in 2021, mainly due to increased development and promotion costs of Thomas Cook China and Thomas Cook UK during the period of business growth.

Finance costs

Finance costs net of capitalized interest increased from RMB960.4 million in 2021 to RMB995.6 million in 2022. The increase of RMB35.2 million is primarily due to less capitalized interest in 2022 which was in line with Foliday Towns' construction cycle. The interest rates of borrowings in 2022 were approximately between 0.75% to 7.13%, as compared with approximately between 0.25% to 5.94% for the same period of last year.

Income tax expense

Income tax expenses decreased by RMB252.8 million from RMB381.4 million in 2021 to RMB128.6 million in 2022. The income tax expense for the year ended 31 December 2022 primarily comprises of PRC land appreciation tax ("LAT") amounted to RMB121.2 million recorded with sales of tourism-related property sales.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. 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. Details of income tax expenses are set out in note 11 to the financial statements.

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 year ended 31 December	
	2022	2021
	RMB'000	RMB'000 (Restated)
Loss before income tax	**(403,150)**	(2,406,065)
Adjustment:		
Depreciation	**1,697,264**	1,774,359
Amortization	**141,863**	134,544
Finance costs	**995,591**	960,442
Land appreciation tax	**(121,223)**	(281,076)
EBITDA (unaudited)	**2,310,345**	182,204
Add:		
Equity-settled share-based payments	**34,510**	30,867
Adjusted EBITDA (unaudited)	**2,344,855**	213,071
Arising from tourism operation[(1)]	**2,137,250**	134,733
Arising from property development and sales[(1)]	**207,605**	78,338

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

Adjusted EBITDA

Adjusted EBITDA increased from RMB213.1 million in 2021 to RMB2,344,9 million in 2022.

Adjusted EBITDA arising from tourism operation increased to RMB2,137.3 million in 2022 from RMB134.7 million in 2021. The adjusted EBITDA of Club Med was RMB2,187.6 million in 2022, comparing with adjusted EBITDA of negative RMB136.0 million in 2021, and recovered to 96.2% of that of 2019. Adjusted EBITDA of Atlantis Sanya in 2022 decreased to RMB289.1 million, compared to RMB651.7 million in 2021, mainly due to the Pandemic resurgence in China. Delivery of Taicang Foliday Town units contributed adjusted EBITDA amounting to RMB285.1 million, compared with adjusted EBITDA of RMB346.7 million in 2021.

Adjusted Net Loss

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000 (Restated)
Net Loss	**(531,791)**	(2,787,454)
Add:		
Equity-settled share-based payments	**34,510**	30,867
Adjusted Net Loss	**(497,281)**	(2,756,587)

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, bank borrowings and leases. The amount of capital expenditures of the Group for the year ended 31 December 2021 and 2022 was RMB914.3 million and RMB1,217.6 million, respectively. The capital expenditure incurred in 2022 mainly related to capital expenditures in tourism destination projects, development of new resorts, upgrade or renovation of existing resorts, and investments in digital technology. For the year ended 31 December 2022, our capital expenditure for resorts increased by approximately RMB315.7 million compared with same period of last year as we pushed on our resorts development pipeline in line with the business recovery. Meanwhile, the capital expenditure for tourism destination decreased by RMB63.5 million to RMB534.8 million mainly due to the construction progress of Taicang and Lijiang FOLIDAY Town projects. We will maintain a balance between short term saving and long term efficiency and flexibility, to enable our business operating effectively going forward.

Indebtedness, liquidity and financial resources of the Group

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

Our indebtedness included interest-bearing bank and other borrowings and lease liabilities. As of 31 December 2022, the total debt of the Group was RMB23,239.5 million. The total debt excluding lease liabilities was RMB11,961.9 million, representing a decrease from RMB13,263.5 million as at 31 December 2021.

As of 31 December 2022, excluding lease liabilities, the indebtedness of the Group over one year accounted for 79.3% of the total indebtedness as opposed to 83.6% as at 31 December 2021. As of 31 December 2022, cash and bank balances decreased by 34.2% to RMB2,984.2 million as compared with RMB4,535.4 million as at 31 December 2021. Our undrawn banking facilities as of 31 December 2022 amounted to RMB3,372.1 million in total.

The original denomination of the Group's total debt excluding lease liabilities as well as cash and bank balances by currencies, equivalent in RMB, as of 31 December 2022, is summarized as follows:

The total debt excluding lease liabilities

	For the year ended 31 December 2022	
	RMB'000	%
RMB	**7,946,033**	**66.4%**
EUR	**3,519,760**	**29.4%**
USD	**379,571**	**3.2%**
GBP	**116,571**	**1.0%**

Cash and bank balances

	For the year ended 31 December 2022	
	RMB'000	%
RMB	**1,508,605**	**50.6%**
CAD	**382,953**	**12.8%**
BRL	**314,363**	**10.5%**
EUR	**306,517**	**10.3%**
GBP	**136,395**	**4.6%**
USD	**130,497**	**4.4%**
Others	**204,836**	**6.8%**

Our loan agreements may also include material financial covenants. Furthermore, we may be required to provide additional guarantees upon the lending banks' request if any changes in our guarantor adversely affect the guarantee granted by the guarantor to the lending banks. We also entered into some amendments to existing loan or facility agreements to get the covenant holiday in 2022. Our Directors confirmed that we complied with all material covenants under our loan agreements and amendments during the Reporting Period and up to the date of this report.

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

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

As at 31 December 2022, the total amount of interest-bearing bank and other borrowings was RMB11,961.9 million, within which RMB2,474.5 million was repayable within one year. Our undrawn banking facilities as of 31 December 2022 amounted to RMB3,372.1 million in total.

Outstanding interest-bearing bank and other borrowings classified by year of maturity as at 31 December 2022 were as follows: 20.7% of the outstanding borrowings was within one year, 18.6% of that was in the second year, 13.8% of that was in the third to fifth year, and 46.9% of that was over five years.

Capital structure

The Group continued to maintain a healthy and sound financial position. Our total assets increased from RMB37,190.2 million as of 31 December 2021 to RMB37,930.0 million as of 31 December 2022, and our total liabilities increased from RMB34,292.8 million as of 31 December 2021 to RMB35,298.9 million as of 31 December 2022. We changed the net current liabilities position of RMB3,311.7 million as of 31 December 2021 to net current liabilities position of RMB5,163.2 million as of 31 December 2022.

Our current ratio decreased from 0.75 as of 31 December 2021 to 0.65 as of 31 December 2022, primarily due to (i) increased advances received from customers of Club Med and increased payables related to Club Med operation suppliers, and (ii) net decrease of bank borrowings and other borrowings amounted to RMB1,301.6 million which had impact on cash and bank balances.

Our gearing ratio increased from 48.8% as of 31 December 2021 to 53.6% as of 31 December 2022.

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 and lease liabilities, less current cash and bank balances.

Pledged assets

As at 31 December 2022, the Group had pledged assets of RMB5,711.1 million (31 December 2021: RMB5,649.5 million) for bank and other borrowings. Details of pledged assets are set out in note 30 to financial statements.

Cash flow

As of 31 December 2022, we had cash and bank balances of approximately RMB2,984.2 million. The following table sets out our cash flows for the periods indicated:

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000 (Restated)
Net cash flows generated from operating activities[1]	**2,243,617**	2,142,663
Net cash flows used in investing activities[2]	**(540,621)**	(984,210)
Net cash flows used in financing activities	**(3,266,850)**	(1,165,950)
Cash and bank balances at end of the year	**2,984,166**	4,535,362
Analysis of balances of cash and cash equivalents		
Cash and bank balances at end of the year	**2,984,166**	4,535,362
Less: Pledged bank balances	**264,675**	47,038
Time deposits with original maturity of more than three months	**67,156**	200,151
Restricted pre-sale proceeds	**257,675**	531,622
Cash and cash equivalents at end of the year	**2,394,660**	3,756,551

CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

Our net cash flows generated from operating activities of RMB2,243.6 million for the year ended 31 December 2022, reflected our loss before income tax of RMB403.2 million, as adjusted by (A) adjustments including certain non-cash or non-operating items such as depreciation and amortization of RMB1,839.1 million, interest expenses of RMB995,6 million, and non-cash gain of RMB130.4 million from rent concessions; (B) changes in working capital including (i) an increase in other payables and accruals related to operating activities of RMB652.8 million mainly due to the increased advances received from customers of Club Med; (ii) an increase in operating trade payables of RMB295.1 million, mainly due to increased payables to Club Med operating suppliers; and (C) income tax paid of RMB360.4 million.

CASH FLOWS USED IN INVESTING ACTIVITIES

For the year ended 31 December 2022, our net cash flows used in investing activities of RMB540.6 million, primarily reflected (i) RMB1,071.7 million in purchases of property, plant, and equipment items, mainly for capital expenditures in tourism destination projects, development of new resorts, and upgrade or renovation of existing resorts; (ii) RMB145.9 million in purchases of intangible assets, mainly for investments in Thomas Cook lifestyle platform, software and IT solutions for resorts and tourism operation; and (iii) proceeds from sale and lease back of a Greek resort Gregolimano and disposal of the Sandpiper resort in USA amounted to RMB845.9 million.

CASH FLOWS USED IN FINANCING ACTIVITIES

For the year ended 31 December 2022, our net cash flows used in financing activities of RMB3,266.9 million, primarily reflected (i) payment of lease liabilities of RMB1,160.5 million; (ii) interest payment of RMB573.6 million; and (iii) net decrease of bank loan and other borrowings of RMB1,428.4 million.

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

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

NET CURRENT ASSETS/(LIABILITIES)

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

As of 31 December 2022, the total current assets was RMB9,457.6 million and the total current liabilities was RMB14,620.8 million. We changed the net current liabilities position of RMB3,311.7 million as of 31 December 2021 to net current liabilities position of RMB5,163.2 million as of 31 December 2022. Our current ratio decreased from 0.75 as of 31 December 2021 to 0.65 as of 31 December 2022, primarily due to (i) increased advances received from customers of Club Med and increased payables related to Club Med operation suppliers, and (ii) net decrease of bank borrowings and other borrowings amounted to RMB1,301.6 million which had impact on cash and bank balances. We had cash and bank balances of RMB2,984.2 million, undrawn bank facilities of RMB3,372.1 million, and interest-bearing bank and other borrowings within one year of RMB2,474.5 million. We believe we have sufficient resources such as cash and bank balances, positive free cash flow generated from operations, and available banking facilities to fund our future business.

Contingent Liabilities

During the Reporting Period, we provided guarantees mainly in favor of certain customers in respect of mortgage loans provided by banks to these customers for their purchases of developed properties where the underlying real estate certificates can only be provided to the banks in a time delayed manner due to PRC administrative procedures. These guarantees provided will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks. In case of a default in payments, the net realizable value of the relevant properties can cover the outstanding mortgage principal together with the accrued interest and penalties and therefore we made no provision for such guarantees.

The Group's contingent liabilities were RMB823.7 million as at 31 December 2022 comparing with RMB475.3 million as at 31 December 2021. Details of contingent liabilities are set out in note 43 to financial statements.

Exchange Rate Fluctuation

CURRENCY FLUCTUATION EFFECTS ON TRANSACTIONS

The Group has resorts and commercial operations in over 40 countries and regions which are exposed to foreign exchange risk arising from various currency exposures. Major currencies for our commercial transaction included the Euro, U.S. dollar, British Pound and Hong Kong 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. In 2022, our hedging transactions worked effectively. For the year ended 31 December 2021 and 2022, we recorded foreign exchange loss of RMB92.4 million and loss of RMB37.1 million, respectively in other income and gains, net.

CURRENCY FLUCTUATION EFFECTS ON TRANSLATIONS

Our consolidated financial statements are prepared in RMB, our Group's reporting currency. In preparing the consolidated financial statements, the results of operations of our subsidiaries outside the PRC are translated from their functional currencies into the RMB. The assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the period. Fluctuations in the value of the exchange rates of our subsidiaries from one year to the next affect our consolidated results of operations. Exchange differences on translation of foreign operations are recognized in our exchange fluctuation reserve, the movement of which is recorded in other comprehensive income. We recorded a gain of RMB286.7 million and a gain of RMB277.3 million for the year ended 31 December 2021 and 2022, respectively, which mainly comes from the translation of foreign operations of Club Med.

Finance Policies and Risk Management

We are exposed to various types of financial risks, including market risk (covering currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. Our overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Below is a summary of our approach to managing various types of financial risks.

MARKET RISK

CURRENCY RISK

We operate resorts all over the world and are exposed to the risk of fluctuations in foreign exchange rates. We have transactional currency exposures arising from the sales or purchases by operating entities and investing and financing activities by investment holding entities in currencies other than such entities' functional currencies. The major subsidiaries exposed to such currency risks use EUR or CNY as their functional currencies. We use forward currency contracts and currency swaps to hedge against the transaction currency risk arising from the future sales cash flows denominated in a currency other than the functional currency of the selling entities within our Group. The balances of the forward currency contracts and currency swaps vary with the levels of expected foreign currency transactions and changes in foreign exchange forward rates. We also use currency swaps to hedge against the currency risk on the fair value of intercompany financing denominated in a currency other than the functional currency of the borrowing entities within our Group. The hedge of the forward currency contracts and the currency swaps was assessed to be effective as of 31 December 2022.

INTEREST RATE RISK

Our exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates. Our policy is to manage interest cost using a mix of fixed and variable rate debts. At 31 December 2022 and 31 December 2021, approximately 54.8% and 49.9% of the Group's interest-bearing borrowings bore interest at fixed rates after hedging, respectively.

We also carried out hedging activities by entering into interest rate swap on certain variable rate debts. In interest rate swaps, we receive interest at variable rates and pay interest at fixed rates. The interest rate swaps are designated as hedging instruments in respect of forecast future interest expenses on interest-floating borrowings to which we have firm commitments. The balances of the interest rate swaps vary with the terms, principal amount of the interest-floating borrowings and changes in variable rates which are generally based on the Europe Interbank Offered Rate. Changes in the fair value of non-hedging interest rate derivatives were charged to the consolidated statement of profit or loss.

In order to exercise prudent management against interest rate risks, we continue to review market trends against its business operations and financial position in order to arrange the most interest rate risk management tools.

CREDIT RISK

We have no significant concentration of credit risk due to the large number of our customers. The carrying amounts of cash and cash equivalents, restricted cash, trade receivables, contract assets, deposits and other receivables, and amounts due from related parties included in our statements of financial position represent our maximum exposure to credit risk in relation to our financial assets.

As at 31 December 2022 and 31 December 2021, all restricted cash and cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

LIQUIDITY RISK

The liquidity of our Group is primarily dependent on our ability to maintain adequate cash inflows from operations to meet debt obligations as they fall due and our ability to obtain external financing to meet committed future capital expenditures. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans and other borrowings, and amounts due to related companies. Our policy is to regularly monitor current and expected liquidity requirements by preparing and reviewing monthly cash flow forecasts and our compliance with lending covenants to ensure that we maintain sufficient reserves of cash on demand and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer terms.

The primary objectives of our Group's capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. We manage our capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Reporting Period.

HEDGING MEASURES

We operate business all over the world and are exposed to the risk of fluctuations in foreign exchange rates. To manage exposure to foreign exchange rate fluctuations, we engage in forward currency contracts and currency swaps with third parties to mitigate the transaction currency risk arising from future cash flows denominated in currencies other than functional currencies. The balances of the forward currency contracts and currency swaps vary with the levels of expected foreign currency transactions and changes in foreign exchange forward rates. The terms of the above hedging instruments seek to match the expected highly probable forecast transactions. We also engage in currency swaps which are designated as hedging instruments in respect of the currency risk on intercompany financings denominated in a currency other than the functional currency of the lending entities within the Group.

To manage our exposure to the risk of changes in the market interest rates from primarily long-term debt obligations with floating interest rates, we carry out hedging activities by entering into interest rate swaps on certain variable rate debts. Our management believes the risk of default under these hedging contracts is remote and, in any event, would not be material to the consolidated financial results. We do not utilize derivative financial instruments for speculative purposes.

Year	**2022 RMB'000**	2021 RMB'000 (Restated)	2020 RMB'000 (Restated)	2019 RMB'000 (Restated)	2018 RMB'000
Group Business Volume	**14,502,778**	8,094,716	6,947,698	14,595,046	13,399,105
Resort Business Volume	**12,071,040**	6,009,290	5,607,052	13,205,612	12,633,429
Revenue	**13,777,710**	9,261,473	7,060,257	17,337,169	16,269,819
Gross profit	**3,990,350**	2,566,961	2,164,602	5,538,725	5,276,048
Operating profit/(loss)	**593,503**	(1,444,282)	(1,682,266)	2,071,225	1,741,835
Profit/(Loss) for the year	**(531,791)**	(2,787,454)	(2,808,698)	576,293	389,121
Profit/(loss) attributable to owners of the parent	**(544,900)**	(2,718,643)	(2,574,279)	608,722	308,441
EBITDA	**2,310,345**	182,204	147,219	3,661,215	1,912,672
Adjusted EBITDA	**2,344,855**	213,071	187,461	3,729,362	2,073,038
Adjusted net profit/(loss)	**(497,281)**	(2,756,587)	(2,768,456)	644,440	579,677
Total equity	**2,631,097**	2,897,411	5,336,195	8,516,183	8,315,198
Equity attributable to owners of the parent	**2,458,297**	2,726,714	5,118,007	8,213,058	8,037,040
Indebtedness	**23,239,484**	22,674,629	23,120,716	15,919,640	6,000,015
Indebtedness excluding lease liabilities	**11,961,935**	13,263,542	13,353,127	6,814,997	5,919,996
Cash and bank balances	**2,984,166**	4,535,362	4,571,249	2,138,367	2,162,789
Fixed assets	**9,786,743**	9,677,294	9,913,468	10,623,796	10,153,134
Intangible assets	**2,508,279**	2,442,890	2,704,826	2,756,705	2,624,720
Properties under development	**1,311,924**	1,975,692	2,545,716	1,937,842	2,170,618
Prepaid land lease payments	**—**	—	—	—	1,339,883
Contract liabilities	**812,679**	1,033,490	626,237	1,175,498	4,434,605
Current ratio	**0.7**	0.8	1.0	0.7	0.7
Gearing ratio	**53.6%**	48.8%	48.1%	37.4%	13.0%
Adjusted EBITDA margin	**17.0%**	2.3%	2.7%	21.50%	12.70%

The Board is pleased to present the corporate governance report of the Group for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

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. The Board shall establish the purpose, values and strategy of the Company, and satisfies itself that they are in line with the Company's culture. All the Directors must act with integrity and lead by example to endeavour promoting our corporate culture and should indoctrinate them throughout the organisation, and constantly reinforce the values of "Acting Lawfully, Ethically and Responsibly".

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 C.2.1 of the CG Code. The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

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

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. From the beginning of the Reporting Period to 6 November 2022, Mr. Qian Jiannong served as the Chairman of the Board and Chief Executive Officer of the Group and provided strong and continuous leadership to the Company. Mr. Qian resigned as the Chairman of the Board with effect from 7 November 2022 and has been appointed as the honorary chairman of the Board for life and was re-designated as a non-executive Director. Mr. Xu Xiaoliang has been appointed as the Chairman of the Board and was re-designated as an executive Director. In addition, Mr. Henri Giscard d'Estaing has also been appointed as the co-chief executive officer of the Group. Accordingly, the Company has complied with the Code provision C.2.1.

A. THE BOARD

a) Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the businesses, strategic decisions and performance of the Group. The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

All Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the interests of the Company and its shareholders at all times.

b) Delegation of Management Function

The Board takes responsibility for all major matters of the Company including the approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflicts of interest), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information to ensure that Board procedures and all applicable rules and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the senior management by the Board. The delegated functions and work tasks are periodically reviewed. Under the leadership of the Chief Executive Officer, the management is responsible for the daily operation of the Company.

All Directors are kept informed of and duly briefed of major changes and information that may affect the Group's businesses in a timely manner.

c) Board Composition

The Board currently comprises the following Directors:

Executive Directors
Mr. Xu Xiaoliang *(Chairman)*
Mr. Henri Giscard d'Estaing *(Vice Chairman and Co-Chief Executive Officer)*
Mr. Xu Bingbin *(Co-President)*
Mr. Choi Yin On *(Vice President and Chief Financial Officer)*

Non-executive Directors
Mr. Qian Jiannong
Mr. Pan Donghui
Mr. Huang Zhen

Independent Non-executive Directors
Dr. Allan Zeman
Mr. Guo Yongqing
Ms. Katherine Rong Xin
Mr. He Jianmin

On 7 November 2022, Mr. Xu Xiaoliang was appointed as an executive Director, and Mr. Qian Jiannong resigned as an executive Director and was re-designated as a non-executive Director.

On 19 December 2022, Mr. Huang Zhen was appointed as a non-executive Director, and Mr. He Jianmin was appointed as an independent non-executive Director.

Independence of the Board

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules. There is no financial, business, family or other material/ relevant relationship among the Directors. Biographical details, including offices held in public companies or organisations and other significant commitments, of the Directors are set out in the section "Biographical Details of Directors and Senior Management" of this annual report.

CONFLICTS OF INTEREST

Directors are requested to declare their and their connected entities' direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at Board meetings and withdraw from the meetings as appropriate. In 2022, Xu Xiaoliang, an executive Director, abstained from voting on a series of connected transactions between the Company and Fosun International Group.

The Company follows guidelines at each financial reporting period to obtain confirmations from Directors in respect of any transactions of the Company or its subsidiaries which are related to Directors or their connected entities. In addition, identified material related party transactions are disclosed in note 44 to the financial statements.

THE COMPANY'S VIEW ON INDEPENDENCE

The Board has assessed the independence of all the independent non-executive Directors and considered all of them to be independent having regard to (i) their annual confirmation on independence as required under the Listing Rules, (ii) the absence of involvement in the daily management of the Company, and (iii) the absence of any relationships or circumstances which would interfere with the exercise of their independent judgement. In addition, the number of independent non-executive Directors on the Board meets the more than one-third requirement under the Listing Rules with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise throughout the Reporting Period.

MECHANISMS FOR ENSURING INDEPENDENT VIEWS AND INPUT

To ensure that the Board of the Company can effectively exercise independent judgment and better protect the interests of shareholders, the Board of the Company reviewed and approved the Mechanism for Evaluating the Independence of the Board on 31 May 2022. The Company has established channels through formal and informal means whereby independent non-executive Directors can express their views in an open and candid manner, and in a confidential manner, should circumstances require. Such channels include individual questionnaires to all Directors, which, if necessary, may be supplemented by individual interviews with each Director, and/or conducted by any other means the Board may deem appropriate and necessary. During the Reporting Period, the Board reviewed and considered the above mechanism to be effective.

Taking into account all of the circumstances described in this section, the Company considers that all independent non-executive Directors are parties independent of the Company and that the Board is independent.

Board Diversity Policy

The Company recognises and embraces the benefits of having a board with diversity, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage and achieving long-term sustainable growth for the Group.

The Board has reviewed the implementation and effectiveness of the Board Diversity Policy during the Reporting Period.

The Company adopted the Board Diversity Policy in 2018. The Nominating Committee and the Board regularly review the diversity of the Board annually, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge, independence and length of service. In addition, the Company adopted the Director Nomination Policy on 31 May 2022, which also considers, among others, the potential contribution to the Board in terms of diversity when selecting new director candidates.

Up to present, the Board of the Company has achieved gender diversity. The Board comprises of one female Director who has served as an independent non-executive Director of the Company since 2018 and 10 male Directors. Recognising the importance and benefits of gender diversity, the Board will continue to take proactive measures to identify female candidates to enhance gender diversity among members of the Board. In terms of the length of service of their Directors, 9 Directors have served for less than 5 years and 2 Directors for 5 to 8 years. In terms of their age, there is one Director under 40 years old, three Directors between 40 to 50 years old, three Directors between 50 to 60 years old, three Directors between 60 to 70 years old and one Director over 70 years old.

The proportion of executive Directors decreased from 44% of last year to 36%, allowing for greater representation of independent and non-executive Directors. The diversity of nationality of the Board is appropriate: 1 French Director, 1 American Director, 2 Hong Kong Directors and 7 Chinese Directors. Specifically, the French Director is resided in France as it is one of the places where the Company's main businesses are located. In December 2022, the Company appointed a new independent non-executive Director with more than 20 years of teaching, research and management experience in tourism management, further enhancing the diversity of the Board of the Company.

As of 31 December 2022, the Company has a total of 14,070 employees on six continents. In terms of gender, female employees account for 42.2%. There are 217 senior management members, 30% of whom are female, reflecting the Group's general adherence to the principle of gender equality. The Company is committed to maintaining gender diversity and equality across the workforce continuously, and procuring its senior management team to achieve greater gender parity over the next three years. The Company expects that the above-metioned objectives can be achieved through appropriate efforts to promote the culture of gender diversity that the Company has been advocating.

d) Appointment and Re-election of Directors

The procedures of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

Each of Mr. Xu Xiaoliang, being executive Director and Mr. Qian Jiannong, being non-executive Director, entered into a renewed service contract with the Company on 7 November 2022, respectively, for a term of three years commencing therefrom.

Mr. Huang Zhen, being non-executive Director, and Mr. He Jianmin, being independent non-executive Director entered into letters of appointment with the Company on 19 December 2022, respectively, for an initial term of three years commencing therefrom.

At every annual general meeting, at least one-third of the Directors shall retire from office by rotation. All Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following general meeting after appointment.

According to the board diversity policy of the Company, all Directors' appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

e) Continuous Professional Development of Directors

Each newly appointed Director receives comprehensive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the businesses and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Continuing briefing and professional development for Directors will be arranged whenever necessary.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internal briefings for Directors will be arranged by the Company and reading materials on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, the Company has arranged e-training course for the Directors. On the other hand, Directors have provided records of the trainings they received to the Company. The Board considered the trainings attended by the Directors are sufficient to discharge their duties. A summary of the trainings attended by the Directors during the Reporting Period is as follows:

	Training Matters	
Name of Directors	Legal and Regulation	Corporate Governance
Executive Directors		
Mr. Xu Xiaoliang[(1)]	✓	✓
Mr. Henri Giscard d'Estaing	✓	✓
Mr. Xu Bingbin	✓	✓
Mr. Choi Yin On	✓	✓
Non-Executive Directors		
Mr. Qian Jiannong[(2)]	✓	✓
Mr. Pan Donghui	✓	✓
Mr. Huang Zhen[(3)]	✓	✓
Independent Non-Executive Directors		
Dr. Allan Zeman	✓	✓
Mr. Guo Yongqing	✓	✓
Ms. Katherine Rong Xin	✓	✓
Mr. He Jianmin[(4)]	✓	✓

Notes:

(1) Mr. Xu Xiaoliang was appointed as executive Director on 7 November 2022.

(2) Mr. Qian Jiannong resigned as executive Director and was re-designated as a non-executive Director on 7 November 2022.

(3) Mr. Huang Zhen was appointed as non-executive Director on 19 December 2022.

(4) Mr. He Jianmin was appointed as independent non-executive Director on 19 December 2022.

f) Board Meetings

The Board meets regularly to review the financial and operating performance of the Group and approve future strategy. The Board held four regular Board meetings and one on-site Board meeting during the Reporting Period. In respect of corporate governance matters, the Board reviewed, among others, policies on corporate governance, code of conduct and the Company's policies and practices on compliance with legal and regulatory requirements in regular meetings. The attendance records of each Director are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

g) Practice and Conduct of Board Meetings

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings (or such other period as agreed). For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting (or such other period as agreed) to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management, where necessary, attend regular Board meetings and other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

The agenda of each Board meeting is set by the Chairman in consultation with members of the Board such that they are given an opportunity to include agenda items, draft and executed Board minutes were sent in a timely manner to all Directors for their comments and records, minutes of the Board meetings recorded in sufficient details were kept by the Company Secretary.

h) Directors and Officers Liability Insurance

The Company has arranged the directors and officers liability insurance in respect of legal action against the Directors during the Reporting Period. The insurance coverage will be reviewed on an annual basis.

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Reporting Period, Mr. Qian Jiannong held the position of Chairman and Chief Executive Office from 1 January 2022 to 6 November 2022, Mr. Xu Xiaoliang served as Chairman from 7 November 2022 to 31 December 2022, and Mr. Henri Giscard d'Estaing acted as Vice Chairman and Deputy Chief Executive Officer from 1 January 2022 to 6 November 2022 and Co-Chief Executive Officer from 7 November 2022 to 31 December 2022. With the assistance of the Vice Chairman and Deputy Chief Executive Officer, the segregation ensures a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business operations. Their respective responsibilities are clearly established and set out in writing.

The Chairman's responsibilities are to ensure all Directors are informed of the matters to be resolved or discussed in the Board meetings; to ensure that Directors receive adequate information in a timely manner, and the relevant information is accurate, detail, complete and reliable; to lead the Board; to ensure the Board operates effectively, performs its duties, and discusses all important and appropriate matters in a timely manner; to be primarily responsible to decide and approve the agenda of each Board meeting and add other items into the agenda upon request from other Directors (where applicable), this responsibility can be delegated to other Directors or the Company Secretary; to ensure the Company to adopt a sound corporate governance code and procedure; to encourage all Directors to devote themselves to the Board's matters and to ensure the Board acts in the best interest of the Company by making himself an example; to encourage Directors with different opinions to express their concerns and give adequate time to discuss and to ensure the decisions of the Board reflect consensus of the Board; to meet with the independent non-executive Directors at least once annually, without the presence of other Directors; to ensure appropriate procedures to keep effective communication with the shareholders and to ensure shareholders' opinions are delivered to the whole Board; to promote open and positive culture to discuss, to promote Directors (especially non-executive Directors) to make effective contribution to the Board, and to ensure constructive relationship between executive Directors and non-executive Directors.

The Chief Executive Officer's responsibilities are to lead the management to operate the daily business of the Group in line with the business plan and budget approved by the Board; to lead the management to ensure an efficient co-operation relationship with the Chairman and the Board and to meet or communicate with the Chairman regularly to review the key development, matters, opportunities and concerns; to establish and give advice on the Group's strategy and policy for the Board's consideration; to implement the strategy and policy approved by the Board or Board committees and achieve the goal of the Group with the assistance of the management; to continuously discuss with the Chairman on those key and fundamental topics and to ensure the Board to be informed of those topics; to ensure the management to provide report to the Board in priority, including appropriate, accurate, timely and clear material to assist the Board in performing its responsibilities; to ensure the Board (especially the Chairman) to notice the complicated, controversial and sensitive matters of the Group in advance; to lead the communication plan with the equity holders (including shareholders); and to direct the Group's business in line with the common practice and procedures adopted by the Board, to encourage the Group to maintain the highest integrity, justice and corporate governance level.

C. BOARD COMMITTEES

The Board has established the Audit Committee, Remuneration Committee, Nomination Committee, Strategy Committee and Environmental, Social and Governance Committee for overseeing particular aspects of the Company's affairs. All Board committees were established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website (www.fosunholiday.com) and the Hong Kong Stock Exchange's website (www.hkexnews.hk) and are available to Shareholders upon request.

The majority of the members of each Board committee (except the Strategy Committee) are independent non-executive Directors. The Board committees are provided with sufficient resources to discharge their duties, and upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

The Audit Committee comprises four members, namely four independent non-executive Directors, Mr. Guo Yongqing (Chairman), Dr. Allan Zeman, Ms. Katherine Rong Xin and Mr. He Jianmin. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function or external auditors before submission to the Board;

- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors; and

- To review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control system (including ensuring the adequacy of resources, qualification and experience of staff of the Company's accounting, internal audit and financial reporting function, their training programmes and budget) and associated procedures.

The Audit Committee held two meetings during the Reporting Period to review, among others, the financial results and reports, financial reporting and compliance procedures, internal control and risk management systems, appointment and scope of work of external auditors. The attendance records of each member of the Audit Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

The Company's annual results for the Reporting Period have been reviewed by the Audit Committee.

Remuneration Committee

The Remuneration Committee comprises three members, including two independent non-executive Directors, namely Ms. Katherine Rong Xin (Chairman) and Mr. Guo Yongqing and one executive Director, namely Mr. Xu Bingbin.

The primary work of the Remuneration Committee includes making recommendations to the Board on the remuneration packages of individual executive Directors and senior management after assessing their performance, reviewing and/or approving matters relating to the share schemes as mentioned under Chapter 17 of the Listing Rules, making recommendations to the Board on the remuneration policy and structure for all Directors and senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her close associates will participate in deciding his/her own remuneration, which will be determined by reference to the performance of the individual and the Company, as well as market practice and conditions. The Remuneration Committee also reviews and approves compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive. Moreover, the Remuneration Committee reviews and approves compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate and ensures that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The Group's remuneration policy seeks to provide fair market remuneration in a form and value to attract, retain and motivate high quality staff. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance and by reference to the Group's profits and performance.

The Remuneration Committee held two meetings during the Reporting Period to review, approve and make recommendations to the Board on, among others, the remuneration policy and structure of the Company, the remuneration packages and terms of service contracts of the Directors and senior management with reference to the Board's corporate goals and objectives, their merits and contributions and other related matters. The attendance records of each member of the Remuneration Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

During the Reporting Period, the Remuneration Committee has reviewed and approved, in the form of a written resolution, matters in relation to the granting of options and share units by the Company to the relevant Directors and senior management on 28 April 2022. For details, please refer to the Company's announcement uploaded on 28 April 2022.

Nomination Committee

The Nomination Committee comprises three members, including one executive Director, namely Mr. Xu Xiaoliang (Chairman) and two independent non-executive Directors, namely Dr. Allan Zeman and Ms. Katherine Rong Xin.

The main duties of the Nomination Committee include the following:

- To review the structure, size, composition (including the skills, knowledge and experience) and diversity of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
- To identify individuals suitably qualified to become Board members and nominate and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- To assess the independence of independent non-executive Directors; and
- To make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee has adopted a set of nomination procedures for selection of candidates for directorship of the Company by making reference to the Company's board diversity policy, skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations.

The Nomination Committee held one meeting during the Reporting Period to review the structure, size, composition and diversity of the Board, the independence of the independent non-executive Directors and make recommendations to the Board in relation to the re-appointment of retiring Directors at the 2022 annual general meeting. The attendance records of each member of the Nomination Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

Strategy Committee

The Strategy Committee comprises four members, including two executive Directors, namely Mr. Xu Xiaoliang (Chairman) and Mr. Henri Giscard d'Estaing and two independent non-executive Director, namely Dr. Allan Zeman and Mr. He Jianmin.

The main duties of the Strategy Committee include the following:

- To consider and make recommendations on the Company's mid and long-term strategies;
- To consider and make recommendations to the Board on significant investments and financial proposals which are subject to the approval by the Board meeting or the shareholders' meeting pursuant to the Articles or other applicable laws, rules and regulations of the Company;
- To consider and make recommendations on other significant matters which will affect the development of the Company;
- To inspect and evaluate the implementation of the above matters; and
- To make timely recommendations for adjustment and to deal in any other matters delegated by the Board from time to time.

The Strategy Committee held one meeting during the Reporting Period to review the strategy and highlights of the Group in 2021 and to discuss the strategy of the Group for 2022. The attendance records of each member of the Strategy Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

Environmental, Social and Governance Committee

The Company established the Environmental, Social and Governance Committee comprises three members, including two independent non-executive Directors, namely Mr. Guo Yongqing (Chairman) and Ms. Katherine Rong Xin and one executive Director, namely Mr. Henri Giscard d'Estaing.

The main duties of the Environmental, Social and Governance Committee include the following:

- To review, formulate and adopt the vision, objectives and strategies of the environmental, social and governance ("ESG") of the Group;
- To supervise, review, evaluate and report back to the Board on the ESG performance; and
- To identify, assess and manage important issues related to ESG.

The Environmental, Social and Governance Committee held two meetings during the Reporting Period to provide direction on and review the development and implementation of the ESG initiatives of the Group. The attendance records of each member of the Environmental, Social and Governance Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

D. ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings and the general meetings of the Company held during the Reporting Period is set out in the table below:

	Attendance/Number of Meetings						
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Strategy Committee	Environmental, Social and Governance Committee	Annual General Meeting
Executive Directors							
Xu Xiaoliang[(1)]	2/5	—	—	—	—	—	—
Henri Giscard d'Estaing	5/5	—	—	—	1/1	2/2	1/1
Xu Bingbin	5/5	—	2/2	—	—	—	1/1
Choi Yin On	5/5	—	—	—	—	—	1/1
Non-Executive Directors							
Qian Jiannong[(2)]	5/5	—	—	1/1	1/1	—	1/1
Pan Donghui	5/5						1/1
Huang Zhen[(3)]	1/5	—	—	—	—	—	—
Independent Non-Executive Directors							
Allan Zeman	5/5	2/2	—	1/1	1/1	—	1/1
Guo Yongqing	5/5	2/2	2/2	—	—	2/2	1/1
Katherine Rong Xin	5/5	2/2	2/2	1/1	—	2/2	1/1
He Jianmin[(3)]	1/5	—	—	—	—	—	—

Notes:

(1) Mr. Xu Xiaoliang was appointed as executive Director on 7 November 2022.

(2) Mr. Qian Jiannong resigned as Chairman and was re-designated as non-executive Director on 7 November 2022.

(3) On 19 December 2022, Mr. Huang Zhen was appointed as non-executive Director, and Mr. He Jianmin was appointed as independent non-executive Director.

During the Reporting Period, the Chairman of the Board convened one meeting among independent non-executive Directors without the presence of other Directors.

E. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiry has been made to all 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 relevant 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.

F. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Board is responsible for presenting a balanced and clear assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period. The senior management has provided such explanation and information to the Board to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

G. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of Ernst & Young, the external auditors of the Company, about their reporting responsibilities for the financial statements during the Reporting Period is set out in the "Independent Auditor's Report" of this annual report.

During the Reporting Period, the remuneration paid to Ernst & Young, the external auditors of the Company, in respect of professional audit services, amounted to RMB4.20 million and no significant non-audit services were provided by Ernst & Young to the Company.

H. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for evaluating, determining and managing the nature and extent of the risks it is willing to take rather than eliminate risks of failure in achieving the Company's strategic objectives (including but not limited to major risks in relation to environmental, social and governance), and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees the management in the design, implementation and monitoring of the risk management and internal control systems of the Company efficiently, and the management provides a confirmation to the Board on the effectiveness of these systems. The Company identifies, evaluates and monitors significant risks faced by the Company and builds up its risk management and internal control system, taking into consideration (i) the issues in operation and management revealed in internal audits, (ii) audit findings of external auditors to achieve the goal of risk control, (iii) the changes, since the last review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment; (iv) scope and quality of the management's ongoing monitoring of risks and of the internal control systems and the work of the internal audit function; (v) the extent and frequency of communication of monitoring results to the Board or the Audit Committee which enables it to assess the effectiveness of internal control and risk management of the Company; (vi) significant control failings or weaknesses that have been identified during the period as well as the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and (vii) the effectiveness of the Company's processes for financial reporting and regulatory compliance. Such significant risks include decision-making risks of operation, financial control risks, the risks arising from changes in business environment and environmental, social and governance risks. Furthermore, procedures including preclearance on dealing in the Shares, notification of regular blackout and securities dealing restrictions to relevant Directors and employees and dissemination of information on a need-to-know basis have been implemented by the Group to help ensure proper handling of inside information within the Group. The Company reviewed the risk management and internal control systems of the Company on a regular and ad hoc basis.

The Group has always adhered to the values of integrity and compliance, committed to creating an open and honest communication channel, and guided our business practices with integrity as the highest standards. The Board of the Group authorised the Risk Control Department as an independent supervision department to maintain the Company's whistle-blowing channel, investigate all kinds of fraud, and create a fair and good corporate environment.

The Group holds a "zero tolerance" attitude towards fraud. Stakeholders of the Group are encouraged to report through various reporting channels and methods in the integrity and compliance reporting section on the website of the Group if they find the relevant cases of the Group's employees or business partners. The Company encourages real-name reporting, and the personal information and reporting content of the whistle-blower are strictly confidential. Once verified, we will reward the whistle-blower according to the value of the clue, the nature of the incident and its influence.

The Board of the Group, depending on the severity of the reported cases, requires the Risk Control Department of the Group to make both immediate reporting and annual reporting.

According to the laws in the PRC and its own business conditions and risk characteristics, the Group formulated rules and regulations, such as the Fosun Tourism Group Integrity Management Regulations, the Fosun Tourism Group Anti-fraud Management Regulations, the Fosun Tourism Group Measures for the Protection and Incentives for Whistle-blower and Witnesses, and the Fosun Tourism Group Rewards and Punishments Management, forming a risk control and anti-fraud system in relation to whistle-blowing and acceptance of frauds, protection of whistle-blowers, investigation and punishment of frauds and accountability for frauds. In addition, the Group provides training to its staff on integrity and anti-fraud management regulations on an annual basis.

The risk management department of the Company conducts independent evaluation on the effectiveness of the existing risk management and internal control system according to the audit strategy and annual audit plan of the Company. It is also responsible for monitoring the stable and proper operation and improvement of the risk management and internal control system. Audit findings of the Company are reported to the Board and the management, and the management oversees the implementation of any remedial and improvement measures to be taken. After following up and checking, such measures have been taken as expected.

During the Reporting Period, the Board has reviewed the effectiveness of the risk management and internal control system of the Group, and ensured that resources, qualification and experience of staff of the accounting, internal audit, financial reporting function and environmental, social and governance performance and reporting, their training programmes and relevant budget are adequate. The Company continued to improve the standardization and systematic development of the internal control system, covering the functions of financial control, operational control, compliance control and risk management. The risk management department of the Company has carried out independent internal control audits in respect of significant risk areas and has reported to the Directors regularly in respect of the effectiveness of the risk management and internal control system and significant risks. The boards of directors of the subsidiaries have submitted evaluation reports to the Company on the effectiveness of the risk management and internal control systems. The Company considers that its risk management and internal control system are effective and adequate.

I. COMPANY SECRETARY

Ms. Kam Mei Ha has been the Company Secretary of the Company since 22 August 2022. Ms. Kam Mei Ha is an Executive Director of Corporate Services of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Choi Yin On (executive Director, the chief financial officer and vice president) is the primary contact person of Ms. Kam Mei Ha at the Company.

During the Reporting Period, Ms. Kam Mei Ha has received no less than 15 hours of relevant professional training to refresh her skills and knowledge in compliance with Rules 3.20 of the Listing Rules.

J. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The shareholders' communication policy for enhancement of corporate governance was established by the Company in November 2018 and the Board had reviewed and confirmed the effectiveness of the shareholders' communication policy during the Reporting Period.

Shareholders' Enquiries

The Board has adopted a shareholders' communication policy to ensure the effective communication with the shareholders and investors through different channels. Below is a summary of the policy.

1. Shareholders should direct their questions about their shareholdings to the Company's share registrar.

2. Shareholders and investors may at any time make a request regarding the Company's information to the extent such information is publicly available.

3. The Company is required to provide shareholders and investors with the designated contact person, email address and enquiry channel for them to make any enquiries about the Company.

Corporate Communications

4. Corporate communications are prepared in both English and Chinese to facilitate shareholders' understanding. Shareholders have the right to choose the language (English or Chinese) or the method of receipt (hard copy or electronic form) of corporate communication.

Corporate Website

5. All information published by the Company on the website of Stock Exchange will be published on the website of Company as soon as possible after publication. Relevant materials include but not limited to financial statements, announcements, circulars, notices of general meetings and related explanatory documents, etc.

6. The Company's annual general meeting and results announcements will be published on the website of the Company and Stock Exchange as soon as possible after publication.

7. All press releases and briefing materials issued by the Company will be posted on the corporate website.

8. The Company's website (http://www.fosunholiday.com/) has an investor relation section, the content of which includes activities calendar, analyst coverage, FAQs and the Company's contact information, to facilitate investors' understanding of the Company's latest information and communication with the Company in a timely manner.

Shareholders' Meetings

9. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

10. The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that shareholders' needs are best served.

11. Representatives of Board members, suitable senior management and external auditors will attend annual general meetings to answer shareholders' questions. The Chairman of the Independent Board Committee, Independent Financial Adviser and legal advisor (if any) will attend general meetings to answer shareholders' questions on resolutions proposed at the meeting by shareholders for which approvals are sought.

Investment Market Communications

Investor/analysts briefings and one-on-one meetings, roadshows (both domestic and international), media interviews and marketing activities for investors, industry thematic forums etc. will be available on a regular basis in order to facilitate communications between the Company, shareholders and the investment community.

Communications Between the Board and Shareholders

The general meetings of the Company provide a forum for communication between the Board and the Shareholders. The Chairman as well as the chairman of the Audit Committee, Remuneration Committee, Nomination Committee, Strategy Committee and ESG Committee and, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at general meetings. For the year ended 31 December 2022, the respective chairpersons of the Audit Committee, Remuneration Committee and Nomination Committee and external auditors of the Company attended the annual general meeting of the Company held on 31 May 2022 to answer the questions from shareholders.

The Company has established the "Procedures for candidates for director election as nominated by shareholders" and published it on the Company's website, which sets out the nomination procedures and communication information.

The Memorandum and Articles of Association were amended on 31 May 2022. The up-to-date version of the Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website.

The Board considers that the implementation of the shareholder communication policy during the year was effective and adequate in view of the different channels of communication with its shareholders and some minority shareholders approached the Company in person and asked for relevant information during the Reporting Period.

K. DIVIDEND POLICY

During the Reporting Period, the Company has in place a dividend policy. This dividend policy aims to set out the principles and guidelines that the Group intends to apply in relation to the declaration, payment or distribution of its profits, realised or unrealised, or from any reserve set aside from profits which the directors of the Company determine is no longer needed, as dividends to the shareholders of the Company.

According to the dividend policy, when determining whether to declare any dividend in the future and the amount of dividend to be declared, the Company shall consider a number of factors, including but not limited to:

- operations;
- earnings;
- financial condition;
- cash requirements and availability;
- capital expenditure;
- future development requirements;

- business conditions and strategies;
- interests of shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

L. SHAREHOLDER RIGHTS

To safeguard Shareholders' interests and rights, separate resolutions are proposed at general meetings for each substantially separate issue, including the election of individual Directors.

The Company shall give shareholders adequate notice of the convening of a general meeting and shall ensure that shareholders are familiar with the detailed procedures for casting a vote by poll and shall answer questions raised by shareholders at the general meeting. Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll, except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Poll results announcement will be posted on the websites of the Company and the Stock Exchange in the manner prescribed by the Listing Rules.

Procedures for Shareholders to Convene an Extraordinary General Meeting

In accordance with Article 64 of the Articles of Association, any one or more Shareholders holding as at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at General Meeting

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Law of the Cayman Islands. However, Shareholders who wish to propose resolutions may follow Article 64 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 64 of the Articles of Association are set out above.

Putting Forward Enquiry/Requisition to the Board

For putting forward any enquiries or requisitions to the Board, Shareholders may send written enquiries/requisitions to the Company.

Contact Details

Shareholders may send their enquiries or requisitions as mentioned above to the following:
Company name: Fosun Tourism Group
Address: Room 808 & 2101–06, ICBC Tower, 3 Garden Road, Central, Hong Kong

For the avoidance of doubt, Shareholders must send the original signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are updated as of 1 April 2023.

Xu Xiaoliang

Henri Giscard d'Estaing

EXECUTIVE DIRECTORS

Mr. Xu Xiaoliang (徐曉亮), aged 49, was re-designated as an executive Director and served as the chairman of the Group on 7 November 2022, responsible for formulating business strategies of the Group. He served as a non-executive Director of the Group from 18 August 2021 to 6 November 2022 and he is responsible for making recommendations on major operational and managerial matters of the Group. Mr. Xu is an executive director and co-chief executive officer of Fosun International, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 00656), a non-executive director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma"), the shares of which are listed on the Hong Kong Stock Exchange (stock code: 2196) and the Shanghai Stock Exchange (stock code: 600196), a director of Shanghai Yuyuan Tourist Mart Co., Ltd. (上海豫園旅游商城(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600655), a director of Shanghai Foyo Culture & Entertainment Co., Ltd. (上海復娛文化傳播股份有限公司) (delisted from NEEQ in April 2021), a director and general manager of Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司) ("Fosun High Tech") and a director of Hainan Atlantis Commerce and Tourism Development Co., Ltd. (海南亞特蘭蒂斯商旅發展有限公司). Mr. Xu was a non-independent director of Hainan Mining (listed on the SSE), a non-executive director and vice chairman of Zhaojin Mining Industry Company Limited (招金礦業股份有限公司) (stock code: 01818), a company listed on the Hong Kong Stock Exchange, and a director of Shanghai Resource Property Consulting Co., Ltd. (上海策源置業顧問股份有限公司) (delisted from NEEQ in December 2020). He served as a director of Shanghai Qijin Investment Management Co., Ltd. (上海齊錦投資管理有限公司) from February 2013 to August 2022. As of the end of the Reporting Period, Mr. Xu is a deputy to the 15th Shanghai Municipal People's Congress and the chairman of the Shanghai International Fashion Federation. Mr. Xu was awarded the Best CEOs in Asia Pacific by Corporate Governance Asia, and has won the "Shanghai May 4th Youth Medal" and "Shanghai's Top Ten Young Business People".

Mr. Xu obtained his master's degree in business administration from East China Normal University in the PRC in 2002 and his master's degree in EMBA from Fudan University in the PRC in 2019.

Mr. Henri Giscard d'Estaing, aged 66, served as a deputy chief executive officer of the Group from June 2018 to 6 November 2022, and has served as an executive Director and the vice chairman of the Board since August 2018. Mr. Giscard d'Estaing currently serves as the vice chairman and co-chief executive officer of the Group. He has also served as the president and director of Club Med Holding and president of Club Med Invest and also Club Med since March 2015 and December 2002, respectively. Mr. Giscard d'Estaing joined Club Med in July 1997 and successively served in various roles in Club Med. In addition, Mr. Giscard d'Estaing is also a global partner of Fosun International. Prior to joining Club Med, Mr. Giscard d'Estaing served as the head of development, chief executive officer of Danone's British subsidiary HP Food Lea and Perrins, chief executive officer of Evian-Badoit and an associate director in Cofremca. Mr. Giscard d'Estaing has also been a member of the advisory board of BOAO Forum for Asia since April 2018 and the deputy chairman of World Tourism Alliance (WTA) since its establishment in 2017. Mr. Giscard d'Estaing was an observer of Casino, Guichard-Perrachon (Euronext Paris: CO) and a member of the supervisory board of Randstad N.V. (Euronext Amsterdam: RAND).

Mr. Giscard d'Estaing graduated from Institut d'Etudes Politiques de Paris in 1977 and also received a master's degree in economics from University Paris II Panthéon-Assas in July 1979.

Xu Bingbin

Choi Yin On

Mr. Xu Bingbin (徐秉璸), aged 42, has joined the Group since November 2009 and currently serves as co-executive president of the Company and chief executive officer of Club Med China. Mr. Xu is primarily responsible for formulating business plans, strategies and major decisions of the Group and strategy planning, project implementation and business growth of Club Med China. Mr. Xu has held various positions in the Group including a director of Shanghai Club Med Holiday Travel Service Co. Ltd., a director of Thomas Cook Tourism (UK) Company Limited[1] and a director of Kuyi International Travel Agency (Shanghai) Co., Ltd.. He then resigned as a director of Kuyi International Travel Agency (Shanghai) Co., Ltd. on 26 July 2021. In addition, Mr. Xu has served as a director of Vigor Kobo Co., Ltd. (Taipei Exchange stock code: 2733) since 2012. Prior to joining the Group, Mr. Xu served as an assistant general manager of China International Economic Consultants Co., Ltd. Shanghai Branch, CITIC Group from March 2006 to October 2009, where he was mainly responsible for merger and acquisitions, investment and strategy consulting.

Mr. Xu obtained a bachelor's degree in economics from Shanghai University in July 2003 and a master's degree in international business from Monash University in Australia in November 2005.

[1] The company was incorporated in 2019 to expand its overseas business following the acquisition of the Thomas Cook brand in November 2019.

Mr. Choi Yin On (蔡賢安), aged 39, serves as an executive Director, the vice president and chief financial officer and the Authorized Representative of the Group, and he also acts as the director, vice president and chief financial officer of Thomas Cook Group. Mr. Choi is primarily responsible for overseeing the Group's accounting and financial management, and formulating business plans, strategies and major decisions of the Group. Mr. Choi has been appointed as a director of Club Med Holding since December 2021. Mr. Choi has extensive experience in the industry of corporate and investment banking. Prior to joining the Group, Mr. Choi worked at Citigroup Global Markets Asia Limited from 2015 to 2021, with his last position being a director of Asia Pacific real estate & lodging investment banking, responsible officer and principal. From 2005 to 2015, Mr. Choi worked at DBS Bank Ltd., Hong Kong Branch and DBS Asia Capital Limited, and his last position held was a vice president of institutional banking group.

Mr. Choi obtained a bachelor's degree in business administration from the Chinese University of Hong Kong in 2005 and a master's degree in business administration from the University of Cambridge in 2012.

Qian Jiannong

Pan Donghui

NON-EXECUTIVE DIRECTORS

Mr. Qian Jiannong (錢建農), aged 61, served as chief executive officer of the Group from October 2009 to November 2022, the chairman from 30 September 2016 to 6 November 2022 and an executive Director from 17 August 2018 to 6 November 2022. Mr. Qian currently acts as the honorary chairman of the Board of the Group for life and was re-designated as a non-executive Director, and will continue to provide strategy and business consulting and external relations expertise to the Company. Mr. Qian has over 20 years of experience in the tourism and retail industries. He joined the Group in October 2009 and was primarily responsible for developing and implementing Fosun International's strategies, operation and management of business activities in the consumer and tourism sectors. He has since led the Group in accomplishing a series of investments in the tourism industry, such as Club Med SAS, Vigor Kobo Co., Ltd. (Taipei Exchange stock code: 2733) and Thomas Cook Group plc. Mr. Qian currently serves as a global partner, executive president and a co-director of Great Happiness Industry Operation Committee of Fosun International and a director of Club Med Holding. He has been a director of Hainan Atlantis from May 2013 to January 2023. He was a director of Shanghai Yuyuan Tourist Mart Co., Ltd. from June 2010 to December 2013. He was also a non-executive director of Folli Follie from May 2011 to June 2018. Mr. Qian served as a director of Grupo Osborne, S.A. from June 2014 to November 2016. From September 2006 to August 2009, Mr. Qian also served as the chief executive officer and the executive director of Nepstar Chain Drugstore Ltd. (中國海王星辰連鎖藥店股份有限公司).

Mr. Qian obtained a bachelor's degree in economics from Shandong University (山東大學) in July 1983. He received a master's degree in economics from the University of Essen (subsequently reorganised as the University of Duisburg — Essenin) in Germany in July 1992 and was enrolled in the doctoral program in economics in the University of Essen from 1993 to 1997.

Mr. Pan Donghui (潘東輝), aged 53, was appointed as a non-executive Director of the Group since 18 August 2021 and he is responsible for making recommendations on major operational and managerial matters of the Group. Mr. Pan is currently the executive president and chief human resources officer of Fosun International, a non-executive director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the shares of which are listed on the Hong Kong Stock Exchange (stock code: 02196) and the Shanghai Stock Exchange (stock code: 600196), a director of Shanghai Foyo Culture & Entertainment Co., Ltd. (delisted from the National Equities Exchange and Quotations (NEEQ) in April 2021) and the chief human resources officer of Shanghai Fosun High Technology (Group) Co., Ltd.. Mr. Pan was a non-executive director of Linekong Interactive Group Co., Ltd. (藍港互動集團有限公司) (stock code: 08267), a company listed on the Hong Kong Stock Exchange, and a director of Shanghai Ganglian E-Commerce Holdings Co., Ltd. Mr. Pan worked in Zhejiang Ningbo Tiandi Group Co., Ltd. (浙江寧波天地(集團)股份有限公司, now known as Ningbo Tiandi (Group) Co., Ltd. (寧波天地(集團)股份有限公司) and served as a project manager of Forte Land Co., Ltd. (復地(集團)股份有限公司). He also served as an assistant to president, senior assistant to president, vice president and senior vice president of Shanghai Fosun High Technology (Group) Co., Ltd..

Mr. Pan obtained a bachelor's degree in engineering from Shanghai Jiaotong University in the PRC in 1991, and a master's degree in business administration from the University of Southern California, the United States in 2009.

Huang Zhen

Allan Zeman

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Huang Zhen (黃震), aged 51, was appointed as a non-executive Director on 19 December 2022. Mr. Huang is currently an executive director and chief executive officer of Fosun International, whose shares are listed on the Stock Exchange (stock code: 00656), the controlling shareholder of the Company, the chairman of Shanghai Yuyuan Tourist Mart Co., Ltd. ("Yuyuan", whose shares are listed on the Shanghai Stock Exchange ("SSE") (stock code: 600655)), the director of Shede Spirits Co., Ltd. (listed on the SSE, stock code: 600702), Shanghai Resource Property Consulting Co., Ltd. (delisted from NEEQ in December 2020), Shanghai Bailian Group Co., Ltd. (listed on the SSE, stock code: 600827) and Sanyuan Foods (whose shares are listed on the SSE (stock code: 600429)). He was a non-executive director of Zhaojin Mining Industry Company Limited (stock code: 01818), a company listed on the Stock Exchange from October 2019 to November 2022. Before joining the Fosun International Group, Mr. Huang was the deputy general manager of Shanghai Jahwa United Co., Ltd., and the general manager of Shanghai Herborist Cosmetics Co., Ltd., etc. Mr. Huang currently is a member of the 14th Session of Shanghai Political Consultative Conference, a member of the Standing Committee of the 15th Executive Committee of the Shanghai Federation of Industry and Commerce, a member of the 3rd Shanghai Huangpu District Standing Committee of the Chinese People's Political Consultative Conference, the chairman of Shanghai Huangpu District Federation of Industry and Commerce, the president of Shanghai Huangpu District Chamber of Commerce, the vice chairman of China Gold Association and Gems & Jewelry Trade Association of China, etc. Mr. Huang was awarded "Top Ten Economic Figures in China's Circulation Industry" and "National Outstanding Commercial Entrepreneur", etc.

Mr. Huang received a bachelor's degree in economics from Shanghai University of Finance and Economics in 1994 and an MBA degree from Webster University (USA) in 1998.

Dr. Allan Zeman (盛智文), aged 74, an independent non-executive Director since November 2018. Dr. Zeman has been the chairman of Lan Kwai Fong Group, an independent non-executive director of Sino Land Company Limited (a company listed in the Stock Exchange, stock code: 00083), Tsim Sha Tsui Properties Limited (a company listed in the Stock Exchange, stock code: 00247) and Television Broadcasts Limited (a company listed in the Stock Exchange, stock code: 00511). Dr. Zeman has also been a non-executive chairman and an independent non-executive director of Wynn Macau, Limited (a company listed in the Stock Exchange, stock code: 01128) and a non-executive director of Pacific Century Premium Developments Limited (a company listed in the Stock Exchange, stock code: 00432) and its independent non-executive director during the period from July 2006 to March 2018. Dr. Zeman is an independent non-executive director of Global Brands Group Holding Limited (a company listed in the Stock Exchange, stock code: 00787) from June 2014 to June 2021.

Dr. Zeman has been the chairman of Ocean Park Hong Kong from 2003 to 2014 and member of the board of West Kowloon Cultural District Authority from 2008 to 2016, and chairman of commercial letting panel of the West Kowloon Cultural District Authority since December 2016. In 2023, Dr. Zeman was appointed as the member of the Task Force on Promoting and Branding Hong Kong.

Dr. Zeman was appointed a Justice of the Peace in Hong Kong in 2001. Dr. Zeman was awarded the Gold Bauhinia Star in 2004 and the Grand Bauhinia Medal in 2011.

Dr. Zeman was awarded an Honorary Doctorate of Laws Degree from the University of Western Ontario, Canada in June 2004. In November 2012, he was also awarded Honorary Doctorate Degrees of Business Administration from City University of Hong Kong and the University of Science and Technology of Hong Kong. In November 2019, Dr. Zeman was awarded Honorary Doctorate Degrees of Business Administration from Open University of Hong Kong (currently known as Metropolitan University of Hong Kong). In 2023, Dr. Zeman was awarded Honorary Fellowship by Social Enterprise Research Academy (SERA).

Guo Yongqing

Katherine Rong Xin

Mr. Guo Yongqing (郭永清), aged 48, an independent non-executive Director since November 2018. Mr. Guo has been a professor of accounting in Shanghai National Accounting Institute and independent directors New China Life Insurance Company Ltd. (a company listed in the Stock Exchange, stock code: 1336) and Shanghai Haohai Biological Technology Co., Ltd. (a company listed in the Stock Exchange, stock code: 6826).

Mr. Guo has been a non-practicing member of the Chinese Institution of Certified Public Accountants since December 2009 and has also been a member of the Enterprise Accounting Standards Advisory Committee of the Ministry of Finance of China since July 2016. Mr. Guo was awarded the ''Qingpu Leading Talent'' by the Organization Department of the Communist Party of China of Qingpu District, Shanghai and the Bureau of Human Resources and Social Security of Qingpu District, Shanghai.

Mr. Guo graduated from Dongbei University of Finance and Economics, majoring in accounting, and received a bachelor's degree in July 1996 and a master's degree in March 1999. He graduated from Shanghai University of Finance and Economics majoring in accounting with a doctor's degree in February 2002.

Ms. Katherine Rong Xin, aged 59, an independent non-executive Director since November 2018. Ms. Xin has been Professor of Management and Associate Dean at the China Europe International Business School. Ms. Xin served as an independent director in Shanghai Blossom Hill Hotel Management Co. Ltd., a company mainly engaged in boutique hotel management in China under the Blossom Hill brand, from March 2012 to April 2017.

Ms. Xin was awarded Chinese Most Cited Researchers by Elsevier, a global provider of scientific, technical, and medical information, for eight consecutive years from 2014 to 2021.

Ms. Xin graduated from Anhui University in July 1984 with a bachelor's degree in English. She received a master's degree in applied linguistics from Graduate University of Chinese Academy of Sciences in July 1986, and a master's degree in business administration from California State University in June 1991. She obtained a doctor's degree in business administration from the University of California in June 1995.

He Jianmin

Mr. He Jianmin (何建民), aged 66, was appointed an independent non-executive Director of the Company and a member of each of the Audit Committee and the Strategy Committee on 19 December 2022. Mr. He has more than 20 years of experience in the fields of teaching, research and management in tourism management. He has been a professor and a doctoral supervisor in tourism management at the College of Business of Shanghai University of Finance & Economics (上海財經大學) from September 2002 to present. Mr. He served as a deputy director and director of the hotel management department at the Shanghai Institute of Tourism (上海旅遊高等專科學校) and the editor-in-chief of Tourism Science from September 1987 to December 1992. Between January 1993 and August 2002, he took up various appointments at the Shanghai International Studies University (上海外國語大學), including head of International Business Administration department, head of the International Economics and Commerce Administration department, and deputy dean and dean of the College of International Economics and Commerce Administration. Between September 2002 and January 2022, he served as the head of tourism management department and the director of the Cultural Tourism Convention and Exhibition Research Center of the School of Business of Shanghai University of Finance and Economics (上海財經大學). Between September 2015 and May 2019, he served as an independent non-executive director of Shanghai Jin Jiang International Hotels (Group) Company Limited (listed on the Stock Exchange, stock code: 02006). Between March 2014 and August 2021, he served as an independent director of New Century Real Estate Investment Trust (stock code: 01275), which was delisted from the Stock Exchange in August 2021. He also served as a member of the Undergraduate Teaching Steering Committee for tourism management major of Ministry of Education of the PRC during the period from April 2013 to December 2017, and a member of the Postgraduate Academic Degrees Education Steering Committee for national tourism management major of the Ministry of Education of the PRC, an expert in the review of major projects for 2021 National Social Science Fund of China and an expert in the review of 2021 Chang Jiang Scholars Program for the Ministry of Education of the PRC during the period from January 2011 to December 2021. He served as a member of the Advisory Board for Reform and Development of China Tourism of China National Tourism Administration (now known as Ministry of Culture and Tourism of the PRC) during the period from November 2015 to December 2018, leader of the Economic and Social Benefits Review Expert Group for the first anniversary of the opening of Shanghai Disneyland in 2017 and a member of Shanghai Travel Agency Rating Committee during the period from July 2010 to December 2022.

Mr. He obtained a bachelor's degree in economics from East China Normal University (華東師範大學) in September 1982, a master's degree in economics from Fudan University (復旦大學) in July 1986 and doctorate in economics from Fudan University (復旦大學) in July 2001. Mr. He received a Diploma as an expert in International Tourism from the International Institute of Tourism and Management of Austria and he is a State Council Special Allowance Expert (國務院特殊津貼專家).

SENIOR MANAGEMENT

Mr. Cao Minglong, aged 58, is the president and chief operation officer of the Group and the chairman of Thomas Cook Group. Mr. Cao joined our Group in 2013, and is primarily responsible for the day-to-day operations of the Group and overseeing the construction, operation and development of the tourism destination of the Group. He has over 30 years of working experience in the consulting and auditing, the real estate and tourism industries. Prior to joining our Group, Mr. Cao served as the chief operating officer of China real property division of Singapore Tuan Sing Group. Prior to that, Mr. Cao worked at WBL Properties (China) (Private) Ltd. (formerly known as Weames Development (Private) Ltd. — China property division) where he served as the deputy general manager. Prior to that, he worked as the operation director and deputy managing director in Asia Food and Properties Co., Ltd. China Division, and he also worked for Ernst & Young LLP, Singapore.

Mr. Cao obtained a bachelor's degree in medicine from the Second Military Medical University in July 1989, and obtained a master's degree in business administration from University of Leicester in July 1999.

Mr. Guo Qing, aged 48, is the co-president of the Group and the chairman of Lijiang FOLIDAY Town. Before joining the Group, Mr. Guo has over 22 years of professional experience in real estate development industry in China, including real estate development, asset management and property management. Mr. Guo served several positions within Fosun International and its subsidiaries. Prior to that, Mr. Guo worked for Shui On Management (Shanghai) Co., Ltd. as an executive director and served as a managing director of Shanghai Feng Cheng Property Management Co., Ltd. Mr. Guo graduated from Shanghai Tongji University with a bachelor degree in urban planning.

Due to personal reasons, Mr. Guo resigned all positions in the Group since 30 June 2022.

Mr. Michel Wolfovski, aged 65, is the deputy chief executive officer and the chief financial officer of Club Med. Mr. Wolfovski joined Club Med in March 1998, as chief financial officer. He joined the executive committee of Club Med upon his arrival and then the general management committee of Club Med when it was created at the end of 2001. In 2002, he became a member of the board when Mr. Henri Giscard d'Estaing was appointed chairman of the board of Club Med. In March 2005, he has been appointed as the chief financial officer of Club Med. In addition to his financial functions, Mr. Wolfovski is responsible for procurement and general counsel. In addition, he also supervises Americas (North and South) business of Club Med. Prior to joining Club Med, he is successively served as an auditor at the Lagardère Group, the head of management control and accounting at Matra Manurhin Défense, Vice President financial management at Fairchild Space and Defense Corporation in the U.S., and management finance Director at the Matra Communication group. Before that, Mr. Wolfovski served as an auditor at Ernst & Young. Mr. Wolfovski is the member of the French Institute of Certified Public Accountants. Mr. Wolfovski received his master's degree from Le Havre Business School, France, in July 1982.

Ms. Fang Weijin, aged 38, is the senior vice president and chief human resources officer of the Group. Ms. Fang joined the Group in November 2020. She is primarily responsible for human resource strategic planning, organization design and development, talent recruitment, leadership development and mechanism innovation. Ms. Fang served as the Head of Fosun International Talent Development, senior human resources partner, executive principal of Fosun University, general manager of the staff ecology BD department and on duty CHO of Intelligent Technology Business Group from 2017 to 2020. Prior to joining Fosun International, she was the senior HR business partner of KPMG China from 2007 to 2017, who was responsible for HR management and organisation development. Ms. Fang obtained a bachelor degree of economics from Shanghai University and a bachelor degree of business from University of Technology Sydney in 2007.

Mr. Bao Jiangjun, aged 46, the executive president of the Group and president of the Resort Asset Management Centre, is mainly responsible for the construction and operation of two tourism destinations in Lijiang and Taicang, and product R&D and light asset output of super resort complex. Mr. Bao joined Fosun Group in October 2020 as a partner of Fosun Hive. Prior to joining Fosun Group, Mr. Bao also served as an executive vice president of Songcheng Performance（宋城演藝）, an assistant to the president of Wanda Cultural Tourism Group (萬達文旅集團), and the chairman and CEO of Cedar Cultural Tourism Group (雪松文旅集團). Mr. Bao has been committed to the innovation and upgrading of tourism projects for a long time, and has nearly 30 years of extensive experience in the cultural tourism industry from product planning, cultural tourism project preparation, opening to operation and management. Mr. Bao obtained a bachelor's degree in tourism management from Southwest University in 1997.

COMPANY SECRETARY

Ms. Kam Mei Ha Wendy, aged 55, served as the Company Secretary of the Company in August 2022. Currently, Ms. Kam is an Executive Director of Corporate Services Division of Tricor Services Limited ("Tricor"). Ms. Kam has over 25 years of experience in the corporate service field and is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

Ms. Kam graduated from City Polytechnic of Hong Kong (now known as City University of Hong Kong) with a professional diploma in company secretaryship and administration in November 1990.

The Board is pleased to present its report and the audited financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Group's principal activities are (i) resorts, which we operate through Club Med, Club Med Joyview, Casa Cook and Cook's Club; (ii) tourism destinations, which we develop, operate and manage, including Atlantis Sanya and FOLIDAY Town, as well as destinations we manage for third parties; and (iii) tourism and leisure services and solutions. Please refer to the paragraph headed "Business Overview" in this annual report for details.

BUSINESS REVIEW OF THE GROUP IN 2022

A fair review of the business of the Group during the Reporting Period and a discussion and analysis of the material factors underlying the Group's performance, results and financial position during the Reporting Period are set out in the sections headed "Business Overview" and "Management Discussion and Analysis" in this annual report, respectively. Description of the major risks and uncertainties in relation to the Group have been disclosed in other parts of this annual report, particularly detailed in the "Directors' Report". Particulars of major events affecting the Group that occurred since the end of the Reporting Period, have also been disclosed in the foregoing sections and the notes to the financial statements. The outlook of the Group's business is discussed in other parts of this annual report including the section headed "Letter to Shareholders".

RESULTS AND DIVIDEND

The Group's loss for the Reporting Period and the financial position of the Group for the Reporting Period are set out in the financial statements and the accompanying notes of this annual report. The Board does not recommend the payment of any final dividend for the Reporting Period (the year ended 31 December 2021: nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 May 2023 (Tuesday) to 26 May 2023 (Friday), both days inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the annual general meeting of the Company held on 26 May 2023 (Friday) (the "AGM"), all share transfer documents together with the relevant share certificates and other relevant documents, if any, must be lodged with Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 22 May 2023 (Monday).

SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out in the section headed "Five-Year Statistics" in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 14 to the financial statements.

ISSUED SHARES AND DEBENTURES

Details of movements in the Shares during the Reporting Period are set out in note 36 to the financial statements.

Details of movements in the debentures of the Group during the Reporting Period are set out in note 30 to the financial statements.

SUBSIDIARIES

The names of the principal subsidiaries of the Company, their principal places of operation, their countries of incorporation, their legal entity kind and particulars of their issued share capital are set out in note 1 to the financial statements.

BORROWINGS

Particulars of borrowings of the Group are set out in note 30 to the financial statements.

PURCHASE, REDEMPTION OR SALE 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.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on 29 December 2017 and the shareholders of Fosun International approved the said scheme on 23 February 2018. The following detailed information in relation to the Pre-IPO Share Option Scheme is set out in the circular of Fosun International dated 1 February 2018 (the "2018 Circular") and note 38 to the financial statements. Unless otherwise defined, the capitalised terms set out herein shall have the same meanings as set out in the 2018 Circular. The major terms of the Pre-IPO Share Option Scheme are as follows:

1) The purpose of the Pre-IPO Share Option Scheme is to provide the participants with the opportunity to acquire proprietary interests in the Company and to encourage the participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the Shareholder(s) as a whole.

2) The participants of the Pre-IPO Share Option Scheme include (i) any full-time employee(s) of the Company or of any of its subsidiaries; (ii) directors of the Company or of any of its subsidiaries; and (iii) any person(s) whether or not an employee(s) or officer(s) of the Company or of any of its subsidiaries who the Board, or the duly authorised committee thereof, considers to be able to enhance the operations or value of the Group.

3) The total number of the Shares which may be issued upon exercise of all share options (the "Pre-IPO Option(s)") granted under the Pre-IPO Share Option Scheme shall not exceed 100,000,000 Shares, representing approximately 8.05% of the issued Shares as at 18 April 2023[Note]. 30,738,997 and 13,816,520 Pre-IPO Share Options were granted on 23 February 2018 and 19 November 2018, respectively. No further Pre-IPO Options have or will be granted under the Pre-IPO Share Option Scheme subsequent to the above grant dates. As at 31 December 2022, the number of underlying Shares pursuant to the outstanding Pre-IPO Options (excluding those lapsed/cancelled/expired) amounts to 29,856,894 Shares, representing approximately 2.40% of the issued Shares as at 31 December 2022 and approximately 2.40% of the issued Shares as at 18 April 2023[Note].

Note: Given the Company cannot ensure that the total number of issued shares of the Company between 18 April 2023 (being the Latest Practicable Date ("LPD")) and the publication date of this report remains unchanged, the Group has decided to disclose the information required by Rule 17.09(3) of the Listing Rules based on the LPD instead of the publication date of this report.

4) The total number of the Shares which may be issued and to be issued upon exercise of the Pre-IPO Options granted or to be granted to each participant or grantee (as the case may be) (including both redeemed and outstanding Pre-IPO Options) in any 12-month period shall not exceed 1.0% of the number of the relevant class of the Shares in issue of the Company as of the proposed date of grant; unless any further grant of Pre-IPO Options (including those redeemed, cancelled and outstanding) to the participant or the grantee exceeding the 1.0% limit is made in compliance with the requirements under the Listing Rules (including the prior approval by the shareholders of Fosun International).

5) The exercise period of any Pre-IPO Options granted under the Pre-IPO Share Option Scheme must not be more than ten years commencing on the date of grant.

6) The subscription price for the grant of Pre-IPO Options shall be determined by the Board or the duly authorised committee thereof from time to time. The offer of a grant of Pre-IPO Options may be accepted within 5 business days from the date of offer, upon payment of a nominal consideration of RMB1 (or any other amount as determined by the Board) in total by the grantee.

7) The exercise prices of the 30,738,997 and 13,816,520 Pre-IPO Options granted respectively on 23 February 2018 and 19 November 2018 under the Pre-IPO Share Option Scheme are HK$8.43 per Share and the offer price of the Global Offering of HK$15.60 per Share, respectively. The exercise price of Pre-IPO Options shall be determined solely by the Board, or the duly authorised committee thereof, with reference to a number of factors which may include business performance and value of the Company and individual performance of the relevant grantee. No option may be granted at an exercise price lower than the new issue price (if any) either after the Company resolves to seek a listing or during the period commencing six months before the lodgment of an application of listing with the relevant stock exchange up to the date of listing. In such event, the Board, or the duly authorised committee thereof, shall have the discretion to adjust the exercise price of options granted during such period to not lower than the new issue price (if any). For the avoidance of doubt, no further Pre-IPO Options have or will be granted under the Pre-IPO Share Option Scheme subsequent to the above grant dates.

8) The Board, or the duly authorised committee thereof, shall determine and inform the grantee of the option period, during which a grantee may exercise the Pre-IPO Options in accordance with the terms of the Pre-IPO Share Option Scheme, provided that in no event shall such period be more than ten (10) years from the date of grant. A Pre-IPO Option shall be vested after meeting the vesting period and vesting conditions. The Board, or the duly authorised committee thereof, shall determine and inform the grantee of the option period, and determine other terms and conditions relating to the grant of Pre-IPO Options including (i) any minimum periods for which a Pre-IPO Option must be held; and/or (ii) minimum performance targets or other criteria (including a vesting period) that must be reached before the Pre-IPO Options can be vested/exercised in whole or in part; and/or (iii) such other terms as may be imposed at the discretion of the Board, or the duly authorised committee thereof, either on a case-by-case basis or generally which in the opinion thereof are fair and reasonable but not being inconsistent with the rules and procedures applicable to the Pre-IPO Share Option Scheme or the relevant requirements under applicable laws or the Listing Rules.

9) Subject to the termination provisions under the Pre-IPO Share Option Scheme, under no circumstance shall the life of the Pre-IPO Share Option Scheme be more than 10 years from its adoption date. No further Pre-IPO Options shall be granted from its grant date to the date immediately preceding the date of listing of the Shares on the Stock Exchange, but the provision of the Pre-IPO Share Option Scheme shall remain in full force and effect in all other respects. As of 18 April 2023[Note], the remaining term of the Pre-IPO Share Option Scheme is 4 years and 10 months.

10) Pursuant to the Pre-IPO Share Option Scheme, an offer of the grant of an option made in accordance with the Pre-IPO Share Option Scheme shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted when the duplicate offer letter comprising acceptance of the offer duly signed by the grantee together with a remittance to the Company of RMB1.00 (or any other amount as determined by the Board, or the duly authorized committees thereof) per grant as a consideration for the grant thereof is received by the Company within five Business Days from the date on which the offer letter is delivered to the participant (or such other period as determined by the Board, or the duly authorized committees thereof). Such remittance shall in no circumstances be refundable.

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

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

		Number of the Pre-IPO Options							
Type of grantees/Name of grantee	Date of grant of the Pre-IPO Options	As of 1 January 2022	Granted during the Reporting Period	Exercised during the Reporting Period[4]	Expired/ lapsed/ cancelled during the Reporting Period[7]	As of 31 December 2022	Vesting period of the Pre-IPO Options	Exercise period of the Pre-IPO Options	Exercise price of the Pre-IPO Options per Share (HKD)
Xu Bingbin	23 February 2018	775,125	—	0	0	775,125	23 February 2018 to 27 December 2021[2]	28 December 2018 to 22 February 2028	8.43
	19 November 2018	742,500	—	0	0	742,500	19 November 2018 to 17 November 2022[3]	18 November 2019 to 18 November 2028	15.60
Qian Jiannong	23 February 2018	20,000,000	—	0	0	20,000,000	23 February 2018 to 21 February 2026[1]	22 February 2019 to 22 February 2028	8.43
Other grantees (being other employees of the Group)	23 February 2018	4,276,037	—	994,548	105,600	3,175,889	23 February 2018 to 27 December 2021[2]	28 December 2018 to 22 February 2028	8.43
	19 November 2018	6,448,780	—	0	1,285,400	5,163,380	19 November 2018 to 17 November 2022[3]	18 November 2019 to 18 November 2028	15.60
Total		**32,242,442**	**—**	**994,548**	**1,391,000**	**29,856,894**			

Notes:

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

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

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

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

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

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

4. The weighted average closing price of the shares immediately before the dates on which options were exercised during the Reporting Period was HK$11.29.

5. No share option was granted to the suppliers of goods or services of the Company under the Pre-IPO Share Option Scheme. Save as disclosed above, there is no any other information required to be disclosed pursuant to Rule 17.07 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

6. Except for the vesting period, there is no minimum holding period before the exercise of the Pre-IPO Options.

7. During the Reporting Period, no Pre-IPO Option was canceled/expired.

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

PRE-IPO SHARE OWNERSHIP PLAN AND PRE-IPO FREE SHARE AWARD PLAN

Details of the Pre-IPO Share Ownership Plan and the Pre-IPO Free Share Award Plan are as follows and set out in note 38 to the financial statements in this report.

PRE-IPO SHARE OWNERSHIP PLAN

On 29 December 2017, the Board adopted the Pre-IPO Share Ownership Plan with effect on the same date. The following is a summary of the principal terms of the Pre-IPO Share Ownership Plan:

1) The purpose of the Pre-IPO Share Ownership Plan is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives in the form of share ownership in our Company to selected employees of the Group, Directors, and consultants and to promote the success of our Company's business by offering these individuals an opportunity to acquire a proprietary interest in the success of our Company or to increase this interest, by permitting them to acquire shares of our Company. The Pre-IPO Share Ownership Plan provides for the direct issue and sale of shares.

2) The participants of the Pre-IPO Share Ownership Plan include employees of the Group, Director, or consultant, or trusts or companies established in connection with any employee incentive plan of our Company (including the Pre-IPO Share Ownership Plan) for the benefit of a participant, or, with approval of the Board or a committee appointed by the Board, any special-purpose entity that is set up to hold the shares on behalf of a group of employees.

3) The maximum aggregate number of shares that may be issued under the Pre-IPO Share Ownership Plan shall not exceed 15,000,000 Shares, representing approximately 1.21% of the issued Shares as at 18 April 2023[Note]. The shares may be authorized but unissued or repurchased shares. Our Company, during the term of the Pre-IPO Share Ownership Plan, shall at all time reserve and keep available sufficient shares to satisfy the requirements of share issuance under the Pre-IPO Share Ownership Plan.

4) Subject to the termination provisions under the Plan, the Pre-IPO Share Ownership Plan will be valid and effective for a period of 10 years from the date of its adoption by the Board, being 29 December 2017, unless it is sooner terminated in accordance with certain terms therein. As of 18 April 2023[Note], the remaining term of the Plan is approximately 4 years and 8 months. No amendment, alteration, suspension, or termination of the Pre-IPO Share Ownership Plan shall materially and adversely impair the rights of any participant with respect to an outstanding shares acquired by such participant under the Pre-IPO Share Ownership Plan, unless mutually agreed otherwise between the participant and the administrator, which agreement must be in writing and signed by the participant and our Company.

5) The subscription price under the Pre-IPO Share Ownership Plan is HK$8.05 per share. The participant shall pay such aggregate subscription price in full in cash by wire transfer (or other means agreed to by our Company) to the accounts designated by our Company within two months after the date of the Restricted Share Subscription Agreement. The entire subscription price for shares issued under the Pre-IPO Share Ownership Plan shall be payable in cash or cash equivalents at the time when the shares are subscribed, except as otherwise decided by the administrator and/or specified in the relevant Restricted Share Subscription Agreement.

Note: Given the Company cannot ensure that the total number of issued shares of the Company between 18 April 2023 (being the Latest Practicable Date ("LPD")) and the publication date of this report remains unchanged, the Group has decided to disclose the information required by Rule 17.09(3) of the Listing Rules based on the LPD instead of the publication date of this report.

6) The Pre-IPO Share Ownership Plan shall be administered by the Board or a committee appointed by the Board. Any committee of the Board shall be constituted to comply with relevant applicable law. Pacific Jovial is a platform established for holding the Shares in trust for the plan participants under the Pre-IPO Share Ownership Plan.

7) The vesting of any shares which may be granted pursuant to the Pre-IPO Share Ownership Plan will be in compliance with Rule 10.08 of the Listing Rules. Any shares granted under the Pre-IPO Share Ownership Plan may be owned by the Participants upon completion of the subscription by the Participants without vesting period.

8) 9,098,501 shares were granted to eligible participating employees on 1 January 2018 at the grant price of HK$8.05, including 1,500,000 share units granted to Qian Jiannong, a Director, and 300,000 share units granted to Xu Bingbin, a Director. 645,000 shares were granted to eligible participating employees on 4 July 2018 at the grant price of EUR2.00, including 105,000 share units granted to Henri Giscard d'Estaing, a Director. The subscription price of HK$8.05 is based on the cost per share calculated by the total investment cost and interest of the Group. Some employees entitled to the subscription price of HK$8.05 were granted options with an exercise price of HK$8.43 on 23 February 2018; and employees entitled to the subscription price of EUR2.00 participated in the Pre-IPO Free Share Award Plan on 29 June 2018 prior to participating in the Pre-IPO Share Ownership Plan. In considering the subscription price of the shares granted on 4 July 2018, the Group has determined the subscription price at EUR2.00 by taking into account the rank of the participating employees, the subscription price of the schemes in which they have participated and the number of subscriptions to ensure that their cost is consistent with those of employees enjoying the share scheme with a subscription price of HK$8.05.

PRE-IPO FREE SHARE AWARD PLAN

The Board adopted the Pre-IPO Free Share Award Plan with effect on 29 June 2018. The summary of its principal terms is as follows:

1) The purpose of the Pre-IPO Free Share Award Plan is to provide the participants with the opportunity to purchase proprietary interests in the Shares of the Company and to encourage the participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its shareholders as a whole.

2) The participants of the Pre-IPO Free Share Award Plan include: (i) any full-time employee(s) of the Company or of any of its subsidiaries; and (ii) Directors or directors of any of its subsidiaries; and (iii) any person(s) whether or not an employee(s) or officer(s) of the Company or any of its subsidiaries who the Board, or the duly authorized committee thereof, considers to be able to enhance the operations or value of the Group.

   Subject to the termination provisions under the Pre-IPO Free Share Award Plan and provided that under no circumstance shall the life of the Pre-IPO Free Share Award Plan be more than 10 years from the 29 June 2018, the date on which the Pre-IPO Free Share Award Plan was adopted, the Pre-IPO Free Share Award Plan shall be valid and effective for a period commencing on 29 June 2018 and ending on, whichever is earlier, the date immediately preceding the date of Listing or the date being 76 months after 29 June 2018, after which period no further share units shall be granted but the provisions of the Pre-IPO Free Share Award Plan shall remain in full force and effect in all other respects. As of 18 April 2023[Note], the remaining term of the Pre-IPO Free Share Award Plan is approximately 5 years and 2 months.

3) Subject to the above, in all other respects, in particular, in respect of share units remaining outstanding on the expiration of the period referred to in this paragraph, the provisions of the Pre-IPO Free Share Award Plan shall remain in full force and effect.

Note: Given the Company cannot ensure that the total number of issued shares of the Company between 18 April 2023 (being the Latest Practicable Date ("LPD")) and the publication date of this report remains unchanged, the Group has decided to disclose the information required by Rule 17.09(3) of the Listing Rules based on the LPD instead of the publication date of this report.

4) Subject to the provisions of Pre-IPO Free Share Award Plan, the Shares which may be issued upon vesting of all share units to be granted under the Pre-IPO Free Share Award Plan shall not exceed 5% of the number of the relevant class of Shares in issue on 29 June 2018 (the "Plan Mandate Limit", namely 50,451,925 Shares, representing approximately 4.06% of the issued Shares as at 18 April 2023[Note]). Such maximum number shall include the number of Shares which would be issued upon the vesting of all outstanding share units by the grantees (to the extent not already vested) together with the number of Shares which have already been issued in respect of the Shares vested under the Pre-IPO Free Share Award Plan. Share units lapsed in accordance with the terms of the Pre-IPO Free Share Award Plan shall not be counted for the purpose of calculating the Plan Mandate Limit. Any refreshment or increase of such Plan Mandate Limit shall be made in compliance with the Articles of Association of the Company, the Listing Rules and applicable laws.

5) The share units shall be effectively vested after meeting the vesting period (which shall be of one year at least) and vesting conditions. There are two vesting schedules under the Pre-IPO Free Share Award Plan: (1) share units in respect of an aggregate of 837,757 Shares was automatically vested on 29 June 2019; and (2) share units in respect of an aggregate of 2,667,780 Shares was automatically vested as to 25%, 25%, 25% and 25% on 29 June 2019, 29 June 2020, 29 June 2021 and 29 June 2022, respectively.

The following table discloses movements in the share units under the Pre-IPO Free Share Award Plan during the Reporting Period.

Type of grantees/ Name of grantee	Date of grant of the share units	As of 1 January 2022	Granted during the Reporting Period	Closing price of the securities immediately before the date on which the Pre-IPO Share Ownership plan was granted (HKD)	Vested during the Reporting Period	lapsed/ cancelled during the Reporting Period[(1)]	As of 31 December 2022	Vesting period of the share units	Consideration of share units granted per unit
Henri Giscard d'Estaing	29 June 2018	152,212	—	—	152,212	0	0	29 June 2018 to 28 June 2022	NIL
Other grantees (being other employees of the Group)	29 June 2018	419,855	—	—	351,715	68,140	0	29 June 2018 to 28 June 2022	NIL
Total		**572,067**			**503,927**	**68,140**	**0**		

Note:

(1) During the Reporting Period, no Pre-IPO Free Share Award Plan was canceled/expired.

2019 SHARE OPTION SCHEME

The Company adopted the 2019 Share Option Scheme on 19 August 2019 and the shareholders of Fosun International and the Company approved the said scheme on 30 October 2019 and 27 November 2019, respectively. The following detailed information in relation to the 2019 Share Option Scheme is set out in the circular of the Company dated 7 November 2019 (the "2019 Circular") and note 38 to the financial statements. Unless otherwise defined, the capitalised terms set out herein shall have the same meanings as set out in the 2019 Circular. The major terms of the 2019 Share Option Scheme are as follows:

1) The purpose of the 2019 Share Option Scheme is to enable the Group to grant Post-IPO Options to the eligible participants as incentives or rewards for their contribution to the Group. The Directors believe the 2019 Share Option Scheme will enable the Group to reward the employees, the Directors and other eligible participants for their contributions to the Group.

2) The participants of the 2019 Share Option Scheme include (i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors, where applicable) and employees of any member of the Group; and (ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

3) The maximum number of the Shares which may be issued in respect of which options (the "Post-IPO Option(s)") may be granted under the 2019 Share Option Scheme shall not exceed 5.0% of the Shares in issue on the adoption date of the 2019 Share Option Scheme (representing 61,752,269 Shares), representing approximately 4.97% of the issued Shares as at 18 April 2023[Note], and, when aggregated with the maximum number of Shares which may be issued in respect of any options to be granted under any other share option scheme of the Company shall not exceed 10.0% of the Shares in issue on the adoption date of the 2019 Share Option Scheme. As at 31 December 2022, the number of underlying Shares pursuant to the outstanding Post-IPO Options (excluding those lapsed/cancelled/expired) amounts to 12,808,250 Shares, representing approximately 1.03% of the issued Shares as at 31 December 2022 and approximately 1.03% of the issued Shares as at 18 April 2023[Note].

4) The total number of Shares issued and to be issued upon exercise of the Post-IPO Options granted and to be granted under the 2019 Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1.0% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options to a participant in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular containing the requisite information in accordance with the note to Rule 17.03(4) of the Listing Rules to be sent to the shareholders of Fosun International and the Company prior to respective general meetings with such participant and his close associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before approvals of the shareholders of Fosun International and the Company and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

5) The 2019 Share Option Scheme will remain in force for a period of 10 years commencing on its adoption date. A Post-IPO Option may be exercised in accordance with the terms of the 2019 Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than ten (10) years from the date of grant of the option, and subject to the provisions for early termination under the 2019 Share Option Scheme. As of 18 April 2023[Note], the remaining term of the 2019 Share Option Scheme is approximately 6 years and 7 months.

6) The subscription price per Share under the 2019 Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant in respect of such Post-IPO Option, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant in respect of such Post-IPO Option; and (iii) the nominal value of a Share. The offer of a grant of Post-IPO Options may be accepted within five (5) business days from the date of offer, upon payment of a nominal consideration of RMB1.00 (or any other amount as determined by the Board) in total by the grantee.

7) The Company by ordinary resolution in a general meeting or the Board may at any time terminate the 2019 Share Option Scheme and in such event no further Post-IPO Options shall be offered or granted under the 2019 Share Option Scheme but the provisions of the 2019 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Post-IPO Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the 2019 Share Option Scheme. Post-IPO Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the 2019 Share Option Scheme.

Note: Given the Company cannot ensure that the total number of issued shares of the Company between 18 April 2023 (being the Latest Practicable Date ("LPD")) and the publication date of this report remains unchanged, the Group has decided to disclose the information required by Rule 17.09(3) of the Listing Rules based on the LPD instead of the publication date of this report.

8) An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, which must be received by the Company within five (5) Business Days from the date on which the offer letter is delivered to the grantee. There is no additional amount payable on application or acceptance of the Share Option.

9) For the following details, the conditions that must be met before the Company issues any shares, and the conditions that must be met before a third party may require the Company to issue any shares, please refer to the 2019 Circular.

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

	Number of the Post-IPO Options										
Type of grantees/Name of grantee	Date of grant of the Post-IPO Options	As of 1 January 2022	Granted during the Reporting Period	Closing price of the securities immediately before the date on which the Post-IPO Options were granted (HKD)	Value of the Post-IPO Options granted (RMB)	Exercised during the Reporting Period	Expired/lapsed/cancelled during the Reporting Period[10]	As of 31 December 2022	Vesting period of the Post-IPO Options	Exercise period of the Pre-IPO Options	Exercise price of the Post-IPO Options per Share (HKD)
Xu Xiaoliang	20 August 2021	150,000	—	9.71	—	0	0	150,000	20 August 2021 to 30 June 2025[8]	1 July 2022 to 19 August 2031	9.37
	28 April 2022	—	180,000	10.70	521,600	0	0	180,000	28 April 2022 to 27 April 2026[9]	28 April 2023 to 27 April 2032	10.69
Xu Bingbin	28 August 2020	200,000	—	8.25	—	0	0	200,000	28 August 2020 to 30 June 2024[7]	1 July 2021 to 27 August 2030	8.37
	20 August 2021	320,000	—	9.71	—	0	0	320,000	20 August 2021 to 30 June 2025[8]	1 July 2022 to 19 August 2031	9.37
	28 April 2022	—	260,000	10.70	753,400	0	0	260,000	28 April 2022 to 27 April 2026[9]	28 April 2023 to 27 April 2032	10.69
Choi Yin On	20 August 2021	300,000	—	9.71	—	0	0	300,000	20 August 2021 to 30 June 2025[8]	1 July 2022 to 19 August 2031	9.37
	28 April 2022	—	210,000	10.70	608,500	0	0	210,000	28 April 2022 to 27 April 2026[9]	28 April 2023 to 27 April 2032	10.69
Qian Jiannong	28 August 2020	500,000	—	8.25	—	0	0	500,000	28 August 2020 to 30 June 2024[7]	1 July 2021 to 27 August 2030	8.37
	20 August 2021	500,000	—	9.71	—	0	0	500,000	20 August 2021 to 30 June 2025[8]	1 July 2022 to 19 August 2031	9.37
	28 April 2022	—	500,000	10.70	1,448,900	0	0	500,000	28 April 2022 to 27 April 2026[9]	28 April 2023 to 27 April 2032	10.69
Pan Donghui	20 August 2021	70,000	—	9.71	—	0	0	70,000	20 August 2021 to 30 June 2025[8]	1 July 2022 to 19 August 2031	9.37
	28 April 2022	—	70,000	10.70	202,800	0	0	70,000	28 April 2022 to 27 April 2026[9]	28 April 2023 to 27 April 2032	10.69
Other grantees (being other employees of the Group)	28 August 2020	2,936,500	—	8.25	—	277,500	738,500	1,920,500	28 August 2020 to 30 June 2024[7]	1 July 2021 to 27 August 2030	8.37
	20 August 2021	4,813,000	—	9.71	—	124,750	972,500	3,715,750	20 August 2021 to 30 June 2025[8]	1 July 2022 to 19 August 2031	9.37
	28 April 2022	—	4,434,000	10.70	12,848,800	0	522,000	3,912,000	28 April 2022 to 27 April 2026[9]	28 April 2023 to 27 April 2032	10.69
Total		**9,789,500**	**5,654,000**			**402,250**	**2,233,000**	**12,808,250**			

Notes:

1. For details of the cancellation of certain options and share units granted on 25 August 2020, please see the Company's announcement dated 28 August 2020.

2. On 28 April 2022, the Board granted 5,654,000 share options to certain eligible participants of the 2019 Share Option Scheme who are non-executive Directors or employees of the Group. For details, please see the Company's announcement dated 28 April 2022.

3. No share option was granted to the suppliers of goods or services of the Company under the 2019 Share Option Scheme. Save as disclosed above, there is no any other information required to be disclosed pursuant to Rule 17.07 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

4. Except for the vesting period, there is no minimum holding period before exercise of the post-IPO Option.

5. The weighted average closing price of the shares immediately before the dates on which shares options were exercised during the Reporting Period was HK$10.88.

6. The total fair value of the options granted during the Reporting Period was RMB16,384,000. The value of post-IPO Options granted was estimated based on the fair value of the options at the date of grant according to the terms and conditions to grant the share options by using the binomial tree model, and the factors such as risk-free interest rate, share price, volatility rate, expected life of options and dividends were also considered. The fair value of options are subject to a number of assumptions and limitations that may be subjective and uncertain. Please see Note 38 to the financial statements: Share Option Scheme for how the various factors were being determined.

7. The post-IPO Option, being granted to the such grantee(s) on 28 August 2020 shall be vested according to the following schedule:

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

8. The post-IPO Option, being granted to the such grantee(s) on 20 August 2021 shall be vested according to the following schedule:

Percentage of post－IPO Option to be vested	Vesting Date
25%	1 July 2022
25%	1 July 2023
25%	1 July 2024
25%	1 July 2025

9. The post-IPO Option, being granted to the such grantee(s) on 28 April 2022, shall be vested according to the following schedule:

Percentage of post-IPO Option to be vested	Vesting Date
25%	28 April 2023
25%	28 April 2024
25%	28 April 2025
25%	28 April 2026

10. During the Reporting Period, no Post-IPO Option was cancelled/expired.

11. Performance targets for options granted: Such performance targets, as set out in separate letters of grant, include financial targets and management targets, which are determined based on (i) individual results, (ii) results of the Group, (iii) results of the business group, business unit, business line, functional department, and project results managed by option grantee. According to the Company's performance management regulations, share units may only be vested by option grantees if their performance for the previous year of the vesting period is assessed as"meeting the expectations"and above.

2019 SHARE AWARD PLAN

On 19 August 2019, the Board adopted the 2019 Share Award Plan with effect on the same date. The following is a summary of the principal terms and conditions of the 2019 Share Award Plan (the "Plan"):

1) The purpose of the Plan is to provide the participants with the opportunity to receive proprietary interests in the Shares and to encourage the participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its shareholders as a whole.

2) The participants of the Plan include: (i) any full-time employee(s) of the Company or of any of its subsidiaries; (ii) Directors or directors of any of its subsidiaries; and (iii) any person(s) whether or not an employee(s) or officer(s) of the Company or any of its subsidiaries who the Board, or the duly authorized committee thereof, considers to be able to enhance the operations or value of the Group.

3) Subject to the provisions of the Plan, the Shares which may be issued upon vesting of all share units to be granted under the Plan shall not exceed 2.5% of the number of the relevant class of Shares in issue on the adoption date of the Plan (the "Plan Mandate Limit"). Such maximum number shall include the number of Shares which would be issued upon the vesting of all outstanding share units by the grantees (to the extent not already vested) together with the number of Shares which have already been issued in respect of the Shares vested under the Plan. Share units lapsed in accordance with the terms of the Plan shall not be counted for the purpose of calculating the Plan Mandate Limit. Any refreshment or increase of such Plan Mandate Limit shall be made in compliance with the Articles of Association, the Listing Rules and applicable laws. The total number of Shares to be issued under the Plan is 30,875,234, representing approximately 2.49% of the issued Shares as at 18 April 2023[Note].

4) Subject to the termination provisions under the Plan, the Plan shall be valid and effective for a period of 10 years commencing on the adoption date of the Plan, and as of 18 April 2023[Note], the remaining term of the Plan is approximately 6 years and 4 months, after which period no further share units shall be granted but the provisions of the Plan shall remain in full force and effect in all other respects. Subject to the above, in all other respects, in particular, in respect of share units remaining outstanding on the expiration of the period referred to in this paragraph, the provisions of the Plan shall remain in full force and effect.

5) Subject to the Listing Rules, the maximum entitlement may be granted to each participant in the Plan represents the Plan Mandate Limit.

6) According to the terms of the Plan, The share units shall be effectively vested after meeting the vesting period (which shall be of one year at least) and vesting conditions.

7) The Plan provides that the participants as offeree may accept the offer within five (5) business days from the date of receipt of the offer letter (or such other period as determined by the Board or a duly authorized committee of the Board in its sole discretion). The Plan does not specify the amount to be paid.

Note: Given the Company cannot ensure that the total number of issued shares of the Company between 18 April 2023 (being the Latest Practicable Date ("LPD")) and the publication date of this report remains unchanged, the Group has decided to disclose the information required by Rule 17.09(3) of the Listing Rules based on the LPD instead of the publication date of this report.

The following table discloses movements in the share units under the 2019 Share Award Plan during the Reporting Period.

Type of grantees/Name of grantee	Date of grant of the share units	As of 1 January 2022	Granted during the Reporting Period	Closing price of the securities immediately before the date on which the 2019 share award plan was granted (HKD)	Value of the share units after granting the 2019 share award plan (RMB)	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period[11]	As of 31 December 2022	Vesting period of the share units	Consideration of share units granted per unit (HKD)
Xu Xiaoliang	20 August 2021	100,000	—	9.71	—	33,000	0	67,000	20 August 2021 to 30 June 2024[4]	Nil
	28 April 2022	—	120,000	10.7	1,051,857	0	0	120,000	28 April 2022 to 27 April 2025[5]	Nil
Henri Giscard d'Estaing	28 August 2020	205,400	—	8.25	—	81,267	0	124,133	28 August 2020 to 28 August 2024[3]	Nil
	20 August 2021	190,000	—	9.71	—	62,700	0	127,300	20 August 2021 to 2 September 2024[4]	Nil
	28 April 2022	—	190,000	10.7	1,665,440	0	0	190,000	28 April 2022 to 9 May 2025[5]	Nil
Xu Bingbin	20 August 2021	180,000	—	9.71	—	59,400	0	120,600	20 August 2021 to 30 June 2024[4]	Nil
	28 April 2022	—	120,000	10.7	1,051,857	0	0	120,000	28 April 2022 to 27 April 2025[5]	Nil
Choi Yin On	20 August 2021	100,000	—	9.71	—	33,000	0	67,000	20 August 2021 to 30 June 2024[4]	Nil
	28 April 2022	—	100,000	10.7	876,547	0	0	100,000	28 April 2022 to 27 April 2025[5]	Nil
Qian Jiannong	28 August 2020	167,500	—	8.25	—	82,500	0	85,000	28 August 2020 to 30 June 2023[3]	Nil
	20 August 2021	250,000	—	9.71	—	82,500	0	167,500	20 August 2021 to 30 June 2024[4]	Nil
	28 April 2022	—	250,000	10.7	2,191,368	0	0	250,000	28 April 2022 to 27 April 2025[5]	Nil
Pan Donghui	20 August 2021	50,000	—	9.71	—	16,500	0	33,500	20 August 2021 to 30 June 2024[4]	Nil
	28 April 2022	—	50,000	10.7	438,274	0	0	50,000	28 April 2022 to 27 April 2025[5]	Nil
Other grantees (being other employees of the Group)	28 August 2020	1,179,441	—	8.25	—	420,081	158,926	600,434	28 August 2020 to 30 June 2024 or 28 August 2020 to 28 August 2024[3]	Nil
	20 August 2021	2,276,000	—	9.71	—	648,150	248,000	1,379,850	20 August 2021 to 30 June 2024 or 20 August 2021 to 2 September 2024 or 20 August 2021 to 2 September 2025[4]	Nil
	28 April 2022	—	2,253,000	10.7	19,748,607	0	149,000	2,104,000	28 April 2023 to 27 April 2025 or 28 April 2023 to 9 May 2026 or 28 April 2023 to 9 May 2025[5]	Nil
Total		**4,698,341**	**3,083,000**			**1,519,098**	**555,926**	**5,706,317**		

Notes:

1. For details of the cancellation of certain share options and share units granted on 25 August 2020, please see the Company's announcement dated 28 August 2020.

2. On 28 April 2022, the Board granted 3,083,000 share units to certain eligible participants of the 2019 Share Option Scheme who are certain directors or employees of the Group. For details, please see the Company's announcement dated 28 April 2022.

3. The share units, being granted to Mr. Qian Jiannong on 28 August 2020 shall be vested according to the following schedule:

Percentage of share units to be vested	Vesting Date
33%	1 July 2021
33%	1 July 2022
34%	1 July 2023

The share units, being granted to Mr. Henri Giscard d'Estaing on 28 August 2020 shall be vested according to the following schedule:

Percentage of share units to be vested	Vesting Date
28.3%	29 August 2021
28.3%	29 August 2022
28.8%	29 August 2023
14.6%	29 August 2024

The share units, being granted to such other grantees on 28 August 2020 shall be vested according to the following three schedules:

(1) Percentage of share units to be vested	Vesting Date
28.2%	29 August 2021
28.2%	29 August 2022
28.5%	29 August 2023
15.1%	29 August 2024

(2) Percentage of share units to be vested	Vesting Date
33.0%	1 July 2021
33.0%	1 July 2022
34.0%	1 July 2023

(3) Percentage of share units to be vested	Vesting Date
25.0%	29 August 2021
25.0%	29 August 2022
25.0%	29 August 2023
25.0%	29 August 2024

4. The share units, being granted to Mr. Xu Xiaoliang, Mr. Xu Bingbin, Mr. Choi Yin On, Mr. Qian Jiannong and Mr. Pan Donghui on 20 August 2021 shall be vested according to the following schedule:

Percentage of share units to be vested	Vesting Date
33.0%	1 July 2022
33.0%	1 July 2023
34.0%	1 July 2024

The share units, being granted to Mr. Henri Giscard d'Estaing on 20 August 2021 shall be vested according to the following schedule:

Percentage of share units to be vested	Vesting Date
33.0%	3 September 2022
33.0%	3 September 2023
34.0%	3 September 2024

The share units, being granted to the such other grantee(s) on 20 August 2021 shall be vested according to the following three kinds of schedule:

(1) Percentage of share units to be vested	Vesting Date
25.0%	3 September 2022
25.0%	3 September 2023
25.0%	3 September 2024
25.0%	3 September 2025

(2) Percentage of share units to be vested	Vesting Date
33.0%	1 July 2022
33.0%	1 July 2023
34.0%	1 July 2024

(3) Percentage of share units to be vested	Vesting Date
33.0%	3 September 2022
33.0%	3 September 2023
34.0%	3 September 2024

5. The share units, being granted to Mr. Xu Xiaoliang, Mr. Xu Bingbin, Mr. Choi Yin On, Mr. Qian Jiannong and Mr. Pan Donghui on 28 April 2022, shall be vested according to the following schedule:

Percentage of share units to be vested	Vesting Date
33%	28 April 2023
33%	28 April 2024
34%	28 April 2025

The share units, being granted to Mr. Henri Giscard d'Estaing on 28 April 2022, shall be vested according to the following schedule:

Percentage of share units to be vested	Vesting Date
33%	10 May 2023
33%	10 May 2024
34%	10 May 2025

The share units, being granted to the such other grantee(s) on 28 April 2022, shall be vested according to the following three kinds of schedule:

(1) Percentage of share units to be vested	Vesting Date
33%	28 April 2023
33%	28 April 2024
34%	28 April 2025

(2) Percentage of share units to be vested	Vesting Date
33.0%	10 May 2023
33.0%	10 May 2024
34.0%	10 May 2025

(3) Percentage of share units to be vested	Vesting Date
25.0%	10 May 2023
25.0%	10 May 2024
25.0%	10 May 2025
25.0%	10 May 2026

6. The weighted average closing price of the shares immediately before the dates on which share units were vested during the Reporting Period was HK$12.13.

7. No participant was granted in excess of the individual limit during the Reporting Period.

8. For French participants or participants of a French subsidiary, the vesting period plus holding period is at least 2 years. For other participants, except for the vesting period, there is no minimum holding period before the exercise of the share units.

9. Performance targets for options granted: Such performance targets, as set out in separate letters of grant, include financial targets and management targets, which are determined based on (i) individual results, (ii) results of the Group, (iii) results of the business group, business unit, business line, functional department, and project results managed by option grantee. According to the Company's performance management regulations, share units may only be vested by option grantees if their performance for the previous year of the vesting period is assessed as"meeting the expectations"and above.

10. The fair value of Shares granted during the year ended 31 December 2022 is determined according to the closing price on the date of grant. Please also refer to note 2.4 to the financial statements for relevant accounting policies.

11. During the Reporting Period, no share unit under the 2019 Share Option Scheme was canceled/expired.

As of 1 January 2022 and 31 December 2022, the number of options, awards and share units that may be granted under all share schemes of the Company are 194,306,695 and 189,749,621 respectively.

The number of shares to be issued pursuant to the options and awards granted under all share schemes of the Company during the Reporting Period divided by the weighted average number of shares issued during the Reporting Period is 0.006.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the Consolidated Statement of Changes in Equity of this annual report and details of movements in the reserves of the Company during the Reporting Period are set out in note 37 to the financial statements.

As at 31 December 2022, the Company's reserves available for distribution amounted to RMB2,458 million.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Group's five largest suppliers contributed less than 30% of the total purchases and the Group's five largest customers contributed less than 30% of the total sales.

During the Reporting Period, none of the Directors or any of their close associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued shares) had any beneficial interests in the Group's five largest customers or suppliers.

DIRECTORS

During the Reporting Period and up to 24 March 2023, the Directors were:

Executive Directors

Mr. Xu Xiaoliang *(Chairman)*[1]
Mr. Henri Giscard d'Estaing *(Vice Chairman and co-Chief Executive Officer)*[2]
Mr. Xu Bingbin *(co-President and Chief Executive Officer of Club Med China)*[2]
Mr. Choi Yin On *(Vice President and Chief Financial Officer)*

Non-executive Directors

Mr. Qian Jiannong[1]
Mr. Pan Donghui
Mr. Huang Zhen[3]

Independent Non-executive Directors

Dr. Allan Zeman
Mr. Guo Yongqing
Ms. Katherine Rong Xin
Mr. He Jianmin[(3)]

Notes:

(1) Mr. Xu Xiaoliang was re-designated as an executive Director with effect from 7 November 2022. Mr. Qian Jiannong has been appointed as the honorary chairman of the Board for life and was re-designated as a non-executive Director with effect from 7 November 2022.

(2) Mr. Henri Giscard d'Estaing has been appointed as the co-chief executive officer and Mr. Xu Bingbin has been appointed as the co-president with effect from 7 November 2022.

(3) On 19 December 2022, Mr. Huang Zhen has been appointed as a non-executive Director and Mr. He Jianmin has been appointed as an independent non-executive Director.

According to Article 109 of the Articles, Mr. Henri Giscard d'Estaing, Mr. Xu Bingbin and Mr. Guo Yongqing shall retire by rotation at the AGM. According to Article 113 of the Articles, Mr. Qian Jiannong, Mr. Xu Xiaoliang, Mr. Huang Zhen and Mr. He Jianmin, being additional members of the Board, shall hold office only until the next general meeting of the Company. All of the above seven Directors, being eligible, will offer themselves for re-election at the same meeting.

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

CHANGES IN DIRECTORS' INFORMATION

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

Change in the significant positions held within the Group

Name of Director	Date of Change	Original Position	Current Position
Xu Xiaoliang	7 November 2022	Non-executive Director	Executive Director and Chairman, chairman of the nomination committee and chairman of the strategy committee
Henri Giscard d'Estaing	7 November 2022	Vice Chairman	Vice Chairman and co-Chief Executive Officer
Xu Bingbin	7 November 2022	President	Co-President
Qian Jiannong	7 November 2022	Executive Director and Chairman	Non-executive Director and honorary chairman of the Board for life

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

DIRECTORS' SERVICE CONTRACTS

Mr. Xu Xiaoliang, as an executive Director, and Mr. Qian Jiannong, as a non-executive Director have entered into service contracts with the Company on 7 November 2022 for an initial term of three years from the date of entering into the engagement. Mr. Huang Zhen, as a non-executive Director and Mr. He Jianmin, as an independent non-executive Director, have entered into letters of appointment with the Company on 19 December 2022 for an initial term of three years from the date of entering into the engagement. The service contracts or letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

DIRECTORS AND SENIOR MANAGEMENT REMUNERATION

The Remuneration Committee considers and recommends to the Board the remuneration and other benefits payable by the Company to the Directors. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate. References to the remuneration standards of the industry as well as the business development of the Company are made to ensure the level of remuneration should be sufficient to attract and retain the Directors, and the Company should avoid paying more than necessary for this purpose.

Details of the Directors remuneration are set out in note 9 to the financial statements.

The remuneration of senior management of the Company by band (including share-based payment) for the Reporting Period is set out below:

	Number of senior management
RMB0 to RMB1,000,000	1
RMB1,000,001 to RMB2,000,000	1
RMB2,000,001 to RMB4,000,000	1
RMB4,000,001 to RMB6,000,000	1
RMB6,000,001 to RMB8,000,000	—
RMB8,000,001 to RMB10,000,000	1
RMB10,000,001 to RMB12,000,000	—
	5

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of 31 December 2022, none of the Directors nor their respective associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

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

As of 31 December 2022, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

a) Interests in the Shares

Name of Director/ Chief executive	Nature of interests	Number of Shares/ underlying Shares interested	Approximate percentage in relevant class of Shares
Xu Xiaoliang	Beneficial owner	552,328	0.04%
Henri Giscard d'Estaing	Beneficial owner	1,516,897	0.12%
Xu Bingbin	Beneficial owner	2,917,625	0.24%
Choi Yin On	Beneficial owner	710,000	0.06%
Qian Jiannong	Beneficial owner	23,850,804	1.92%
Pan Donghui	Beneficial owner	240,000	0.02%
Huang Zhen	Beneficial owner	58,000	0.01%

b) Interests in associated corporation

Name of Director/ Chief executive	Name of associated corporation	Nature of interests	Number of shares/ underlying shares interested	Approximate percentage in relevant class of shares
Xu Xiaoliang	Fosun International	Beneficial owner	23,402,000	0.28%(1)
Henri Giscard d'Estaing	Fosun International	Beneficial owner	2,580,000	0.03%(1)
	Club Med Holding	Beneficial owner	375,000(2)	0.20%
Xu Bingbin	Fosun International	Beneficial owner	18,663	0.00%(1)
Qian Jiannong	Fosun International	Beneficial owner	9,335,000	0.11%(1)
Pan Donghui	Fosun International	Beneficial owner	12,759,100	0.16%(1)
Huang Zhen	Fosun International	Beneficial owner	1,565,200	0.02%(1)
	Fosun Pharma	Beneficial owner(3)	45,500	0.00%
	Yuyuan	Beneficial owner(3)	1,301,000	0.03%

Notes:

(1) The calculation is based on the total number of 8,220,210,124 shares of Fosun International in issue as of the end of the Reporting Period.

(2) Including 257,813 ordinary shares of Club Med Holding and 117,187 preferred share C of Club Med Holding.

(3) The classes of shares held by Huang Zhen in Fosun Pharma and Yuyuan are both A shares (A shares refer to the equity securities listed on the Shanghai Stock Exchange).

c) Interests in debentures of associated corporations (within the meaning of Part XV of the SFO) of the Company

Name	Name of associated corporation	Type of interests	Amount of debenture (in USD)
Xu Xiaoliang	Fortune Star (BVI) Limited	Individual	6,356,437
Pan Donghui	Fortune Star (BVI) Limited	Individual	739,120
Huang Zhen	Fortune Star (BVI) Limited	Individual	739,121

Note: The type of shares held by Xu Xiaoliang, Pan Donghui and Huang Zhen in Fortune Star are debentures.

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

As of 31 December 2022, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholder	Nature of interests	Number of Shares/ underlying Shares interested	Approximate percentage in relevant class of Shares
Fosun International	Beneficial owner	968,634,002	78.02%
FHL[(1)]	Beneficial owner	15,389,930	1.24%
	Interest in controlled corporation	968,634,002	78.02%
FIHL[(2)]	Interest in controlled corporation	984,023,932	79.26%
Guo Guangchang[(3)]	Interest in controlled corporation	984,023,932	79.26%
Cho Jung-ho[(4)]	Interest in controlled corporation	81,542,487	6.57%
Meritz Financial Group Inc.[(4)]	Interest in controlled corporation	81,542,487	6.57%
Meritz Securities Co., Ltd.[(4)]	Beneficial owner	81,542,487	6.57%

Notes:

(1) FHL holds approximately 73.53% equity interest in Fosun International, and is therefore deemed to be interested in the Shares directly held by Fosun International.

(2) FIHL holds 100% equity interest in FHL, and is therefore deemed to be interested in the Shares which FHL is interested in.

(3) Mr. Guo Guangchang holds 85.29% equity interest in FIHL, and is therefore deemed to be interested in the Shares which FIHL is interested in.

(4) Meritz Securities Co., Ltd. is a company incorporated in South Korea. Meritz Financial Group Inc., its controlling shareholder, owns 49.77% of its equity interest. Meritz Financial Group Inc. is a company incorporated in South Korea and listed on the Korea Exchange. Mr. Cho Jung-ho holds 6.57% equity interest in Meritz Securities Co., Ltd., and is therefore deemed to be interested in the Shares which Meritz Securities Co., Ltd. is interested in.

Save as disclosed above, so far as was known to the Directors, as of 31 December 2022, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance were entered into between the Company or any of its subsidiaries and any Controlling Shareholders or any of its subsidiaries during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as of the date of this annual report, the Company has maintained sufficient public float in compliance with the minimum requirement of the Listing Rules and the relevant exemption granted by the Stock Exchange upon the Company's listing.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

During the Reporting Period, the Company entered into the following transactions:

1) Provision of Operation and Management Services and Marketing and Reservation Services to the Properties of the Fosun International Group

On 24 November 2021, the Company entered into the Framework Agreement (the "Framework Agreement") with Fosun International, pursuant to which the Group shall provide operation and management services and marketing and reservation services to the Properties of the Fosun International Group. During the Reporting Period, the annual caps for the property operation and management services and marketing and reservation services were RMB23.4 million and RMB199.6 million respectively, and the actual transaction amounts during the Reporting Period were approximately RMB2.5 million and RMB38.5 million respectively.

The scope of services and annual caps of the Framework Agreement cover, during its effective period, the Resort Management Services and Sales and Marketing Services Agreement (the "Tomamu Agreement") covering Club Med Tomamu Resort entered into between a subsidiary of Club Med (a subsidiary of the Group) and Hoshino Resort Tomamu Corporation (an associate of Fosun International, "Hoshino Tomamu"), and details of services are as follows:

On 20 June 2016, SCM Corporation (a subsidiary of Club Med) entered into a management agreement covering Club Med Tomamu Resort with Hoshino Resort Tomamu Corporation (an associate of Fosun International, "Hoshino Tomamu"), as amended on 8 December 2017 (collectively, the "Tomamu Resort Management Agreement"), pursuant to which SCM Corporation, as the manager, agreed to provide management service for the Club Med Tomamu Resort. On 16 May 2017, Hoshino Tomamu, SCM Corporation and CMJ Management Corporation (a subsidiary of Club Med) entered into an assignment agreement pursuant to which SCM Corporation assigned all of its rights and obligations and contractual status under the Tomamu Resort Management Agreement to CMJ Management Corporation. Under the Tomamu Resort Management Agreement, Hoshino Tomamu was granted until the termination of such agreement a non-exclusive, non-assignable and non-transferrable license to use Club Med's names and trademarks as necessary for the resort's operation and promotion. On 20 June 2016, Club Med entered into a sales and marketing agreement with Hoshino Tomamu covering the same resort, as amended on 20 June 2016 (collectively, the "Tomamu Resort Sales and Marketing Agreement"), pursuant to which Club Med agreed to act as the exclusive and sole agent to promote, sell and market the Club Med Tomamu Resort as a Club Med product in accordance with the Club Med system. Each of the Tomamu Resort Management Agreement and the Tomamu Resort Sales and Marketing Agreement has a term of ten years commencing from 1 December 2017, being the soft opening date of Club Med Tomamu Resort. Under Club Med's management contract operating model, being Club Med usually enters into a long-term management and sales and marketing agreement to ensure business stability and continuity because it is not in the interest of both the resort owner and resort manager to frequently change the resort managers or to enter into short-term management agreements which could result in disruptions to operations. It also takes time to find new places and properties that are suitable to be managed and marketed under the Club Med brand. As such, a longer duration gives Club Med longer term visibility on its costs of operations and allows Club Med to share the future growth of the resort and boost its revenue. Therefore, our Directors are of the view that entering into the Tomamu Resort Management Agreement and the Tomamu Resort Sales and Marketing Agreement for a period of more than three years is in line with normal business practice and is in the interests of the Company and the Shareholders as a whole. For further details on the Tomamu Resort Management Agreement and the Tomamu Resort Sales and Marketing Agreement, please refer to the Prospectus.

As the Tomamu Resort Management Agreement and the Tomamu Resort Sales and Marketing Agreement were both entered into by the Group with Hoshino Tomamu in respect of the management of Club Med Tomamu Resort, such continuing connected transactions thereunder have been aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of these transactions, on an annual basis, exceeds 0.1% but less than 5%, and they are on normal commercial terms or better, the transactions are subject to the reporting, annual review and announcement requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

2) Purchase of Steelwork Materials

On 21 April 2020, the Company (for itself and on behalf of the Group) entered into the steelwork material purchase framework agreement (the "Steelwork Material Purchase Framework Agreement") with Jiangsu NISCO's "Ready Rolled Steel" Trading Co., Ltd. (an associate of Fosun International, "Nangang Trading"), pursuant to which the Group shall purchase, and Nangang Trading shall sell, steelwork materials for the construction of the Taicang project. The Steelwork Material Purchase Framework Agreement is for a term commencing from the date of the Steelwork Material Purchase Framework Agreement to 31 December 2022. The annual cap for the estimated considerations payable by the Group to Nangang Trading for the Reporting Period is RMB10.0 million, while the actual amount of the considerations payable for Reporting Period is approximately RMB0 million. For details of the transaction, please refer to the announcement of the Company dated 21 April 2020.

As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of these transactions, on an annual basis, exceeds 0.1% but less than 5%, and they are on normal commercial terms or better, the transactions are subject to the reporting, annual review and announcement requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

3) Sales Agency Agreement

On 31 July 2020, Taicang Tourism Subsidiaries (being subsidiaries of the Company) and 上海策源房地產經紀有限公司 (Shanghai Resource Real Estate Brokerage Co., Ltd*) (an associate of Fosun International, "Shanghai Resource") entered into the sales agency agreement (the "Sales Agency Agreement"), pursuant to which Taicang Tourism Subsidiaries agreed to entrust Shanghai Resource to conduct marketing plan and be the non-exclusive on-site sales agent for the Taicang FOLIDAY Town Project for a term of three years, from 1 January 2020 to 31 December 2022. On 22 November 2022, Taicang Tourism Subsidiaries (being subsidiaries of the Company) and Shanghai Resource entered into a supplemental agreement ("Supplemental Agreement") to the Sales Agency Agreement to revise the terms of the pricing policies of the Sales Agency Agreement and to revise the annual cap for the transactions contemplated for the financial year ending 31 December 2022. Please refer to the announcement of the Company dated 23 November 2022 for details. The annual cap for the estimated sales agency commission payable by the Group to Shanghai Resource for the Reporting Period is RMB14.88 million, while the actual amount of the considerations payable for Reporting Period is approximately RMB5.3 million. For details of the transaction, please refer to the announcement of the Company dated 31 July 2020 and 23 November 2022.

As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of these transactions, on an annual basis, exceeds 0.1% but less than 5%, and they are on normal commercial terms or better, the transactions are subject to the reporting, annual review and announcement requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

4) Travel Services and Technical Consulting Services

On 2 August 2022, the Group entered into the Framework Agreement (the "Framework Agreement") with Fosun International, pursuant to which the Group shall provide Technical Consulting Services and Travel Services to Fosun International Group. Please refer to the announcement of the Company dated 2 August 2022 for details. During the Reporting Period, the annual caps for Technical Consulting Services and Travel Services were RMB11.50 million and RMB30.56 million, respectively, and the actual transaction amounts during the Reporting Period were approximately RMB0.4 million and RMB12.6 million, respectively.

As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of these transactions, on an annual basis, exceeds 0.1% but less than 5%, and they are on normal commercial terms or better, the transactions are subject to the reporting, annual review and announcement requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

5) Provision of Loan Guaranteed by the Controlling Shareholder

On 8 December 2022, Club Med, a non-wholly owned subsidiary of the Company (as the lender), entered into the Loan Agreement with New KRH Co., Ltd. (as the borrower, a subsidiary with 100% interests controlled by Fosun International), pursuant to which Club Med agreed to provide a loan to the Borrower in the principal amount of EUR10 million (approximately HKD82,169,000) from the date of the Loan Agreement to 9 June 2025. The principal amount of the loan is EUR10 million (approximately HKD82,169,000) with an annual interest rate of 5.59%. The Purpose of the Loan is: The Borrower shall apply all amounts of the Loan exclusively towards the financing of (i) the construction costs related to the renovation of Kiroro Peak resort, (ii) the acquisition costs of the small operating equipment, (iii) the pre-opening budget and (iv) working capital, in order to deliver and open Kiroro Peak resort compliant with the Club Med concept and system and allow its commercialization by Club Med, acting as marketer, appointed by the Borrower.

On 7 December 2022, Fosun International (as the guarantor) and Club Med (as the beneficiary) entered into the Guarantee Agreement, pursuant to which Fosun International irrevocably and unconditionally guarantees Club Med the punctual performance by the Borrower of its payment obligations under the Loan Agreement, and is jointly and severally liable with Club Med for such obligations up to a maximum amount of EUR11,500,000 (approximately HKD94,494,350). The period of the guarantee commencing from the date of the Loan Agreement (included) and ending on the date (included) on which (i) Thirty days following the termination of the Loan Agreement if there is no valid claim by Club Med against Fosun International under the Guarantee Agreement remains outstanding and/or unpaid and Club Med has provided written notification to Fosun International; or (ii) Club Med notifies Fosun International in writing that Fosun International has been released from the Guarantee Agreement.

To strengthen its mountain leadership strategy in APAC with a project of two new ski resorts in Kiroro, Japan, thus creating synergies with the existing ski resorts Club Med Tomamu and Club Med Sahoro, Club Med signed agreements to manage Kiroro Project. In order to ensure prompt opening in December 2022 of Club Med Kiroro Peak resort in a very challenging background for construction industry, Club Med accepted to support the Kiroro Project by providing the Loan to the operator of Club Med Kiroro.

Club Med is a subsidiary of the Company and the Borrower is a subsidiary of Fosun International which is the controlling shareholder of the Company. Therefore, the transaction contemplated under the Loan Agreement and the Guarantee Agreement constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. For details of the above connected transactions, please refer to the announcement of the Company dated 13 December 2022. Unless the context otherwise requires, capitalised terms used in this paragraph shall have the same meanings as those defined in the announcement.

6) Decoration and Design Services

On 4 November 2022, Yue'ou (Taicang) Tourism Culture Development Co., Ltd. ("Yue Ou", as the principal), a wholly owned subsidiary of the Company, entered into the Decoration Agreement with Hangzhou Yueying Decoration Engineering Co., Ltd. ("Hangzhou Yueying", as the contractor), pursuant to which Hangzhou Yueying will provide fine decoration services in relation to Property A owned by Yue Ou. The term of the contract is from 30 September 2022 to 23 February 2023, and the total consideration shall not exceed RMB18,700,000 (including the contract amount of RMB13,656,832.06 and the settlement amount of the project order (if any)).

On 19 July 2022, Yuezhou (Taicang) Tourism Culture Development Co., Ltd. ("Yuezhou", as the principal), another wholly owned subsidiary of the Company, entered into the Design Agreement with Shanghai Fuchuang Architectural Planning and Design Co., Ltd. ("Shanghai Fuchuang", as the designer), pursuant to which Shanghai Fuchuang shall provide architectural scheme design services in relation to Property B owned by Yue Zhou. The term of the contract is from 25 July 2022 to 23 October 2022, subject to an extension up to 4 months to 23 February 2023 as agreed by Yue Zhou, and the total consideration is RMB2,245,200.

Each of Hangzhou Yueying and Shanghai Fuchuang is a member of Fosun International Group, which will be more familiar with the concept, idea, spirit and practice of Taicang Foliday Town compared to other third party companies. The Group expects that Hangzhou Yueying and Shanghai Fuchuang are able to meet the Group's overall requirements for project quality, project progress and cost control, and thereby create synergetic effect.

Each of Shanghai Fuchuang and Hangzhou Yueying is a non-wholly owned subsidiary of Fosun International which is the controlling shareholder of the Company. Therefore, the transactions contemplated under the Decoration Agreement and the Design Agreement constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. For the purpose of Rules 14A.81 and 14A.82 of the Listing Rules, the transactions under the Decoration Agreement and Design Agreement have been aggregated. For details of the above connected transactions, please refer to the announcement of the Company dated 4 November 2022. Unless the context otherwise requires, capitalised terms used in this paragraph shall have the same meanings as those defined in the announcement.

The Company hereby confirms that, save as disclosed above, it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules and has followed the set pricing policies and guidelines when determining the price and terms of the transactions.

ANNUAL REVIEW BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS AND THE AUDITOR

The independent non-executive Directors have reviewed the foregoing continuing connected transactions, and confirmed that such continuing connected transactions had been entered into:

1) in the ordinary and usual course of business of the Group;

2) on normal commercial terms or better; and

3) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the Company and Shareholders as a whole.

The Board confirms that: the auditors of the Company have performed the relevant procedures regarding the foregoing continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740, Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by Hong Kong Institute of Certified Public Accountants. The auditors have issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 105 to 108 of this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The auditors of the Company have performed agreed upon procedures regarding the foregoing continuing connected transactions entered into by the Group during the Reporting Period set out above and states that:

1) nothing has come to its attention that causes it to believe that the disclosed continuing connected transactions have not been approved by the Board;

2) for transactions involving the provision of goods or services by the Group, nothing has come to its attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

3) nothing has come to its attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

4) nothing has come to its attention that causes it to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

Save as disclosed in this annual report, during the Reporting Period, the Company had no connected transactions or continuing connected transactions which are subject to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

NON-COMPETITION UNDERTAKING

As disclosed in the Prospectus, the independent non-executive Directors will review the matters, relating to the enforcement of the deed of non-competition undertaking dated 26 November 2018 (the "Deed of Non-competition Undertaking") to ensure the compliance of the Deed of Non-competition Undertaking by the Controlling Shareholders. During the Reporting Period, the independent non-executive Directors have reviewed matters relating to the enforcement of the Deed of Non-competition Undertaking. The Controlling Shareholders have provided the Company with an annual declaration of compliance with the provisions of the Deed of Non-competition Undertaking.

During the Reporting Period, the Controlling Shareholders have provided the Company with all information necessary for the enforcement of the Company's rights under the Deed of Non-competition Undertaking or all information required by the Company for the review of independent non-executive Directors. The Company has also accessed to appropriate staff members of the Controlling Shareholders to discuss and obtain such information, in order to enable the Company to consider whether to exercise any of its rights under the Deed of Non-competition Undertaking.

RELATED PARTY TRANSACTIONS

Related party transactions entered by the Group during the Reporting Period are disclosed in note 44 to the financial statements. During the Reporting Period, certain related party transactions constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the Reporting Period of the Group are set out in note 48 to the financial statements and the "Business Overview" in this annual report.

ENVIRONMENT POLICY AND THE PERFORMANCE

The Company actively fulfils social responsibility, protects and cares for the environment, makes good use and cherishes resources, adopts more environment-friendly design and technology, enhances the sense of environmental protection among employees, cooperative partners and customers, and strives to minimize the impact of the Company's businesses on the environment. Details are set out in the "Fosun Tourism Group 2022 Environmental, Social and Governance Report" that is to be published in April 2023 on the Stock Exchange's website (www.hkexnews.hk) and the Company's official website (www.fosunholiday.com) under the "Sustainability" column.

RELATIONSHIP WITH ITS EMPLOYEES, CUSTOMERS, SUPPLIERS AND INVESTORS

The Company actively manages its relationship with employees, customers, suppliers, investors, the general public in communities where it operates and other stakeholders, since the actions of such persons are able to influence the performance and value of the Company.

The Company adopts a variety of ways to communicate with its employees, such as FOLIDAY Sharing Sessions (non-regular) and their performance review and feedback from management heads in different tiers. These communication channels allow the Company to understand its employees and at the same time to deliver the Company's strategies and culture to its employees, through which the latest information of the country, industries and enterprises is also shared with our employees, thus a diverse platform for learning and development is provided. Our employees are also encouraged to attend charitable activities for upholding the Group's value and brand. As at 31 December 2022, the total number of the employees of the Group was 14,070.

The Company actively manages its relationship with investors. Subject to the compliance requirements, the Investor Relations Department actively conveys the Company's information to the market to ensure high degree of transparency and smooth communication. In addition to the daily communication with the analysts and investors, we also hold results press conference, roadshow and reverse roadshow, investors' teleconference, etc.

COMPLIANCE WITH LAWS AND REGULATIONS

Though the Company is incorporated in the Cayman Islands, its business activities and investments cover various jurisdictions in addition to Hong Kong including but not limited to Mainland China, the United States of America and the Europe. During the Reporting Period, the Company had complied with all material laws and regulations of jurisdictions aforesaid that have an impact on the Company.

HUMAN RESOURCES

As of 31 December 2022, the Group had a total of approximately 14,070 employees.

In 2022, as guided by "serving global family clients and making global families happier" for the human resources tasks, the Group comprehensively promoted the building-up of organizational capabilities. Implementing the organizational top-level design, optimizing the efficiency and vitality by organizational mechanism optimization, we aimed to enhance the organizational health and form a long-lasting organizational ecosystem by establishing and optimizing culture and values, partnership models, talent pipelines, etc. We always adhered to the thinking of talent development by introducing and cultivating them at the same time. While emphasizing on young and high-potential personnel, we paid more attention to the actual performance of talents and gave exceptional promotion and advancement opportunities. We reinforced the training of talent reserve and continuously improved the healthy development of the organization and form an organizational ecology with a large number of talents and a long-lasting foundation.

In 2022, centralizing to the requirement of in-depth industry operation, based on the positioning of family consumer industry group, aiming to construct an ecological organization continuously, and take advantage of the ecosystem concept of the Group, the evolution of the Group's organizational management system focused on building top organizational capabilities. The Group has established an Ecosystem Committee to promote ecosystem value creation and a Science and Technology & Innovation Committee to lead solid product innovation. At the same time, the Group has been continuously evolving compliant and efficient decision-making mechanisms to allow the management efficiency of organizations across the Group.

In terms of talent management, the Group adhere to our "Talents are Fosun Tourism's first asset" belief, with emphasis on the leader of the enterprise as the leader of human resources. Concerning mechanism construction, the Group established organizational wartime state comprehensively. To create a highly agile organization, we established a campaign mechanism, and paid attention to timely campaign incentives and fire-line promotion. Through strengthening and comprehensively implementing inter-Group rotations and coopetition, we present an active operational status with a balance between key function holders, multiple team collaboration and cooperation for 0 to 1 and high-speed execution for 1 to 100.

For talent layout, the Group focus on global and multiple domains and continue to introduce industry leaders and high-potential talents. We aimed at promoting the integration of talents and systems among companies within the Group by focusing on the construction of talent echelon, the consolidation of the talent pool, as well as the improvement of organizational efficiency. Besides, we paid attention to multi-dimensional talent development programmes creating outstanding performance that involve in various fields. We opened up the internal lines of the corporate to exchange talents between the Group and members and encourage the flow of talents to form a common and sharing talent ecosystem within the Group. Designing and optimizing the short, medium and long-term incentive mechanism for all employees, we always adhere to the incentive mechanism of "Value Increment" as the core, and actively explore innovative tools and ideas to improve the accuracy of incentive mechanism by upholding the core concept of "Breaking New Grounds and Achieving Ventures Together", so as to establish a nourishing base for entrepreneurial training and common prosperity from the system, and to promote a stable team and form a synergy.

In 2022, the Group newly selected 6 partners, and at the same time, Fosun Tourism's characteristic competition and cooperation (coopetition) mechanism was exercised, with the annual evaluation and exit mechanism of partners, and the Group currently has more than 30 partners. At the same time, to strengthen the function and role of partners and advocate employees to grow and develop together with the enterprise, the Group established new partners in the business segment of Fosun Tourism this year, with seven new partners in the resort asset management center and seven new partners in IP operation. The partnership model is an important mechanism for the retention and incentive of Fosun Tourism's core talent, placing emphasis on Fosun Tourism partners leading Fosun Tourism people, especially the entrepreneurial spirit, to create an organizational cohesion of co-creation, co-responsibility and sharing.

FULFILLMENT OF OUR COMMITMENT TO EMPLOYEES

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

EMPLOYEE CARE AND SERVICES

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

The Group attaches great importance to employees' health management, constantly strengthens the promotion and investment of employees' health management, introduces an innovative model on health management as well as develops different caring plans for various employee groups. In addition to the annual physical examination covering all employees, we also encouraged employees to participate in fitness activities such as Tai Chi and jogging, and organized health lectures that strengthened employees' health awareness. We made full use of the Group's own product resources to allow employees to enjoy various internal products, services and relevant resources more conveniently and at a discount.

We utilized the internet and various innovative channels to enrich the service content of our employees. We pushed the introduction of employee benefits, various remuneration benefits and personnel policies via the Group's own mobile terminal application. Employees may inquire about various benefits through the self-developed mobile application platform, perform online point recharge and pay for meals and other convenient services. Meanwhile, our human resources global sharing center continuously consolidated various resources from China and overseas, and better served employees from all over the world.

EMPLOYEE LEARNING AND DEVELOPMENT

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

The Group's innovation & leadership center has established different echelon talent development and professional talent training programs based on the Group's development strategy and human resource planning requirements in line with its own development characteristics. Specific development paths are drawn up as for different development goals. The training courses are designed according to competency and professional requirements, so as to help employees to grow rapidly while solving specific business problems at the same time. For instance, we have the Fosun Global Partner Leadership Development Program, Fosun Chairman/CEO Program, CXO Development Program, frontline skills training, coaching club, industry sharing and project study tour learning etc. These measures are to satisfy the talent development needs throughout the Fosun Tourism eco-system, to further deliver much needed talents to the Group to ensure rapid development of the organization.

EMPLOYMENT AND LABOUR STANDARDS

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

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

REMUNERATION POLICY AND EMPLOYEE INCENTIVE

The remuneration policy and package of the Group's employees are periodically reviewed based on the basis of their performance, experience and prevailing industry practice. In line with the strategic focus and specific business needs, we insist on implementing the incentive principles of value creation, performance orientation, profit and loss sharing, and clear reward and punishment. Oriented by strategy implementation and employee development, the Group continuously optimizes the multi-level and full-coverage remuneration system to complete the mid-to-long-term incentive system. Through the flexible and comprehensive incentives, together with different business demands and incentive tools, we empower the business and motivate the team.

MAJOR RISKS AND RESPONSIVE MEASURES

Strategic risk

Strategic risk refers to the risk that the established strategy does not match the market environment and the Company's capability due to the invalid process of strategy formulation and implementation or the change of business environment. The Group's business spans the globe, and there exists certain uncertainty in the judgment of the industry development trend. The Group may also not be able to achieve its expectation in integrating global industrial resources and promoting synergy.

On the basis of fully studying the development trend of domestic and foreign markets and national policies, the Group ensures the coordination of the strategic objectives of the Group and its subsidiaries, by formulating long-term development strategy. Meanwhile, the Group regularly reviews the development strategy of the Group and dynamically adjusts the strategy according to the changes of external conditions. The Group promotes the implementation of the established strategies by formulating annual budgets and business plans, and tracks the achievement of plans through monthly meetings and business analysis meetings, so as to guide subsidiaries in strategic risk management and avoid negative effects caused by lack of strategic synergy among subsidiaries.

Market risk

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

We constantly conduct research and monitor industry trends in order to anticipate changes in our industry or create new demand for innovative products and services that we design. The diversity of our destinations mitigates the risks arising from seasonality or over-concentration in a particular geographical area. We mitigate the offseason impact by attracting more customers through promoting our resorts and tourism destinations through offering well-designed kid camps, leisure and recreational-related services, and other activities. These efforts can help offset some of the seasonal variations in our operations.

We also utilise our global resources to provide customised development plans and solutions for the tourism destination projects by taking into account the specific location characteristics and changing consumer trends. We have enhanced our ecosystem by expanding our portfolio of increasingly popular and innovative tourism and leisure resources, solutions, activities and services, to serve our customers' tourism and leisure needs within our FOLIDAY ecosystem. We intend to increase the attractiveness of our ecosystem through introducing a greater variety of experience-enriching offerings, which allow our customers to interact more frequently with our platform.

Operational risk

Operational risk is the prospect of loss resulting from inadequate or failed procedures, people and systems, or from external events. The Group operates resorts and tourism destinations in over 40 countries and regions and faces operational risks in terms of customer safety, food safety and personal data protection, etc.

We have set up an internal control system and enhanced our risk management and internal control policies and systems in a continual effort to improve our risk management capabilities and enhance our internal controls. Our internal control system is organised on a decentralised basis, underpinned by rules relating to organisation, strategies, procedures and practices aimed at controlling risks that may have a material impact on our assets or on our ability to achieve our objectives. Internal control procedures in each business unit extend to every level of the Group and are the responsibility of the operating and corporate departments.

For the quality control of services provided in our tourism destinations, we have established a series of monitoring measures, including but not limited to the establishment of Customer Service and Product Quality Management Department to manage all customers' claims and communications and quality control measures on quality of food, hygiene, show products and outsourced services. We also hire third-party health and safety management companies to conduct regular food safety and hygiene inspections. For our tourism products and services in various tourism and leisure settings, we have implemented quality control measures such as reviewing customers' comments on online platforms, analysing customer satisfaction scores and feedbacks and monitoring the qualities of our services scores on online platform with a regular basis to ensure quality is monitored and improved in a timely manner.

Compliance risk

Compliance risk refers to the risk of legal liability, regulatory penalties, financial losses or reputational losses caused by the company and its staff and marketers due to non-compliance in business management or practice. While the Group operates business all over the world, it is also required to comply with the laws and regulations of different jurisdictions.

The Group complies with the information disclosure requirements of the Hong Kong Stock Exchange and fulfills its disclosure obligations in a timely manner. We have established local legal teams in all regions of our business operations to handle legal matters of different jurisdictions. Where necessary, we also seek advice from external counsel. To improve efficiency of legal management, the legal teams confer periodically to share information such as best practices and insights into newly promulgated laws which have impact on our operations, and the local legal teams are required to promptly notify the central legal department of sensitive matters, including but not limited to material legal proceedings, significant projects and projects involving legal risks.

Information security risk

We rely on IT systems for daily operations, and a breakdown or disruption of services of our IT systems, due to a computer virus, hacking or similar events, may result in disruptions to our business activities and other material adverse effects on our operations. The disruption and costs associated with repairing or replacing these systems, along with any associated reputational damage, may be significant. Meanwhile, failure to ensure and protect the confidentiality of the personal data of consumers, and the violation of the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》), the Personal Information Protection Law of the People's Republic of China(《中華人民共和國個人信息保護法》) and the European General Data Protection Regulation (GDPR) and other relevant laws and regulations, may result in proceedings or actions against us by consumers, government entities or others, and could damage our reputation and subject us to fines and damages. In addition, such events would lead to negative publicity and cause consumers to lose their trust and confidence in us, which may result in material and adverse effects on our reputation, business, financial condition and results of operations as well as our ability to retain users on our platforms.

Our information systems are designed to meet requirements for security, reliability, availability and traceability of information. We have implemented security systems to ensure that such data are protected and loss of such data, whether through hacking or other means, is avoided, so as to ensure the security of the information systems and the integrity of our data. We devote resources to the lawful collection, storage and use of customer data. We have also achieved automatic data deletion in clients' database, definition of global governance for clients' data protection in resorts, documentation of international data transfers between companies. Also, only employees with the professional necessity to access the customers' information are authorized with a limited access to such confidential information, and employees are forbidden from connecting the internal network with any equipment, such as laptop, mobile and printer, other than those provided by the digital technology department, and employees are forbidden from extracting from our information systems any data of a personal nature and in particular the data subject to privacy protection.

Reputational risk

Reputational risk refers to the risk of loss resulted from stakeholders' negative comment on the Company caused by business management or external events. Any incident or adverse publicity concerning any one of our resorts, tourism destination and/or brands may adversely affect our businesses under the same brand as a whole. For example, any incident or adverse publicity concerning any one of our Club Med resorts may adversely affect all our resorts under the Club Med brand, and may result in a decreased number of guests and adversely affect our results of operations.

The Group has established a reputational risk management mechanism of prior warning, in-process response, ex-post inspection and reputation recovery.

DONATIONS

During the Reporting Period, the Group made cash and in-kind donations of over RMB3.268 million and RMB824,000 respectively.

FUTURE DEVELOPMENT OF THE GROUP

Future development of the Group is set out in the "Letter to Shareholders" and "Business Overview" in this annual report.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, each Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his/her duties in his/her office. The Company has arranged appropriate directors' and officers' liability insurance for the Directors and officers of the Group during the Reporting Period.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders are unsure about the taxation implications of purchasing, holdings, disposing of, dealing in, or the exercise of any rights in relation to, the Shares, they are advised to consult an expert.

AUDITORS

The financial statements of the Group were audited by Ernst & Young. Ernst & Young will retire and a resolution for their reappointment as auditors of the Company will be proposed at the AGM.

On Behalf of the Board
Fosun Tourism Group
Xu Xiaoliang
Chairman

24 March 2023

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To the shareholders of Fosun Tourism Group
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Fosun Tourism Group (the "Company") and its subsidiaries (the "Group") set out on pages 122 to 249, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill	
The carrying value of goodwill in the consolidated financial statements amounted to RMB1,714,004,000 as at 31 December 2022. In accordance with IFRSs, the Group is required to perform impairment testing for goodwill at least on an annual basis. In performing the impairment testing, the goodwill has been allocated to the corresponding subsidiaries acquired as the acquired subsidiaries are the only cash-generating units that can benefit from synergy of the acquisitions. The impairment testing is based on the recoverable amounts of the acquired subsidiaries to which the goodwill is allocated. The recoverable amounts of the subsidiaries are the value in use using cash flow projections based on financial budgets covering a 5-year period. This matter was significant to our audit because the impairment testing process was complex and involved significant judgements and estimates. The disclosures about impairment of goodwill are included in note 2.4 *Summary of Significant Accounting Policies*, note 3 *Significant Accounting Judgements and Estimates* and note 17 *Goodwill*, which specifically explain the key assumptions used by management for the calculation of the recoverable amounts.	Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group, in particular, the discount rate and the growth rate beyond a 5-year period, with the assistance of internal valuation specialists. We paid attention to the forecasts used with respect to future revenues and operating results by comparing the forecasts with the historical performance and the business development plan of the acquired subsidiaries to which the goodwill is allocated. We also focused on the adequacy of the disclosures in the consolidated financial statements.
Impairment of intangible assets with indefinite lives	
The carrying value of intangible assets with indefinite lives in the consolidated financial statements amounted to RMB2,033,031,000 as at 31 December 2022. In accordance with IFRSs, the Group is required to perform impairment testing for intangible assets with indefinite lives at least on an annual basis. The impairment testing is based on the recoverable amount of the individual asset, which is its fair value less costs of disposal using the relief from royalty method. The saved royalty is calculated by multiplying the royalty rate and the forecasted revenue under the royalty. This matter was significant to our audit because the impairment test process was complex and involved significant judgements and estimates. The disclosures about impairment of indefinite-life intangible assets are included in note 2.4 *Summary of Significant Accounting Policies*, note 3 *Significant Accounting Judgements and Estimates* and note 16 *Intangible Assets*, which specifically explain the key assumptions used by management for the calculation of the recoverable amounts.	Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group, in particular, the discount rate and the royalty rate of the individual asset, with the assistance of our internal valuation specialists. We paid attention to the revenue forecasts used by comparing the forecasts with historical performance. We also focused on the adequacy of the disclosures in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and right-of-use assets	
The carrying value of property, plant and equipment and right-of-use assets in the consolidated financial statements amounted to RMB22,295,410,000 after deducting the impairment provision of RMB43,665,000 as at 31 December 2022. The increased market volatility after the COVID-19 outbreak and shut down plans for certain resorts are considered as impairment indicators. When an indication of impairment exists, impairment tests are performed. Impairment provisions of RMB3,427,000 were provided for property, plant and equipment and right-of-use assets for the assets related to resorts with shut down plans based on specific review of fair values less costs of disposal of the assets during the year ended 31 December 2022. The remaining tested assets are included in cash-generating units for the impairment testing which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The impairment testing is based on the recoverable amount of each cash-generating unit, which is its value in use using cash flow projections based on a financial budget covering a 5-year period. This matter was significant to our audit because the impairment testing process was complex and involved significant judgements and estimates. The disclosures about impairment of property, plant and equipment and right-of-use assets are included in note 2.4 *Summary of Significant Accounting Policies*, note 3 *Significant Accounting Judgements and Estimates,* note 14 *Property, plant and equipment* and note 15 *Leases (a)*.	Our audit procedures included, among others, assessing the determination of cash-generating units and evaluating the assumptions and methodologies used by the Group, in particular, the discount rate and the growth rate beyond a 5-year period, with the assistance of our internal valuation specialists. We paid attention to the forecasts with respect to future revenues and operating results by comparing the forecasts with the historical performance and the business development plan of each cash-generating unit. We checked the fair value less costs of disposal for those assets related to the resorts with plans of shutdown by comparing management's estimation with historical experience and current market conditions. We also focused on the adequacy of the disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lawrence K.W. Lau.

Ernst & Young
Certified Public Accountants

Hong Kong
24 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
REVENUE	5	**13,777,710**	9,261,473
Cost of revenue		**(9,787,360)**	(6,694,512)
Gross profit		**3,990,350**	2,566,961
Other income and gains/(expenses), net	6	**103,659**	(952,968)
Selling and marketing expenses		**(2,005,914)**	(1,454,853)
General and administrative expenses		**(1,494,592)**	(1,603,422)
Operating income/(loss)		**593,503**	(1,444,282)
Finance costs	8	**(995,591)**	(960,442)
Share of losses of associates		**(1,062)**	(1,341)
LOSS BEFORE INCOME TAX	7	**(403,150)**	(2,406,065)
Income tax expense	11	**(128,641)**	(381,389)
LOSS FOR THE YEAR		**(531,791)**	(2,787,454)
Attributable to:			
Equity holders of the Company		**(544,900)**	(2,718,643)
Non-controlling interests		**13,109**	(68,811)
		(531,791)	(2,787,454)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:	13		
Basic			
— For loss for the year (RMB)		**(0.44)**	(2.20)
Diluted			
— For loss for the year (RMB)		**(0.44)**	(2.20)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 RMB'000	2021 RMB'000 (Restated)
LOSS FOR THE YEAR	**(531,791)**	(2,787,454)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Effective portion of changes in fair value of hedging instruments arising during the year	**95,917**	15,753
Reclassification adjustments for losses included in the consolidated statement of profit or loss	**12,554**	4,143
Exchange differences on translation of foreign operations	**277,290**	286,653
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**385,761**	306,549
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to employee benefits	**49,466**	724
Equity investments designated at fair value through other comprehensive income/(loss):		
Changes in fair value	**4,917**	(8,874)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**54,383**	(8,150)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**440,144**	298,399
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(91,647)**	(2,489,055)
Attributable to:		
Equity holders of the Company	**(129,614)**	(2,406,422)
Non-controlling interests	**37,967**	(82,633)
	(91,647)	(2,489,055)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	14	9,786,743	9,677,294
Right-of-use assets	15(a)	12,508,667	10,820,996
Intangible assets	16	2,508,279	2,442,890
Goodwill	17	1,714,004	1,669,017
Investments in associates	18	249,421	235,559
Financial assets at fair value through profit or loss	19	327,336	175,295
Properties under development	20	568,563	1,199,877
Due from related companies	21	81,872	3,537
Prepayments, other receivables and other assets	22	362,955	802,473
Deferred tax assets	23	289,568	205,510
Cash and bank balances	29	75,000	—
Total non-current assets		28,472,408	27,232,448
CURRENT ASSETS			
Inventories	24	269,367	207,622
Completed properties for sale	25	1,755,626	1,015,457
Properties under development	20	743,361	775,815
Trade receivables	26	899,069	562,933
Contract assets and other assets	27	15,478	781
Prepayments, other receivables and other assets	22	1,825,974	1,975,069
Due from related companies	21	879,231	849,243
Derivative financial instruments	28	158,157	32,896
Financial assets at fair value through profit or loss	19	2,177	2,578
Cash and bank balances	29	2,909,166	4,535,362
Total current assets		9,457,606	9,957,756

Continued/…

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	30	**2,474,450**	2,179,351
Contract liabilities	31	**808,606**	1,029,417
Trade payables	32	**2,643,415**	2,348,620
Accrued liabilities and other payables	33	**6,553,675**	5,618,677
Lease liabilities	15(b)	**866,218**	770,781
Tax payable		**321,962**	415,554
Due to related companies	21	**900,336**	858,514
Derivative financial instruments	28	**52,187**	48,509
Total current liabilities		**14,620,849**	13,269,423
NET CURRENT LIABILITIES		**(5,163,243)**	(3,311,667)
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,309,165**	23,920,781
NON-CURRENT LIABILITIES			
Lease liabilities	15(b)	**10,411,331**	8,640,306
Interest-bearing bank and other borrowings	30	**9,487,485**	11,084,191
Contract liabilities	31	**4,073**	4,073
Deferred income	34	**106,234**	119,683
Other long term payables	35	**274,071**	728,384
Deferred tax liabilities	23	**394,874**	446,733
Total non-current liabilities		**20,678,068**	21,023,370
Net assets		**2,631,097**	2,897,411
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	36	**188**	186
Shares held for the share-based payment schemes		**(1)**	—
Reserves	37	**2,458,110**	2,726,528
		2,458,297	2,726,714
Non-controlling interests		**172,800**	170,697
Total equity		**2,631,097**	2,897,411

Xu Xiaoliang
Director

Choi Yin On
Director

Year ended 31 December 2022

	Note	Issued share capital RMB'000	Shares held for the share-based payment schemes RMB'000	Share premium* RMB'000	Fair value reserve* RMB'000	Capital and other reserves* RMB'000	Merger reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
		Attributable to equity holders of the Company										
At 1 January 2022		186	—	11,191,253	(1,305,184)	(705,001)	(159,274)	(619,302)	(5,583,277)	2,819,401	172,552	2,991,953
Effect of changes in accounting policies		—	—	—	—	—	—	9,329	(102,016)	(92,687)	(1,855)	(94,542)
At 1 January 2022 (restated)		186	—	11,191,253	(1,305,184)	(705,001)	(159,274)	(609,973)	(5,685,293)	2,726,714	170,697	2,897,411
Loss for the year		—	—	—	—	—	—	—	(544,900)	(544,900)	13,109	(531,791)
Exchange differences on translation of foreign operations		—	—	—	—	—	—	255,626	—	255,626	21,664	277,290
Cash flow hedges, net of tax		—	—	—	—	106,343	—	—	—	106,343	2,128	108,471
Net changes in fair value of equity investments designated at fair value through other comprehensive income		—	—	—	4,821	—	—	—	—	4,821	96	4,917
Actuarial reserve relating to employee benefits, net of tax		—	—	—	—	48,496	—	—	—	48,496	970	49,466
Total comprehensive loss for the year		—	—	—	4,821	154,839	—	255,626	(544,900)	(129,614)	37,967	(91,647)
Dividends paid to non-controlling shareholders of subsidiaries		—	—	—	—	—	—	—	—	—	(23,642)	(23,642)
Equity-settled share-based payments	38	2	(1)	33,003	—	6,571	—	—	—	39,575	—	39,575
Acquisition of additional interests in a subsidiary		—	—	—	—	(14,103)	—	—	—	(14,103)	(3,328)	(17,431)
Reclassification of non-controlling interests to liabilities as if the acquisition had taken place due to put options granted to non-controlling shareholders of a subsidiary		—	—	—	—	(164,275)	—	—	—	(164,275)	(8,894)	(173,169)
At 31 December 2022		188	(1)	11,224,256	(1,300,363)	(721,969)	(159,274)	(354,347)	(6,230,193)	2,458,297	172,800	2,631,097

Continued/…

* These reserve accounts comprise the consolidated reserves of RMB2,458,110,000 in the consolidated statement of financial position as at 31 December 2022 (31 December 2021: RMB2,726,528,000).

Year ended 31 December 2021

		Attributable to equity holders of the Company										
	Note	Issued share capital RMB'000	Shares held for the share-based payment schemes RMB'000	Share premium* RMB'000	Fair value reserve* RMB'000	Capital and other reserves* RMB'000	Merger reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021		183	(3,004)	11,145,648	(1,296,072)	(694,070)	(159,274)	(908,754)	(2,871,239)	5,213,418	220,374	5,433,792
Effect of changes in accounting policies		—	—	—	—	—	—	—	(95,411)	(95,411)	(2,186)	(97,597)
At 1 January 2021 (restated)		183	(3,004)	11,145,648	(1,296,072)	(694,070)	(159,274)	(908,754)	(2,966,650)	5,118,007	218,188	5,336,195
Loss for the year		—	—	—	—	—	—	—	(2,718,643)	(2,718,643)	(68,811)	(2,787,454)
Exchange differences on translation of foreign operations		—	—	—	—	—	—	300,501	—	300,501	(13,848)	286,653
Cash flow hedges, net of tax		—	—	—	—	19,475	—	—	—	19,475	421	19,896
Net changes in fair value of equity investments designated at fair value through other comprehensive income		—	—	—	(8,686)	—	—	—	—	(8,686)	(188)	(8,874)
Actuarial reserve relating to employee benefits, net of tax		—	—	—	—	931	—	—	—	931	(207)	724
Total comprehensive loss for the year		—	—	—	(8,686)	20,406	—	300,501	(2,718,643)	(2,406,422)	(82,633)	(2,489,055)
Dividends paid to non-controlling shareholders of subsidiaries		—	—	—	—	—	—	—	—	—	(7,753)	(7,753)
Equity-settled share-based payments	38	3	3,004	45,605	—	(2,534)	—	—	—	46,078	—	46,078
Deemed acquisition of additional interests in a subsidiary		—	—	—	(426)	(20,613)	—	(1,720)	—	(22,759)	34,705	11,946
Reclassification of non-controlling interests to liabilities as if the acquisition had taken place due to put options granted to non-controlling shareholders of a subsidiary		—	—	—	—	(8,190)	—	—	—	(8,190)	8,190	—
At 31 December 2021		186	—	11,191,253	(1,305,184)	(705,001)	(159,274)	(609,973)	(5,685,293)	2,726,714	170,697	2,897,411

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(403,150)**	(2,406,065)
Adjustments for:			
Depreciation of items of property, plant and equipment	7	**646,252**	662,137
Depreciation of right-of-use assets	7	**1,051,012**	1,112,222
Amortisation of intangible assets	7	**141,863**	134,544
(Reversal)/provision for impairment of items of property, plant and equipment	7	**(455)**	46,137
Provision for impairment of items of right-of-use assets	7	**3,882**	20,002
Provision for impairment of trade receivables	7	**6,799**	19,163
(Reversal)/provision for impairment of prepayments, other receivables and other assets	7	**(12,600)**	1,731
Provision for inventories	7	**1,233**	2,579
Gain on disposal of right-of-use assets	6	**(5,324)**	—
Deferred income	34	**(11,640)**	(8,943)
(Gain)/loss on the fair value change of financial assets at fair value through profit or loss	6	**(24,605)**	326,620
Interest income	6	**(44,679)**	(45,452)
Dividends and interest from financial assets at fair value through profit or loss	6	**(3,603)**	—
Interest expenses	8	**995,591**	960,442
Gain on disposal of items of property, plant and equipment	6	**(3,858)**	(2,321)
Loss on disposal of intangible assets	6	**803**	—
Gain on disposal of a subsidiary	6	**(82,488)**	—
Equity-settled share-based payments	7	**34,510**	30,867
COVID-19-related rent concessions from lessors	15(b)	**(130,403)**	(241,206)
Gain on deemed disposal of interests in an associate	7	**—**	(2,893)
Share of profits and losses of associates		**1,062**	1,341
CASH INFLOWS BEFORE WORKING CAPITAL CHANGES		**2,160,202**	610,906

Continued/…

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES *(continued)*			
Increase in completed properties for sale		**(740,169)**	(702,493)
Decrease in properties under development		**674,971**	599,790
Increase in inventories		**(62,986)**	(4,490)
Increase in deferred income	34	**5,255**	5,026
(Increase)/decrease in contract assets and other assets		**(14,697)**	4,544
Increase in trade receivables		**(343,250)**	(94,660)
Increase in prepayments, other receivables and other assets		**(186,401)**	(86,964)
Decrease/(increase) in restricted cash		**155,726**	(442,684)
Decrease in amounts due from related companies		**(9,660)**	(3,528)
Increase in trade payables		**295,093**	826,305
Increase in amounts due to related companies		**40,563**	2,725
Increase/(decrease) in other long term payables		**353,122**	(12,075)
(Decrease)/increase in contract liabilities		**(220,811)**	407,253
Increase in other payables and accruals		**652,781**	704,810
CASH GENERATED FROM OPERATIONS		**2,759,739**	1,814,464
Income tax paid		**(360,396)**	(114,680)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		**2,399,343**	1,699,784

continued/…

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(1,071,700)**	(775,106)
Purchase of intangible assets		**(145,882)**	(123,736)
Prepayment for the addition of right-of-use assets		**—**	(15,417)
Purchase of investments measured at fair value through profit or loss		**(111,327)**	(400,000)
Decrease in time deposits with original maturity of more than three months and restricted cash		**164,296**	1,426,768
Proceeds from disposal of intangible assets		**—**	3,534
Proceeds from disposal of items of property, plant and equipment		**374,821**	53,081
Purchase of equity interests in associates		**(5,807)**	(35,319)
Disposal of a subsidiary	40	**459,946**	—
Dividends from financial assets at fair value through profit or loss		**3,603**	—
Loan to third parties		**—**	(38,186)
Loan to related parties		**(88,954)**	—
Proceeds from disposal of investments measured at fair value through profit or loss		**—**	301,682
Interest received		**44,679**	45,452
NET CASH FLOWS GENERATED/(USED IN) FROM INVESTING ACTIVITIES		**(376,325)**	442,754

continued/…

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		**1,556,536**	4,546,585
Increase in restricted cash		**(130,717)**	—
Repayment of interest-bearing bank borrowings and other borrowings		**(2,984,984)**	(4,042,883)
Proceeds from issue of shares of the Company due to the exercise of the share options		**35**	15,272
Prepayment for the addition of right-of-use assets		**(64,207)**	(38,612)
Payment of lease liabilities	15(b)	**(1,160,502)**	(1,072,325)
Acquisition of additional interests in subsidiaries		**(17,431)**	—
Funding repaid or provided to related companies		**(9,459)**	(1,057,771)
Funding collected or received from related companies		**1,009**	1,057,771
Dividends paid to non-controlling shareholders of subsidiaries		**(14,214)**	(7,753)
Funding repaid from a third party		**—**	(2,000)
Interest paid		**(573,633)**	(564,234)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(3,397,567)**	(1,165,950)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(1,374,549)**	976,588
Net foreign exchange differences		**12,658**	(28,391)
Cash and cash equivalents at beginning of year		**3,756,551**	2,808,354
CASH AND CASH EQUIVALENTS AT END OF YEAR	29	**2,394,660**	3,756,551

1. CORPORATE AND GROUP INFORMATION

Fosun Tourism Group (the "Company", formerly known as Fosun Tourism and Culture Group (Cayman) Company Limited) is a limited liability company incorporated in the Cayman Islands on 30 September 2016. The registered company name was changed to Fosun Tourism Group on 2 August 2018. The registered address of the Company is Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. During the year, the Group primarily was engaged in the provision of pioneering and family-focused tourism and leisure solutions. The principal business activities are:

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

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

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name of the principal subsidiaries	Place of incorporation/ registration and place of operations, and kind of legal entity	Date of incorporation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Club Med Holding	France, Simplified limited company	9 September 2014	EUR187,218,790	—	98.04%	Investment holding
Club Med Invest	France, Simplified limited company with a sole shareholder	9 September 2014	EUR184,963,519	—	100%	Investment holding
Club Med SAS	France, Simplified limited company	12 November 1957	EUR149,704,804	—	100%	Offering vacation resort services
Club Mediterranee (Bahamas) Ltd.	Bahamas, Limited liability company	29 January 1976	USD1,000,305	—	100%	Offering vacation resort services
Holiday Village of Punta Cana S.A.	The Dominican Republic, Limited company	3 December 1976	DOP13,838,000	—	100%	Offering vacation resort services
Club Med Sales Inc.	United States, Incorporated company	15 October 1971	USD5,000,000	—	100%	Wholesale and retail of Club Med products
Club Med Brasil S.A.	Brasil, Limited company	24 February 1999	BRL198,102,664	—	100%	Offering vacation resort services
Shanghai Club Med Holidays Travel Agency Co Ltd (上海客美德假期旅行社有限公司)	People's Republic of China/Chinese Mainland, Limited company	28 October 2010	CNY162,005,300	—	100%	Wholesale and retail of Club Med products

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name of the principal subsidiaries	Place of incorporation/ registration and place of operations, and kind of legal entity	Date of incorporation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Club Mediterranee KK	Japan, Limited company	01 June 1979	JPY80,000,000	—	100%	Wholesale and retail of Club Med products
Vacances Singapore Pte Ltd	Singapore, Private limited company	28 March 1990	EUR2,477,760	—	100%	Offering other services
Club Med Sales Canada Inc.	Canada, Incorporated company	12 June 1996	CAD250,000	—	100%	Wholesale and retail of Club Med products
Holiday Villages Providenciales Turks & Caicos Ltd	Turks & Caicos, Limited liability company	11 February 1980	USD2,000,000	—	100%	Offering vacation resort services
Club Med Ferias	France/South America, Simplified limited company with a sole shareholder	25 October 2007	EUR150,000	—	100%	Wholesale and retail of Club Med products
Club Med Vacation LLC	United States, Limited liability company	16 April 2019	USD100	—	100%	Wholesale and retail of Club Med products
Hainan Atlantis Commerce and Tourism Development Co., Ltd. (海南亞特蘭蒂斯商旅發展有限公司) ("Hainan Atlantis")	People's Republic of China/Chinese Mainland, Limited company	15 May 2013	RMB801,500,000	—	100%	Tourism destination development and operation
Lijiang Fosun Tourism and Culture Development Co. Ltd. (麗江復星旅遊文化發展有限公司) ("Lijiang Fosun")	People's Republic of China/Chinese Mainland, Limited company	2 March 2006	RMB252,439,030/ RMB359,600,000	—	100%	Tourism destination development and operation
Yueou (Taicang) Tourism and Culture Development Co., Ltd. (悦歐(太倉)旅遊文化開發有限公司)	People's Republic of China/Chinese Mainland, Limited company	29 June 2018	RMB1,100,000,000	—	100%	Tourism destination development and operation
Yuexue (Taicang) Tourism and Culture Development Co., Ltd. (悦雪(太倉)旅遊文化開發有限公司) ("Yuexue Tourism")	People's Republic of China/Chinese Mainland, Limited company	7 June 2018	RMB510,000,000	—	100%	Tourism destination development and operation
Yuezhou (Taicang) Tourism and Culture Development Co., Ltd. (悦洲(太倉)旅遊文化開發有限公司)	People's Republic of China/Chinese Mainland, Limited company	7 June 2018	RMB410,000,000	—	100%	Tourism destination development and operation
Yuehao (Taicang) Tourism and Culture Development Co., Ltd. (悦浩(太倉)旅遊文化開發有限公司)	People's Republic of China/Chinese Mainland, Limited company	29 June 2018	RMB510,000,000	—	100%	Tourism destination development and operation

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards and Interpretations ("IASs")) approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income and a defined benefit plan. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group had net current liabilities of RMB5,163,243,000 as at 31 December 2022. Having taken into account the unused banking facilities and the expected cash flows from operating, investing and financing activities, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

The nature and impact of the revised IFRSs that are applicable to the Group are described below:

Amendments to IFRS 3 Reference to the Conceptual Framework

Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to IAS 37 Onerous Contracts — Cost of Fulfilling a Contract

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Annual Improvements to IFRS Standards 2018–2020 Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

Annual Improvements to IFRS Standards 2018–2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

IFRIC Agenda Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)

In IFRIC Update March 2021, the IFRS Interpretations Committee ("IFRIC") published its agenda decision on Configuration or Customisation Costs under a Software as a Service ("SaaS") contract ("IFRIC Agenda Decision"). The IFRIC Agenda Decision states that in most cases, in application of IAS 38, configuration or customisation costs in a cloud computing arrangement should be treated as expenses, not intangible assets, since the entity does not control the software and the configuration/customisation activities do not generate a resource that is controlled by the customer independently of the software.

In application of this IFRIC Agenda Decision, configuration or customisation costs for SaaS which were previously capitalised were charged to expenses. The changes in accounting policy has been accounted for retrospectively and the comparative figures for the corresponding comparative prior periods have been restated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

IFRIC Agenda Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets) *(Continued)*

The table below illustrates the application of the IFRIC Agenda Decision as at 31 December 2021 and 1 January 2021.

	Before restated 31 December 2021 RMB'000	Impact of restatements RMB'000	After restated 31 December 2021 RMB'000
Assets			
Intangible assets	2,570,354	(127,464)	2,442,890
Deferred tax assets	172,588	32,922	205,510
Total non-current assets	27,326,990	(94,542)	27,232,448
Total assets less current liabilities	24,015,323	(94,542)	23,920,781
Net assets	2,991,953	(94,542)	2,897,411
Equity			
Reserves	2,819,215	(92,687)	2,726,528
Non-controlling interests	172,552	(1,855)	170,697
Total equity	2,991,953	(94,542)	2,897,411

	Before restated 1 January 2021 RMB'000	Impact of restatements RMB'000	After restated 1 January 2021 RMB'000
Assets			
Intangible assets	2,836,417	(131,591)	2,704,826
Deferred tax assets	106,423	33,994	140,417
Total non-current assets	28,089,309	(97,597)	27,991,712
Total assets less current liabilities	28,314,943	(97,597)	28,217,346
Net assets	5,433,792	(97,597)	5,336,195
Equity			
Reserves	5,216,239	(95,411)	5,120,828
Non-controlling interests	220,374	(2,186)	218,188
Total equity	5,433,792	(97,597)	5,336,195

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

IFRIC Agenda Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets) *(Continued)*

	Before restated 2021 RMB'000	Impact of restatements RMB'000	After restated 2021 RMB'000
General and administrative expenses	(1,594,346)	(9,076)	(1,603,422)
Operating loss	(1,435,206)	(9,076)	(1,444,282)
LOSS BEFORE INCOME TAX	(2,396,989)	(9,076)	(2,406,065)
Income tax expense	(383,728)	2,339	(381,389)
LOSS FOR THE YEAR	(2,780,717)	(6,737)	(2,787,454)
Attributable to:			
Equity holders of the Company	(2,712,038)	(6,605)	(2,718,643)
Non-controlling interests	(68,679)	(132)	(68,811)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic			
— For loss for the year (RMB)	(2.19)	(0.01)	(2.20)
Diluted			
— For loss for the year (RMB)	(2.19)	(0.01)	(2.20)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	276,861	9,792	286,653
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods:	296,757	9,792	306,549
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	288,607	9,792	298,399
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(2,492,110)	3,055	(2,489,055)
Attributable to:			
Equity holders of the Company	(2,409,146)	2,724	(2,406,422)
Non-controlling interests	(82,964)	331	(82,633)
CASH FLOWS FROM OPERATING ACTIVITIES			
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	1,735,016	(35,232)	1,699,784
CASH FLOWS FROM INVESTING ACTIVITIES			
NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES	407,522	35,232	442,754

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contract*[1]
Amendments to IFRS 17	*Insurance Contracts*[1, 5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-Current (*the "2020 Amendments")[2, 4]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after January 1, 2024
5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

Further information about those IFRSs that are expected to be applicable to the Group is described below:

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

The Group measures its investments at fair value and its derivative financial instruments at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, completed properties for sales, contract assets, financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings and leasehold improvements	2%–20%
Machinery	5%–32%
Furniture, fixtures and other equipment	3%–33%
Others	20%–33%
Freehold land	Not depreciated
Construction in progress	Not depreciated

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

TRADEMARKS

The trademarks have been classified as assets with indefinite useful lives. They are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of such intangible assets are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis. The trademarks of the Group are the trademark of Club Med which arose from the acquisition of Club Med SAS and its subsidiaries in 2015 and the brand of Thomas Cook which was acquired in November 2019.

OTHER INTANGIBLE ASSETS

Other intangible assets are qualified as having a finite life and are stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives. The principal annual rates used for this purpose are as follows:

Software	4%–33%
Others	10%–33%

The annual rates for software are determined in accordance with the useful lives of the software which are assessed by Group considering different purposes and usages of the software. The software served as basement IT system or technological platform is amortised over a long period up to 26 years. Other software served as fast updating applications is amortised over a shorter period, such as 3 to 10 years.

Others mainly include the show right which represents the resident Show C developed by the Group and started to perform in Atlantis Sanya in February 2019 and certain client lists acquired under business combinations and some rights paid to enter contracts other than leases. They are either depreciated over the estimated useful life of the Show, the clients' relationship or the contract duration.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

GROUP AS A LESSEE

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(A) RIGHT-OF-USE ASSETS

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land	20 to 50 years
Buildings	1 to 48 years
Machinery	1 to 10 years
Furniture, fixtures and other equipment	1 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories".

(B) LEASE LIABILITIES

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

GROUP AS A LESSEE *(Continued)*

(C) SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applies the short-term lease recognition exemption to its short-term leases of furniture, fixtures and other equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies for "Revenue recognition".

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial assets depends on their classification as follows:

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (DEBT INSTRUMENTS)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (EQUITY INVESTMENTS)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

SUBSEQUENT MEASUREMENT *(Continued)*

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired: or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

GENERAL APPROACH

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

GENERAL APPROACH *(Continued)*

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than one year past due.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets and other assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

SIMPLIFIED APPROACH

For trade receivables and contract assets and other assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, lease liabilities, amounts due to related companies, interest-bearing bank and other borrowings, derivative financial instruments, and financial liabilities at fair value through profit or loss.

SUBSEQUENT MEASUREMENT

The measurement of financial liabilities depends on their classification as described below:

FINANCIAL LIABILITIES AT AMORTISED COST (LOANS AND BORROWINGS)

This is the category most relevant to the Group. After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest. The effective interest amortisation is included as finance costs in the statement of profit or loss.

FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

The Group elected to continue to apply the accounting policy of hedge accounting under IAS 39. For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedge' item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout each reporting period for which they were designated.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

FAIR VALUE HEDGES

The change in the fair value of a hedging instrument is recognised in the consolidated statement of profit or loss as other expenses or other income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the consolidated statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the consolidated statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the consolidated statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

FAIR VALUE HEDGES *(Continued)*

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the consolidated statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the consolidated statement of profit or loss.

CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge which is recorded in capital and other reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts recognised in other comprehensive income are transferred to the statement of profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Properties under development

Properties under development are stated at cost which includes all development expenditures, including land costs, construction costs, borrowing costs and other costs directly attributable to such properties during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle.

Properties under development are valued at the lower of cost and net realisable value at the end of each reporting period and any excess of cost over the net realisable value of an individual item of properties under development is accounted for as a provision. Net realisable value is based on estimated selling prices in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Completed properties for sale

Completed properties for sale are recognised in the consolidated statement of financial position at the lower of cost and net realisable value. Net realisable value is estimated by the directors based on the prevailing market conditions. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Any excess of cost over the net realisable value of an individual item of completed properties for sale is accounted for as a provision.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liabilities arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

RESORTS AND DESTINATION OPERATION

Resorts and destination operation mainly includes the operations of resorts and the provision of tourism destination design, operation and management services. The revenue is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

TOURISM AND LEISURE SERVICES AND SOLUTIONS

Tourism and leisure services and solutions mainly include the provision of travel and transportation solutions, entertainment and other services. The revenue is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

TOURISM-RELATED PROPERTY SALES AND CONSTRUCTION SERVICES

Revenues are recognised when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides benefits which are received and consumed simultaneously by the purchaser; or
- creates and enhances an asset that the purchaser controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each contract.

For property development and sale contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

REVENUE FROM OTHER SOURCES

OTHER INCOME

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Customer loyalty program

The Group operates two loyalty programs which are Club Med Great Member loyalty program and Foryou Club. A performance obligation is identified only if the option to acquire additional goods and services provides a material right to the customer that it would not receive without entering into that contract. For such contracts, the Group allocates contract price to those separate performance obligations attributed to the benefits granted to the customers under the two loyalty programs. A portion of the contract price attributable to the benefits granted is recognised as a reduction of revenue in deferred revenue and is recognised in revenues when those benefits are exercised or when the benefits expire. The revenue allocated to each performance obligation is calculated based on their relative stand-alone selling price. The Group generally determines stand-alone selling prices based on the prices charged to customers. If the stand-alone selling price is not directly observable, it is estimated using other suitable methods. The likelihood that the benefits will be exercised is assessed and adjusted for the estimation of the standalone selling price.

Share-based payments

The Company operates a share option scheme and a share ownership plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value of options under the share option scheme is determined by management using a binomial model. The fair value of restricted shares under the share ownership plan is determined by management using an asset-based approach, further details of which are given in note 38 to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Employee benefits

The Group provides the post-employment benefits mainly as follows: (i) defined contribution pension schemes for all employees of the companies in Chinese Mainland; (ii) accommodation benefits for all eligible employees of the companies in Chinese Mainland, details of which are set out below; and (iii) employee benefits to all eligible employees of the subsidiaries of Club Med Holding ("CMH").

(I) DEFINED CONTRIBUTION PENSION SCHEMES FOR ALL ELIGIBLE EMPLOYEES OF THE COMPANIES IN CHINESE MAINLAND

The full-time employees of the companies in Chinese Mainland, are covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Group contributes a percentage of the employees' salaries to these retirement benefit schemes on a monthly basis. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made. Contributions to these schemes are expensed as incurred. At 31 December 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in the future years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

(II) ACCOMMODATION BENEFITS FOR ALL ELIGIBLE EMPLOYEES OF THE COMPANIES IN CHINESE MAINLAND

According to the relevant People's Republic of China ("PRC") rules and regulations, the PRC companies now comprising the Group and their employees are each required to make contributions which are in proportion to the salaries and wages of the employees to an accommodation fund administered by the government agencies in the PRC. There is no further obligation on the part of the Group except for such contributions to the accommodation fund. Contributions to an accommodation fund administrated by the government agencies are charged to the consolidated statement of profit or loss as and when they are incurred.

(III) EMPLOYEE BENEFITS FOR ALL ELIGIBLE EMPLOYEES OF CMH AND ITS SUBSIDIARIES

All eligible employees of CMH and its subsidiaries receive certain short-term benefits, such as vacation pay, "13th-month" bonuses, sick leave, health insurance and unemployment insurance in France.

The post-employment benefit plans of CMH and its subsidiaries are based on legal obligations in each host country and on its subsidiaries' compensation policies. Long-term benefit plans include both defined contribution and defined benefit plans.

(A) DEFINED CONTRIBUTION PLANS

Under defined contribution plans, CMH pays contributions to an external fund that is responsible for paying the benefits. The payment of contributions releases the employer from its further obligation towards his employees. The main defined contribution plans consist of government-sponsored basic and supplementary pension plans in Europe and defined-contribution pension plans in North America.

Contributions to all of these plans are recognised as an expense for the period in which they are incurred. At 31 December 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in the future years.

(B) DEFINED BENEFIT PLANS

CMH has an obligation to pay benefits to eligible employees either at the moment of their retirement. The Group's main defined benefit plans provide indemnities payable to employees on retirement.

The Group operates an unfunded defined benefit pension plan, which is covered by provisions recorded in the financial statements. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the early of:

(i) the date of the plan amendment or curtailment; and

(ii) the date that the Group recognises restructuring-related costs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

(III) EMPLOYEE BENEFITS FOR ALL ELIGIBLE EMPLOYEES OF CMH AND ITS SUBSIDIARIES *(Continued)*

(B) DEFINED BENEFIT PLANS (Continued)

Interest is calculated by applying the discount rate to the defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under "administrative expenses" and "other expenses" in the consolidated statement of profit or loss by function:

(i) service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements

(ii) interest expense or income

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the note 12 to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of each reporting period, 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 exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Judgements *(Continued)*

WITHHOLDING TAX ARISING FROM THE DISTRIBUTION OF DIVIDENDS

Deferred tax liabilities are recognised for withholding corporate income taxes arising from the distributions of dividends from certain subsidiaries of the Group according to the relevant tax jurisdictions. Significant management judgement is required to determine whether to recognise such deferred tax liabilities based upon the plan of the dividend distribution from these subsidiaries in the foreseeable future. Management considers that those subsidiaries are not probable to make any profit distribution in the foreseeable future. Accordingly, no provision for the withholding tax has been made as at 31 December 2022.

REVENUE RECOGNITION OF TOURISM-RELATED PROPERTY SALES AND CONSTRUCTION SERVICES

Revenue from tourism-related property sales and construction services during the year is recognised over time when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Otherwise, revenue is recognised at the point in time when the buyer obtains control of the completed property. Assessing whether the Group could recognise revenue from tourism-related property sales and construction services over time requires significant judgement which includes the assessment of the legal terms in the sales contracts.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

IMPAIRMENT OF GOODWILL

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2022 was RMB1,714,004,000 (31 December 2021: RMB1,669,017,000). Further details are given in note 17 to the financial statements.

IMPAIRMENT OF INTANGIBLE ASSETS WITH INDEFINITE LIVES

The Group determines whether intangible assets with indefinite lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the individual asset. An asset's recoverable amount is the fair value less costs of disposal using the relief from royalty method. The carrying amount of the trademarks with indefinite lives at 31 December 2022 was RMB2,033,031,000 (31 December 2021: RMB1,977,593,000). Further details are given in note 16 to the financial statements.

IMPAIRMENT OF NON-FINANCIAL ASSETS (OTHER THAN GOODWILL)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of the year. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

IMPAIRMENT OF NON-FINANCIAL ASSETS (OTHER THAN GOODWILL) *(Continued)*

For the year ended 31 December 2022, the reversal of impairment losses with an amount of RMB455,000 was made for property, plant and equipment (2021: provision of RMB46,137,000). The provision of impairment losses with an amount of RMB3,882,000 was provided for right-of-use assets (2021: RMB20,002,000).

PROVISION FOR EXPECTED CREDIT LOSSES ON RECEIVABLES

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group applies the general approach to providing for expected credit losses for all other receivables. To measure the expected credit losses, the balances are grouped based on shared credit risk characteristics and the days past due.

The approach is initially based on the Group's historical observed default rates. The Group will calibrate the approach to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's other receivables, trade receivables and contract assets are disclosed in notes 22, 26 and note 27 to the financial statements, respectively.

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS (OTHER THAN GOODWILL) AND RIGHT-OF-USE ASSETS

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment, intangible assets (other than goodwill) and right-of-use assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment, intangible assets (other than goodwill) and right-of-use assets of a similar nature and functions, as well as the lease terms of the right-of-use assets. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge or amortisation charge when useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

DEFERRED TAX ASSETS

Deferred tax assets are recognised for deductible temporary differences, and carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 December 2022 was RMB7,859,019,000 (31 December 2021: RMB7,810,270,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

NET REALISABLE VALUE OF INVENTORIES, PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES FOR SALE

Net realisable value of inventories, properties under development and completed properties for sale is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at the end of the year.

PRC LAND APPRECIATION TAX ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for all its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

LEASES — ESTIMATING THE INCREMENTAL BORROWING RATE

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

SHARE-BASED PAYMENTS

The Group granted various equity-settled instruments to employees under a number of share-based compensation plans in 2022. The Group is required to evaluate the fair values of those equity-settled instruments at grant dates based on models. The evaluation of the fair values are on the basis of some assumptions. The Group amortised the expected cumulative expenses of those equity-settled instruments over the period in which the vesting conditions are fulfilled. For the year ended 31 December 2022, the Group recognised share-based payment expenses of RMB34,510,000 (2021:RMB30,867,000). Further details are given in note 38 to the financial statements.

REVENUE RECOGNITION OVER TIME OF TOURISM-RELATED PROPERTY SALES AND CONSTRUCTION SERVICES

The revenue from tourism-related property sales and construction services over time is recognised by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is 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 the resorts 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 the cultural events, performing arts, live entertainment and culture-related services and the operation of online and offline tourism and leisure products and solution platforms.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment operating profits which are 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.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2022

	Resorts and hotels RMB'000	Tourism destinations RMB'000	Services and solutions in various tourism and leisure settings RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue (note 5)					
External customers	11,512,746	2,038,647	226,317	—	13,777,710
Inter-segment sales	8,427	43,266	28,581	(80,274)	—
Total revenue	11,521,173	2,081,913	254,898	(80,274)	13,777,710
Segment operating profit/(loss)	675,070	385,004	(301,247)	(61,082)	697,745
Unallocated expenses*					(104,242)
Total operating profit					593,503
Finance costs					(995,591)
Share of losses of associates					(1,062)
Loss before income tax					(403,150)

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2021 (Restated)

	Resorts and hotels RMB'000	Tourism destinations RMB'000	Services and solutions in various tourism and leisure settings RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue (note 5)					
External customers	5,586,036	3,493,939	181,498	—	9,261,473
Inter-segment sales	10,355	55,381	24,622	(90,358)	—
Total revenue	5,596,391	3,549,320	206,120	(90,358)	9,261,473
Segment operating (loss)/profit	(1,747,635)	1,087,885	(267,630)	(50,714)	(978,094)
Unallocated expenses*					(466,188)
Total operating loss					(1,444,282)
Finance costs					(960,442)
Share of losses of associates					(1,341)
Loss before income tax					(2,406,065)

* The unallocated expenses mainly represented the fair value loss on financial assets at fair value through profit or loss, equity-settled share-based payment expenses and other employee benefit expenses.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

	2022 RMB'000	2021 RMB'000
Revenue from external customers		
Europe, Middle East and Africa	8,012,374	3,950,870
America	2,715,631	1,432,440
Asia Pacific	3,049,705	3,878,163
	13,777,710	9,261,473

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

	2022 RMB'000	2021 RMB'000 (Restated)
Non-current assets		
Europe, Middle East and Africa	13,645,951	11,749,235
America	3,517,607	3,567,495
Asia Pacific	10,201,224	11,131,663
	27,364,782	26,448,393

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets and amounts due from related companies.

Information about a major customer

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the year ended 31 December 2022 (2021: Nil).

5. REVENUE

An analysis of revenue is as follows:

	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers		
Resorts and destination operation	10,405,733	6,140,192
Tourism-related property sales and construction services	1,336,051	2,136,920
Tourism and leisure services and solutions	2,035,926	984,361
	13,777,710	9,261,473

5. REVENUE *(Continued)*

(i) Disaggregated revenue information

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

For the year ended 31 December 2022

Segments	Resorts and hotels RMB'000	Tourism destinations RMB'000	Services and solutions in various tourism and leisure settings RMB'000	Eliminations RMB'000	Total RMB'000
Types of goods or services					
Resorts and destination operation	9,430,652	1,026,774	—	(51,693)	10,405,733
Tourism-related property sales and construction services	280,912	1,055,139	—	—	1,336,051
Tourism and leisure services and solutions	1,809,609	—	254,898	(28,581)	2,035,926
	11,521,173	2,081,913	254,898	(80,274)	13,777,710
Inter-segment sales	(8,427)	(43,266)	(28,581)	80,274	—
Total revenue from contracts with customers	11,512,746	2,038,647	226,317	—	13,777,710
Timing of revenue recognition					
Goods transferred at a point in time	—	1,057,494	122,779	(2,600)	1,177,673
Services rendered over time	11,521,173	1,024,419	132,119	(77,674)	12,600,037
	11,521,173	2,081,913	254,898	(80,274)	13,777,710
Inter-segment sales	(8,427)	(43,266)	(28,581)	80,274	—
Total revenue from contracts with customers	11,512,746	2,038,647	226,317	—	13,777,710

5. REVENUE *(Continued)*

(i) Disaggregated revenue information *(Continued)*

For the year ended 31 December 2021

Segments	Resorts and hotels RMB'000	Tourism destinations RMB'000	Services and solutions in various tourism and leisure settings RMB'000	Eliminations RMB'000	Total RMB'000
Types of goods or services					
Resorts and destination operation	4,668,606	1,537,322	—	(65,736)	6,140,192
Tourism-related property sales and construction services	124,922	2,011,998	—	—	2,136,920
Tourism and leisure services and solutions	802,863	—	206,120	(24,622)	984,361
	5,596,391	3,549,320	206,120	(90,358)	9,261,473
Inter-segment sales	(10,355)	(55,381)	(24,622)	90,358	—
Total revenue from contracts with customers	5,586,036	3,493,939	181,498	—	9,261,473
Timing of revenue recognition					
Goods transferred at a point in time	—	2,010,899	6,282	(360)	2,016,821
Services rendered over time	5,596,391	1,538,421	199,838	(89,998)	7,244,652
	5,596,391	3,549,320	206,120	(90,358)	9,261,473
Inter-segment sales	(10,355)	(55,381)	(24,622)	90,358	—
Total revenue from contracts with customers	5,586,036	3,493,939	181,498	—	9,261,473

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

RESORTS AND DESTINATION SERVICES, TOURISM AND LEISURE SERVICES AND SOLUTIONS

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services.

TOURISM-RELATED PROPERTY SALES AND CONSTRUCTION SERVICES

If control of the asset is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. Otherwise, revenue is recognised at the point in time when the customer obtains the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

The performance obligation of the sale of products is satisfied upon delivery of products and payment is generally on demand.

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

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

	2022 RMB'000	2021 RMB'000
Other income		
Interest income	44,679	45,452
Government grants	48,833	312,139
Others	35,182	12,908
	128,694	370,499
Gains		
Gain on disposal of a subsidiary (note 40)	82,488	—
Gain on disposal of items of property, plant and equipment	3,858	2,321
Gain on disposal of right-of-use assets	5,324	—
Gain on rent concessions as a result of the COVID-19 pandemic	78,648	149,734
Gain on the fair value change of financial assets at fair value through profit or loss	24,605	—
Dividends from financial assets at fair value through profit or loss	3,603	—
Gain on reversal of provisions relating to:		
— *Litigation claims*	—	*13,709*
— *Prepayments, other receivables and other assets*	*11,379*	—
	209,905	165,764
Other income and gains	338,599	536,263
Other expenses		
Exceptional costs due to the COVID-19 pandemic*	(72,235)	(754,283)
Compensation costs relating to employees	1,363	(123,648)
Provision for litigation, including tax related	(19,419)	(28,267)
Provision for resort closure costs	(79,615)	(71,719)
Loss on the fair value change of financial assets at fair value through profit or loss	—	(326,620)
Loss on disposal of intangible assets	(803)	—
Impairment losses on:		
— *Property, plant and equipment*	*455*	*(46,137)*
— *Right-of-use assets*	*(3,882)*	*(20,002)*
Exchange loss, net	(37,051)	(92,356)
Others	(23,753)	(26,199)
Other expenses	(234,940)	(1,489,231)
Other income and gains/(expense), net	103,659	(952,968)

* Exceptional costs due to the 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.

7. LOSS BEFORE INCOME TAX

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

	Note	2022 RMB'000	2021 RMB'000 (Restated)
Cost of revenue		**9,787,360**	6,694,512
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**2,564,262**	2,082,815
Accommodation benefits and others :			
— *Defined contribution fund*		***432,905***	*364,028*
Pension scheme costs:			
— *Defined benefit fund*		***26,405***	*28,762*
— *Defined contribution fund*		***162,963***	*118,555*
Equity-settled share-based payment expenses	38	**34,510**	30,867
		3,221,045	2,625,027
Auditor's remuneration		**4,200**	4,200
Depreciation of property, plant and equipment	14	**646,252**	662,137
Depreciation of right-of-use assets	15(c)	**1,051,012**	1,112,222
Amortisation of intangible assets	16	**141,863**	134,544
Impairment of financial and contract assets and other assets:			
Provision for impairment of trade receivables	26	***6,799***	*19,163*
(Reversal)/provision for impairment of financial assets included in prepayments, other receivables and other assets		***(12,600)***	*1,731*
Write-down of inventories to net realisable value		**1,233**	2,579
Impairment of right-of-use assets	15(c)	**3,882**	20,002
(Reversal)/provision for impairment of items of property, plant and equipment	6	**(455)**	46,137
Fair value (gain)/loss on financial assets at fair value through profit or loss	6	**(24,605)**	326,620
Lease payments not included in the measurement of lease liabilities	15(c)	**100,734**	57,897
Exchange loss, net	6	**37,051**	92,356
Rent concessions as a result of COVID-19 pandemic in other gains	6	**(78,648)**	(149,734)
Gain on disposal of items of property, plant and equipment	6	**(3,858)**	(2,321)
Gain on disposal of right-of-use assets	6	**(5,324)**	—
Gain on deemed disposal of interest in an associate		**—**	(2,893)
Gain on disposal of a subsidiary	6	**(82,488)**	—
Loss on disposal of intangible assets	6	**803**	—
Dividends from financial assets at fair value through profit or loss	6	**(3,603)**	—

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 RMB'000	2021 RMB'000
Interest on bank and other borrowings	**557,343**	546,510
Interest on convertible bonds	**—**	768
Interest on lease liabilities (note 15(b))	**453,116**	462,120
Bank charges and other financial costs	**13,809**	7,647
	1,024,268	1,017,045
Less: Interest capitalised (notes 14 and 20)	**28,677**	56,603
Total finance costs	**995,591**	960,442

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022 RMB'000	2021 RMB'000
Fees	**1,822**	1,733
Other emoluments:		
Salaries, allowances and benefits in kind	**14,242**	12,898
Performance related bonus	**7,773**	8,331
Equity-settled share-based payment expenses	**11,583**	11,788
Pension scheme contributions	**1,096**	1,099
	34,694	34,116
	36,516	35,849

The fair values of the options and restricted shares granted to certain directors have been recognised in the consolidated statement of profit or loss over the vesting period, and were determined as at the date of grant and the amount included in the consolidated financial statements for the year ended 31 December 2022 are included in the above directors' and chief executive's remuneration disclosures.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(a) Independent non-executive directors

The fees to independent non-executive directors during the year were as follows:

	2022 RMB'000	2021 RMB'000
Allan Zeman	515	491
Guo Yongqing	515	491
Katherine Rong Xin	515	491
He Jianmin(1)	22	—
	1,567	1,473

(1) Mr. He Jianmin has been appointed as an independent non-executive director on 19 December 2022.

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

(b) Executive directors, non-executive directors and the chief executive

There were no emoluments paid by the Group to the directors as an inducement to join the Group, or upon joining the Group, or as compensation for loss of office during the year.

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Equity-settled share based payment expenses RMB'000	Total remuneration RMB'000
2022						
Executive directors:						
Xu Xiaoliang(1)	—	364	—	—	162	526
Henri GISCARD d' ESTAING	255	5,367	6,331	908	1,948	14,809
Xu Bingbin	—	1,577	538	63	1,607	3,785
Choi Yin On	—	2,050	493	102	1,043	3,688
Qian Jiannong(2)	—	4,565	411	23	4,649	9,648
Non-executive directors:						
Qian Jiannong(2)	—	319	—	—	930	1,249
Pan Donghui	—	—	—	—	433	433
Huang Zhen(3)	—	—	—	—	—	—
Xu Xiaoliang(1)	—	—	—	—	811	811
	255	14,242	7,773	1,096	11,583	34,949

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors and the chief executive

(Continued)

(1) Mr. Xu Xiaoliang resigned as an a non-executive director on 7 November 2022 and was appointed as an executive director and the chairman of the board on 7 November 2022.

(2) Mr. Qian Jiannong resigned as an executive director and the chief executive of the Company on 7 November 2022, and was appointed as a non-executive director on 7 November 2022.

(3) Mr. Huang Zhen was appointed as a non-executive director on 19 December 2022.

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Equity-settled share based payment expenses RMB'000	Total remuneration RMB'000
2021						
Executive directors:						
Qian Jiannong	—	4,461	2,475	54	9,125	16,115
Henri GISCARD d' ESTAING	260	5,191	4,883	903	2,010	13,247
Xu Bingbin(1)	—	1,364	618	57	834	2,873
Choi Yin On(2)	—	1,338	355	67	324	2,084
Wang Wenping(3)	—	544	—	18	(891)	(329)
Non-executive directors:						
Xu Xiaoliang(4)	—	—	—	—	259	259
Pan Donghui(4)	—	—	—	—	127	127
	260	12,898	8,331	1,099	11,788	34,376

(1) Mr. Xu Bingbin was appointed as an executive director on 15 March 2021.

(2) Mr. Choi Yin On was appointed as an executive director on 18 August 2021.

(3) Mr. Wang Wenping resigned as an executive director on 25 April 2021.

(4) Mr. Xu Xiaoliang and Mr. Pan Donghui were appointed as non-executive directors on 18 August 2021.

There was one arrangement under which a director waived or agreed to waive any remuneration during the year (2021: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year include three directors (2021: two), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2021: three) highest paid employees, who are neither a director nor chief executive of the Company, are as follows:

	2022 RMB'000	2021 RMB'000
Salaries, allowances and benefits in kind	6,243	11,602
Performance related bonus	4,108	3,310
Equity-settled share based payment expenses	3,344	3,625
Pension scheme contributions	456	671
	14,151	19,208

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2022 Number of employees	2021 Number of employees
RMB5,500,001 to RMB6,000,000	1	1
RMB6,000,001 to RMB6,500,000	—	1
RMB7,500,001 to RMB8,000,000	—	1
RMB8,000,001 to RMB8,500,000	1	—
	2	3

The fair value of the options granted to a non-director and non-chief executive highest paid employee, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the year ended 31 December 2022 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. INCOME TAX

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

(a) Income tax in the consolidated statement of profit or loss represents:

	2022 RMB'000	2021 RMB'000 (Restated)
Current — France and others	76,488	10,070
Current — Chinese Mainland		
Income tax in Chinese Mainland for the year	81,386	183,244
LAT in Chinese Mainland for the year	121,223	281,076
Deferred (note 23)	(150,456)	(93,001)
Income tax expense for the year	128,641	381,389

The provision for income tax of CMH and its subsidiaries incorporated in France in the year of 2022 was based on a rate of 25.83% (2021: 28.41%).

The provision for Chinese Mainland current income tax is based on the statutory rate of 25% (2021: 25%) of the assessable profits of the Group for the reporting period as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008. For Hainan Atlantis, the provision for current income tax in the year of 2022 and 2021 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.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales 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 Chinese Mainland tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

11. INCOME TAX *(Continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the countries or jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	France and others RMB'000	Chinese Mainland RMB'000	Total RMB'000
2022			
Loss before income tax	(9,291)	(393,859)	(403,150)
Tax at the applicable tax rates	55	(98,465)	(98,410)
Different tax rates for specific entities	36,149	32,492	68,641
Tax effect of:			
Income not subject to tax	(7,803)	—	(7,803)
Tax incentives on eligible expenditures	—	(199)	(199)
Expenses not deductible for tax	64,257	1,949	66,206
Tax losses and temporary difference not recognised	26,463	124,515	150,978
Tax losses and temporary difference utilised from prior years	(178,146)	(1,814)	(179,960)
Overprovision in prior years	(1,922)	(2,384)	(4,306)
Others	42,507	—	42,507
Subtotal	(18,440)	56,094	37,654
Provision for LAT for the year	—	98,711	98,711
Deferred tax effect of provision for LAT (note 23)	—	(24,608)	(24,608)
Prepaid LAT for the year	—	22,512	22,512
Tax effect of prepaid LAT	—	(5,628)	(5,628)
Tax expense	(18,440)	147,081	128,641

11. INCOME TAX *(Continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates: *(Continued)*

	France and others RMB'000 (restated)	Chinese Mainland RMB'000	Total RMB'000
2021			
(Loss)/profit before income tax	(2,883,760)	477,695	(2,406,065)
Tax at the applicable tax rates	(819,565)	119,424	(700,141)
Different tax rates for specific entities	121,572	(39,353)	82,219
Tax effect of:			
Income not subject to tax	(8,269)	—	(8,269)
Tax incentives on eligible expenditures	—	(231)	(231)
Expenses not deductible for tax	219,684	2,730	222,414
Tax losses not recognised	689,254	87,579	776,833
Tax losses utilised from prior years	(147,081)	(375)	(147,456)
Overprovision in prior years	(4,013)	(398)	(4,411)
Others	(67,784)	—	(67,784)
Subtotal	(16,202)	169,376	153,174
Provision for LAT for the year	—	83,202	83,202
Deferred tax effect of provision for LAT (note 23)	—	(20,470)	(20,470)
Prepaid LAT for the year	—	197,874	197,874
Tax effect of prepaid LAT	—	(32,391)	(32,391)
Tax expense	(16,202)	397,591	381,389

12. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2022 (2021: Nil).

13. 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 year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 1,239,691,674 (2021: 1,236,900,320) in issue during the year.

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

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

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

	2022 RMB'000	2021 RMB'000 (Restated)
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculations	**(544,900)**	(2,718,643)

	Number of shares 2022	 2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,239,691,674**	1,236,900,320
Effect of dilution — weighted average number of ordinary shares:		
— Share ownership plan*	**—**	—
— Share option scheme*	**—**	—
Weighted average number of ordinary shares used in the calculation of diluted loss per share	**1,239,691,674**	1,236,900,320
Basic loss per share (RMB)	**(0.44)**	(2.20)
Diluted loss per share (RMB)	**(0.44)**	(2.20)

* Because the diluted loss per share amount is decreased when taking the share ownership plan and the share option scheme into account, which had been disclosed in note 38 to the financial statements, the share ownership plan and share option scheme had an anti-dilutive effect on the basic loss per share amount for the year ended 31 December 2022 and were ignored in the calculation of diluted loss per share.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings and leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and other equipment RMB'000	Construction in progress RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022, net of accumulated depreciation and impairment	1,172,876	6,269,804	1,056,234	447,100	729,118	2,162	9,677,294
Additions	28,993	132,529	133,246	78,479	728,956	—	1,102,203
Disposal of a subsidiary (note 40)	(106,313)	(140,510)	—	—	(7,356)	—	(254,179)
Disposals	(229,582)	(125,309)	(7,196)	(6,985)	(1,874)	(17)	(370,963)
Other cost adjustment*	—	(23,775)	1,344	(9,052)	—	—	(31,483)
Depreciation provided during the year	—	(367,593)	(164,773)	(112,396)	—	(1,490)	(646,252)
Impairments	—	421	38	(4)	—	—	455
Transfer	—	138,870	35,599	7,301	(181,770)	—	—
Exchange realignment	105,031	159,878	27,397	10,817	6,545	—	309,668
At 31 December 2022, net of accumulated depreciation and impairment	971,005	6,044,315	1,081,889	415,260	1,273,619	655	9,786,743
At 31 December 2022							
Cost	971,005	9,098,758	2,212,700	1,291,893	1,275,778	12,521	14,862,655
Accumulated depreciation and impairment	—	(3,054,443)	(1,130,811)	(876,633)	(2,159)	(11,866)	(5,075,912)
Net carrying amount	971,005	6,044,315	1,081,889	415,260	1,273,619	655	9,786,743

* Represents the cost adjustments on buildings and machinery based on the final completion settlement of the construction.

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Freehold land RMB'000	Buildings and leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and other equipment RMB'000	Construction in progress RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021, net of accumulated depreciation and impairment	1,243,875	6,271,248	1,236,066	468,381	689,922	3,976	9,913,468
Additions	—	62,395	52,603	109,979	762,644	362	987,983
Disposals	—	(917)	(9,191)	(40,145)	(474)	(33)	(50,760)
Other cost adjustment*	—	(135,641)	(31,554)	—	—	—	(167,195)
Depreciation provided during the year	—	(366,330)	(171,228)	(122,436)	—	(2,143)	(662,137)
Impairments	—	(44,831)	—	(1,306)	—	—	(46,137)
Transfer	—	623,431	17,222	71,373	(712,026)	—	—
Exchange realignment	(70,999)	(139,551)	(37,684)	(38,746)	(10,948)	—	(297,928)
At 31 December 2021, net of accumulated depreciation and impairment	1,172,876	6,269,804	1,056,234	447,100	729,118	2,162	9,677,294
At 31 December 2021							
Cost	1,172,876	8,738,946	1,974,733	1,186,248	731,277	12,538	13,816,618
Accumulated depreciation and impairment	—	(2,469,142)	(918,499)	(739,148)	(2,159)	(10,376)	(4,139,324)
Net carrying amount	1,172,876	6,269,804	1,056,234	447,100	729,118	2,162	9,677,294

* Represents the cost adjustments on buildings and machinery based on the final completion settlement of the construction.

(1) The net book values of property, plant and equipment pledged as security for interest-bearing bank loans are as follows (note 30):

	2022 RMB'000	2021 RMB'000
Construction in progress	22,360	23
Buildings	573,678	590,784
	596,038	590,807

(2) The net book value of property, plant and equipment pledged as security for other borrowings is as follows (note 30):

	2022 RMB'000	2021 RMB'000
Buildings	3,092,181	3,228,791

(3) Capitalised interest expenses included in construction in progress of the Group are as follows (note 8):

	2022 RMB'000	2021 RMB'000
Interest expenses capitalised	17,474	26,837

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(4) The Group recognised property, plant and equipment and right-of-use assets for the self-owned or leased resorts operated. The increased market volatility after the COVID-19 outbreak and shut down plans for certain resorts are considered as an indication of impairment. When an indication of impairment exists, impairment tests are performed.

A reversal of impairment losses with an amount of RMB455,000 (2021: provision of RMB46,137,000) was recorded for property, plant and equipment for certain resorts owned by the Group with shut down plans based on specific review of fair values less costs of disposal of the assets during the year ended 31 December 2022.

The remaining assets are tested by management based on the recoverable amount of each cash-generating unit to which the property, plant and equipment and right-of-use assets belong, which is its value in use of each cash-generating unit using cash flow projections based on an operational plan for a maximum period of three years and the application of a growth rate of 2.5% (2021: 2.5%) in the subsequent two years as approved by senior management. The discount rate applied to the cash flow projections ranges was 13.5% (2021: 11.3%). The growth rate used to extrapolate the cash flows of the above cash-generating unit beyond the five-year period is 1.9% (2021: 1.9%), which is also an estimate of the long-term rate of inflation.

Assumptions were used in the value-in-use calculation of the cash-generating units for the year ended 31 December 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of property, plant and equipment and right-of-use assets:

Discount rate — The discount rate used is before tax and reflects specific risks relating to the cash-generating units.

Long-term growth rate — The basis used to determine the value assigned to the long-term growth rate is the forecast price indices during the budget year from where the main businesses are located.

The values assigned to the discount rate and long-term growth rate are consistent with the Group's historical experience and external information sources.

With regard to the assessment of value in use, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amount of any of the cash-generating unit to be materially lower than its carrying amount.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of land, buildings, machinery, furniture, fixtures, and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 20 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 48 years, while leases of machinery generally have lease terms between 1 and 10 years. Furniture, fixtures and other equipment generally have lease terms of 1 to 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. The lease contracts with variable lease payments are further discussed below.

(A) RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Buildings RMB'000	Machinery RMB'000	Furniture, fixtures and other equipment RMB'000	Total RMB'000
31 December 2022					
As at 1 January 2022	**1,934,481**	**8,804,344**	**79,898**	**2,273**	**10,820,996**
Additions	**6,925**	**2,316,030**	**5,526**	**13,472**	**2,341,953**
Depreciation charge	**(53,155)**	**(989,697)**	**(5,670)**	**(2,490)**	**(1,051,012)**
Disposal	**—**	**(24,550)**	**(38,166)**	**(966)**	**(63,682)**
Impairment	**—**	**(3,882)**	**—**	**—**	**(3,882)**
Exchange alignment	**—**	**460,504**	**3,751**	**39**	**464,294**
As at 31 December 2022	**1,888,251**	**10,562,749**	**45,339**	**12,328**	**12,508,667**

	Leasehold land RMB'000	Buildings RMB'000	Machinery RMB'000	Furniture, fixtures and other equipment RMB'000	Total RMB'000
31 December 2021					
As at 1 January 2021	1,978,719	9,074,306	55,643	6,885	11,115,553
Additions	15,417	1,564,633	45,051	197	1,625,298
Depreciation charge	(52,875)	(1,039,911)	(15,099)	(4,337)	(1,112,222)
Disposal	—	(1,050)	—	—	(1,050)
Reclassification*	(6,780)	—	—	—	(6,780)
Impairment	—	(20,002)	—	—	(20,002)
Exchange alignment	—	(773,632)	(5,697)	(472)	(779,801)
As at 31 December 2021	1,934,481	8,804,344	79,898	2,273	10,820,996

* During 2021, due to change of intended use, leasehold land amounting to RMB6,780,000 is reclassified to properties under development.

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(A) RIGHT-OF-USE ASSETS *(Continued)*

Impairment provision of RMB3,882,000 (2021: RMB20,002,000) was provided for right-of-use assets for certain resorts leased by the Group with shut down plans based on specific review of fair values less costs of disposal of the assets. Details are set out in note 14.

The net book values of right-of-use assets pledged as security for interest-bearing bank loans are as follows (note 30):

	2022 **RMB'000**	2021 RMB'000
Right-of-use assets	**278,290**	199,904

The net book values of right-of-use assets pledged as security for other borrowings are as follows (note 30):

	2022 **RMB'000**	2021 RMB'000
Right-of-use assets	**744,070**	766,292

(B) LEASE LIABILITIES

The carrying amount of lease liabilities and the movements during the year are as follows:

		2022 **RMB'000**	2021 RMB'000
Carrying amount at 1 January		**9,411,087**	9,767,589
New leases		**2,385,718**	1,571,269
Accretion of interest recognised during the year		**453,116**	462,120
Covid-19-related rent concessions from lessors	(i)	**(130,403)**	(241,206)
Payments		**(1,160,502)**	(1,072,325)
Disposal		**(62,139)**	(1,089)
Exchange realignment		**380,672**	(1,075,271)
Carrying amount at 31 December		**11,277,549**	9,411,087
Analysed into:			
Current portion		**866,218**	770,781
Non-current portion		**10,411,331**	8,640,306

The maturity analysis of lease liabilities is disclosed in note 47 to the financial statements.

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(B) LEASE LIABILITIES *(Continued)*

(i) The Group has applied the practical expedient to all eligible rent concessions granted by the lessors for leases of the property, plant and equipment of certain resorts during the year.

The Group entered into the lease in respect of certain leasehold properties from the associates and other related companies. The amounts of lease liabilities by the Group to the related parties under the leases were determined with reference to the amounts charged by the third parties. Included in the Group's lease liabilities are amounts due to the Group's associates and other related companies of RMB71,546,000 (2021: RMB83,608,000) and nil (2021: RMB24,113,000), respectively.

(C) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 **RMB'000**	2021 RMB'000
Interest on lease liabilities	**453,116**	462,120
Depreciation charge for right-of-use assets	**1,051,012**	1,112,222
Expense relating to short-term leases and low-value leases (included in cost of sales and administrative expenses)	**82,488**	50,908
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales)	**18,246**	6,989
Covid-19-related rent concessions from lessors	**(130,403)**	(241,206)
Impairment of right-of-use assets	**3,882**	20,002
Gain on disposal of right-of-use assets	**(5,324)**	—
Total amount recognised in profit or loss	**1,473,017**	1,411,035

(D) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 41(c) and 42, respectively, to the financial statements.

16. INTANGIBLE ASSETS

	Trademark and patents RMB'000	Software RMB'000	Leasehold rights RMB'000	Others RMB'000	Total RMB'000 (Restated)
31 December 2022					
Cost at 31 December 2021, net of accumulated amortisation and impairment	**1,979,451**	**534,049**	**—**	**56,854**	**2,570,354**
Changs in accounting policy (note 2.2)	**—**	**(127,464)**	**—**	**—**	**(127,464)**
Cost at 1 January 2022, net of accumulated amortisation and impairment	**1,979,451**	**406,585**	**—**	**56,854**	**2,442,890**
Additions	**90**	**145,316**	**—**	**480**	**145,886**
Disposals	**—**	**(14)**	**—**	**(789)**	**(803)**
Amortisation provided during the year	**(538)**	**(131,975)**	**—**	**(9,350)**	**(141,863)**
Exchange realignment	**55,672**	**7,434**	**—**	**(937)**	**62,169**
At 31 December 2022	**2,034,675**	**427,346**	**—**	**46,258**	**2,508,279**
At 31 December 2022					
Cost	**2,037,759**	**1,256,829**	**10,513**	**186,773**	**3,491,874**
Accumulated amortisation and impairment	**(3,084)**	**(829,483)**	**(10,513)**	**(140,515)**	**(983,595)**
Net carrying amount	**2,034,675**	**427,346**	**—**	**46,258**	**2,508,279**
31 December 2021					
Cost at 31 December 2020, net of accumulated amortisation and impairment	2,198,185	575,254	—	62,978	2,836,417
Changs in accounting policy (note 2.2)	—	(131,591)	—	—	(131,591)
Cost at 1 January 2021, net of accumulated amortisation and impairment	2,198,185	443,663	—	62,978	2,704,826
Additions	2,227	118,385	—	7,860	128,472
Disposals	(75)	(2,879)	—	(580)	(3,534)
Amortisation provided during the year	(694)	(121,392)	—	(12,458)	(134,544)
Exchange realignment	(220,192)	(31,192)	—	(946)	(252,330)
At 31 December 2021	1,979,451	406,585	—	56,854	2,442,890
At 31 December 2021					
Cost	1,981,935	947,199	10,513	187,157	3,126,804
Accumulated amortisation and impairment	(2,484)	(540,614)	(10,513)	(130,303)	(683,914)
Net carrying amount	1,979,451	406,585	—	56,854	2,442,890

16. INTANGIBLE ASSETS *(Continued)*

Impairment testing of intangible assets with indefinite lives

The intangible assets of the Group with indefinite lives are mainly the trademark of Club Med amounting to EUR261,161,000 (equivalent to RMB1,938,572,000 as at 31 December 2022 (31 December 2021: RMB1,885,504,000)) which arose from the acquisition of Club Med SAS and its subsidiaries ("Club Med SAS Group") in 2015, and the trademark of Thomas Cook amounting to GBP11,000,000 (equivalent to RMB94,459,000 as at 31 December 2022 (31 December 2021: RMB92,089,000)). The trademarks have indefinite life as the extension cost is low and they can be used indefinitely. The impairment test is based on the recoverable amount of the intangible assets, which is the fair value less costs of disposal.

The fair value calculation of the trademark of Club Med used the relief from royalty method is based on royalty rates from 1.5% to 2.5% (2021: 1.5% to 2.5%) of forecasted revenues. The revenues are forecasted based on an operational plan for a maximum period of five years, and the application of a growth rate of 2.5% (2021: 2.5%) in the subsequent two years as approved by senior management. The long-term growth rate of revenues beyond the five-year period is 1.9% (2021: 1.9%), which is also an estimate of the long-term rate of inflation. The discount rate applied to the royalty income was 9.3% (2021: 9.1%) for 2022.

The fair value calculation of the trademark of Thomas Cook used the relief from royalty method is based on royalty rates from 1.5% to 2.0% (2021: 1.5% to 2.0%) of forecasted revenues. The revenues are forecasted based on an operational plan for a maximum period of five years. The long-term growth rate of revenues beyond the five-year period is 2.1% (2021: 2.6%), which is also an estimate of the long-term rate of inflation. The discount rate applied to the royalty income was 14% (2021: 14%) for 2022.

Assumptions were used in the fair value calculation of the trademarks for 2022. The following describes each key assumption on which management has based its relief from royalty calculation to undertake impairment testing of the trademarks:

Discount rate — The discount rate used reflects specific risks relating to the trademarks.

Royalty rates — The royalty rates are determined based on comparable or similar transactions.

Long-term growth rate — The basis used to determine the value assigned to the long-term growth rate is the forecast price indices during the budget year from where the main businesses are located.

The values assigned to the discount rate, royalty rate and long-term growth rate are consistent with the Group's historical experience and external information sources.

With regard to the assessment of fair value, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amounts of the trademarks of Club Med or of Thomas Cook to be materially lower than their carrying amounts.

16. INTANGIBLE ASSETS *(Continued)*

Sensitivity to changes in key assumptions

As at 31 December 2022, the recoverable amount of the trademark of Club Med exceeds the carrying amount by RMB1,225,474,000.

The following table sets forth the impact of reasonably possible changes in each of the key assumptions, with all other variables held constant, of the trademark impairment testing of the trademark of Club Med as of the dates indicated.

As at 31 December 2022, the recoverable amount of the trademark of Club Med exceeds its carrying amount by:

	2022 **RMB'000**
Possible changes of key assumptions	
Discount rate increases by 1%	**864,897**
Royalty rates decreases by 0.5%	**934,264**
Long-term growth rate decreases by 0.5%	**1,090,335**

17. GOODWILL

	RMB'000
Cost and net carrying amount at 1 January 2021	1,847,305
Exchange realignment	(178,288)
Cost and net carrying amount at 31 December 2021 and 1 January 2022	1,669,017
Exchange realignment	44,987
Cost and net carrying amount at 31 December 2022	**1,714,004**

Impairment testing of goodwill

The Group's goodwill acquired through business combination arises from the acquisition of Club Med SAS Group in February 2015 and the acquisition of Kuyi International Travel Agency (Shanghai) Co., Ltd ("Kuyi Shanghai") in April 2020. The goodwill has been allocated to the corresponding subsidiaries acquired for impairment testing as the acquired subsidiaries are the only cash-generating units that can benefit from synergy of the acquisition separately.

The recoverable amount of the cash-generating unit of Club Med SAS Group has been determined based on a value-in-use calculation using cash flow projections based on an operational plan for a maximum period of three years, and the application of a growth rate of 2.5% (2021: 2.5%) in the subsequent two years as approved by senior management. The discount rate applied to the cash flow projections was 13.5% (2021: 11.3%) for 2022. The growth rate used to extrapolate the cash flows of the above cash-generating unit beyond the five-year period is 1.9% (2021: 1.9%), which is also an estimate of the long-term rate of inflation.

The recoverable amount of the cash-generating unit of Kuyi Shanghai has been determined based on a value-in-use calculation using cash flow projections based on an operational plan for a maximum period of five years. The discount rate applied to the cash flow projections was 14.0% (2021: 14.4%) for 2022. The growth rate used to extrapolate the cash flows of the above cash-generating unit beyond the five-year period is 2.3% (2021: 3.0%), which is also an estimate of the long-term rate of inflation.

17. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

Assumptions were used in the value-in-use calculation of the cash-generating units for the year ended 31 December 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rate — The discount rate used is before tax and reflects specific risks relating to the cash-generating units.

Long-term growth rate — The basis used to determine the value assigned to the long-term growth rate is the forecast price indices during the budget year from where the main businesses are located.

The values assigned to the discount rate and long-term growth rate are consistent with the Group's historical experience and external information sources.

Sensitivity to changes in key assumptions

With regard to the assessment of value in use, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amount of the cash-generating unit for which goodwill is allocated to be materially lower than its carrying amount.

As at 31 December 2022, the recoverable amount of the cash-generating unit of Club Med SAS exceeds its carrying amount by RMB14,520,287,000.

The following table sets forth the impact of reasonable possible changes in each of the key assumptions, with all other variables held constant, of goodwill impairment testing of the cash-generating unit of Club Med SAS as of the dates indicated.

As at 31 December 2022, the recoverable amount of the cash-generating units exceeds the carrying amount by:

	2022 Club Med SAS Group RMB'000
Possible changes of key assumptions	
Pre-tax discount rate increases by 1%	12,525,362
Long-term growth rate decreases by 0.5%	13,599,045

18. INVESTMENTS IN ASSOCIATES

	2022 RMB'000	2021 RMB'000
Share of net assets	249,421	235,559

The Group's amounts due from associates and amounts due to associates are disclosed in note 21 to the financial statements.

As at 31 December 2022, there were no material associates within the Group (31 December 2021: nil).

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2022 RMB'000	2021 RMB'000
Share of the associates' losses for the year	(1,062)	(1,341)

	2022 RMB'000	2021 RMB'000
Aggregate carrying amount of the Group's investments in the associates	249,421	235,559

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2022 RMB'000	2021 RMB'000
Financial assets at fair value through profit or loss:			
Long-term investments			
Unlisted investments, at fair value			
Non-trading	(i)	327,336	175,295
Short-term investments			
Listed investments, at fair value			
Trading		2,167	—
Unlisted investments, at fair value			
Non-trading		10	2,578
		2,177	2,578
		329,513	177,873

Note:

(i) The financial assets at fair value through profit or loss as at 31 December 2022 mainly include an investment of RMB225,000,000 in a private fund and equity investments of RMB52,291,000 in several companies.

20. PROPERTIES UNDER DEVELOPMENT

	2022 RMB'000	2021 RMB'000
Land cost	**972,049**	1,159,861
Construction costs	**327,919**	799,666
Capitalised finance costs	**11,956**	16,165
	1,311,924	1,975,692
Portion classified as current assets	**743,361**	775,815
Non-current portion	**568,563**	1,199,877

The properties pledged to banks to secure interest-bearing bank loans are as follows:

	2022 RMB'000	2021 RMB'000
Net book value pledged (note 30)	**520,208**	498,856
Additions to properties under development include:		
Interest expense capitalised (note 8)	**11,203**	29,766

The Group's properties under development are situated in Chinese Mainland and France.

21. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

	Notes	2022 RMB'000	2021 RMB'000
Due from related companies:			
The Holding Company	(i)	**840,641**	839,382
Associates	(ii)	**27,537**	3,827
Other Related Companies	(iii)	**92,925**	9,571
Total		**961,103**	852,780
Portion classified as current assets		**879,231**	849,243
Non-current portion		**81,872**	3,537

21. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES *(Continued)*

Notes:

(i) As at 31 December 2022, the Group had an outstanding balance due from its ultimate holding company of RMB840,641,000 (31 December 2021: RMB839,382,000). The balance due from the holding company was non-trade in nature, unsecured, interest-free and repayable on demand. As at 31 December 2022, the balance mainly came from the unpaid subscription price for the shares of the Company issued to the Controlling Shareholder.

(ii) As at 31 December 2022, the Group had balances due from its associates of RMB13,073,000 (31 December 2021: RMB3,827,000). The balances were trade in nature, unsecured, interest-free and repayable on demand.

The remaining balances due from associates as at 31 December 2022 with an amount of RMB5,200,000 and RMB9,264,000 were non-trade in nature, unsecured, with the interest rates of 1.5% and 5.0%, respectively, and repayable in 2025 and 2023, respectively.

(iii) As at 31 December 2022, the balances due from other related companies with an amount of RMB8,976,000 (31 December 2021: RMB8,562,000) were trade in nature, unsecured, interest-free and repayable on demand.

The remaining balances due from other related companies as at 31 December 2022 were RMB83,949,000, of which RMB74,490,000 was a loan to New KRH Co., Ltd. ("KRH"), a fellow subsidiary of the Controlling Shareholder. On 18 December 2022, a subsidiary of the Group provided a loan to KRH in the principal amount of EUR10 million to support the operation of Club Med Kiroro Peak resort. The interest rate was 5.59% and was repayable on 9 June 2025 and the loan was guaranteed by the Controlling Shareholder. And the remaining balance of RMB9,459,000 (31 December 2021: RMB1,009,000) was non-trade in nature, unsecured, interest-free and repayable on demand.

	Notes	2022 RMB'000	2021 RMB'000
Due to related companies:			
The holding company	(iv)	**3,318**	2,282
Other related companies	(v)	**897,018**	856,232
Total		**900,336**	858,514
Portion classified as current liabilities		**900,336**	858,514
Non-current portion		**—**	—

Notes:

(iv) As at 31 December 2022, the Group had an outstanding balance due to its ultimate holding company of RMB3,318,000 (31 December 2021: RMB2,282,000). The balance due to the holding company was trade in nature, unsecured, interest-free and repayable on demand.

(v) As at 31 December 2022, the balances due to other related companies include an amount of RMB56,377,000 (31 December 2021: RMB16,850,000) and were trade in nature, unsecured, interest-free and repayable on demand.

The remaining balances amounting to RMB840,641,000 (31 December 2021: RMB839,382,000) due to other related companies were non-trade in nature, unsecured, interest-free and repayable on demand.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	31 December 2022 RMB'000	31 December 2021 RMB'000
Prepayments consist of:			
Prepayments for various goods and services		1,080,729	1,009,526
Prepaid value-added tax and surcharges		471,426	544,372
Deposits		233,966	237,069
Other receivables consist of:			
Tax recoverable		12,381	36,021
Loans to third parties		188,143	213,556
Others		209,360	386,273
Other long term assets		—	369,085
Impairment allowance	(b)	(7,076)	(18,360)
		2,188,929	2,777,542
Portion classified as current assets		1,825,974	1,975,069
Non-current portion	(a)	362,955	802,473

Notes :

(a) The non-current portion of prepayments, other receivables and other assets as at the end of the reporting period is set out below:

	2022 RMB'000	2021 RMB'000
Non-current portion of prepayments, other receivables and other assets:		
Deposits for lease contracts and travel license	208,388	218,035
Loans to third parties	125,462	181,678
Prepayments for purchase of construction materials, equipment and others	28,908	33,285
Other long term assets	—	369,085
Others	197	390
	362,955	802,473

(b) The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2022 and 2021, the loss allowance was assessed to be minimal.

23. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Accruals and provisions RMB'000	Additional LAT provisions RMB'000	Leases RMB'000	Others RMB'000 (Restated)	Total RMB'000 (Restated)
Gross deferred tax assets at 1 January 2021	355,382	29,122	—	33,662	88,804	506,970
Changes in accounting policy (note 2.2)	—	—	—	—	33,994	33,994
Restated opening balance	355,382	29,122	—	33,662	122,798	540,964
Deferred tax credited to the consolidated statement of profit or loss during the year	(5,649)	50,243	20,470	10,615	7,700	83,379
Exchange realignment	(29,093)	(5,131)	—	(1,587)	(8,054)	(43,865)
Gross deferred tax assets at 31 December 2021 and at 1 January 2022	**320,640**	**74,234**	**20,470**	**42,690**	**122,444**	**580,478**
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	**65,420**	**2,270**	**24,608**	**48,852**	**(263)**	**140,887**
Exchange realignment	**10,858**	**505**	**—**	**4,347**	**3,631**	**19,341**
Gross deferred tax assets at 31 December 2022	**396,918**	**77,009**	**45,078**	**95,889**	**125,812**	**740,706**

23. DEFERRED TAX *(Continued)*

Movements in deferred tax assets and liabilities are as follows: *(Continued)*

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries and others RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2021	895,855	10,389	906,244
Deferred tax credited to the consolidated statement of profit or loss during the year	(6,805)	(2,817)	(9,622)
Exchange realignment	(74,921)	—	(74,921)
Gross deferred tax liabilities at 31 December 2021 at 1 January 2022	**814,129**	**7,572**	**821,701**
Deferred tax credited to the consolidated statement of profit or loss during the year	**(10,046)**	**477**	**(9,569)**
Disposal of a subsidiary (note 40)	**(9,830)**	**—**	**(9,830)**
Exchange realignment	**43,710**	**—**	**43,710**
Gross deferred tax liabilities at 31 December 2022	**837,963**	**8,049**	**846,012**

For presentation purposes, certain deferred tax liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2022 RMB'000	2021 RMB'000 (Restated)
Deferred tax offset in the consolidated statement of financial position	**451,138**	374,968
Net deferred tax assets recognised in the consolidated statement of financial position	**289,568**	205,510
Net deferred tax liabilities recognised in the consolidated statement of financial position	**394,874**	446,733

23. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

Deferred tax assets have not been recognised in respect of the following item:

	2022 RMB'000	2021 RMB'000
Tax losses	7,859,019	7,810,270

Tax losses carried forward as at the end of the year:

	2022 RMB'000	2021 RMB'000
Less than one year	208,771	60,074
One to five years	1,849,797	1,498,834
Beyond five years	462,004	425,255
Without limitation	5,338,447	5,826,107
	7,859,019	7,810,270

Tax losses arising in Chinese Mainland will expire in one to five years for offsetting against future taxable profits. Tax losses arising in locations other than Chinese Mainland will be available indefinitely or expire in one to over five years for offsetting against future taxable profits as shown above. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008.

At 31 December 2022, no deferred tax liabilities have been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB141,138,000 at 31 December 2022 (31 December 2021: RMB621,831,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

24. INVENTORIES

	2022 RMB'000	2021 RMB'000
Goods for resale	**142,138**	113,917
Consumables and supplies	**129,786**	100,371
	271,924	214,288
Impairment	**(2,557)**	(6,666)
	269,367	207,622

25. COMPLETED PROPERTIES FOR SALE

	2022 RMB'000	2021 RMB'000
Completed properties for sale	**1,755,626**	1,015,457

The completed properties for sale pledged to banks to secure interest-bearing bank loans are as follows:

	2022 RMB'000	2021 RMB'000
Net book value pledged (note 30)	**349,625**	364,885

The completed properties for sale are situated in France and Chinese Mainland.

26. TRADE RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables	**939,667**	618,030
Impairment	**(40,598)**	(55,097)
	899,069	562,933

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.

The carrying amounts of the trade receivables in the consolidated statement of financial position approximate to their fair values.

26. TRADE RECEIVABLES *(Continued)*

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

	2022 RMB'000	2021 RMB'000
Outstanding balances with ages:		
Within 90 days	860,840	525,975
91 to 180 days	28,196	10,396
181 to 365 days	6,643	11,505
1 to 2 years	3,351	14,942
2 to 3 years	39	115
	899,069	562,933

The movements in the loss allowance for impairment of trade receivables are as follows:

	2022 RMB'000	2021 RMB'000
At beginning of year	55,097	43,803
Amount written off as uncollectible	(21,613)	(3,709)
Impairment losses, net	6,799	19,163
Exchange realignment	315	(4,160)
At end of year	40,598	55,097

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

An impairment analysis is performed at 31 December 2022 using a provision matrix to measure expected credit losses. The provision rates are based on aging of trade receivables with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

26. TRADE RECEIVABLES *(Continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2022

	Less than 1 year RMB'000	1–2 years RMB'000	2–3years RMB'000	Over 3 years RMB'000
Expected loss rate	1.2%	40.4%	69.4%	100.0%
Gross carrying amount (RMB'000)	900,396	14,592	1,978	22,701
Expected credit losses (RMB'000)	10,623	5,902	1,372	22,701

As at 31 December 2021

	Less than 1 year RMB'000	1–2 years RMB'000	2–3years RMB'000	Over 3 years RMB'000
Expected loss rate	1.7%	48.1%	71.1%	100.0%
Gross carrying amount (RMB'000)	558,995	24,250	2,747	32,038
Expected credit losses (RMB'000)	9,432	11,673	1,954	32,038

The expected loss rate is reviewed, and adjusted if appropriate, at the end of each reporting period.

27. CONTRACT ASSETS AND OTHER ASSETS

	2022 RMB'000	2021 RMB'000
Contract assets:		
Sales of properties and construction services	14,697	—
Other assets:		
Costs for obtaining contracts	781	781
	15,478	781

28. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2022

	Fair value Assets RMB'000	Fair value Liabilities RMB'000
Qualifying for hedge accounting		
Cash flow hedge derivatives		
Currency swaps	466	416
Forward currency contracts	36,804	32,827
Interest rate options	87,298	—
Fair value hedge derivatives		
Currency swaps	33,589	18,944
	158,157	52,187

As at 31 December 2021

	Fair value Assets RMB'000	Fair value Liabilities RMB'000
Qualifying for hedge accounting		
Cash flow hedge derivatives		
Currency swaps	10,191	28,512
Forward currency contracts	1,518	4,858
Interest rate swaps	—	1,146
Interest rate options	7,719	—
Fair value hedge derivatives		
Currency swaps	13,468	13,993
	32,896	48,509

Cash flow hedges

The Group operates resorts all over the world and is exposed to the risk of fluctuations in foreign exchange rates. Forward currency contracts and currency swaps are designated as hedging instruments in respect of the transaction currency risk arising from the future cash flows denominated in a currency other than the functional currency of the entities within the Group. The balances of the forward currency contracts and currency swaps vary with the levels of expected foreign currency transactions and changes in foreign exchange forward rates. The terms of the above hedging instruments match the expected highly probable forecast transactions.

28. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Cash flow hedges *(Continued)*

Interest rate swaps whereby the Group receives interest at variable rates and pays interest at fixed rates are designated as hedging instruments in respect of forecast future interest expenses on interest-floating borrowings to which the Group has firm commitments. The balances of the interest rate swaps vary with the terms and principal amounts of the interest-floating borrowings and changes in variable rates which are generally based on the Europe Interbank Offered Rate. The terms of the above hedging instruments match the terms of the commitments.

The cash flow hedges which were assessed to be highly effective and net gains of RMB108,471,000 for the year ended 31 December 2022 (2021: RMB19,896,000) were included in the hedging reserve as follows:

	2022	2021
	RMB'000	RMB'000
Effective portion of changes in fair value of hedging instruments arising during the year	**95,917**	15,753
Reclassification adjustments for gains included in the consolidated statement of profit or loss	**12,554**	4,143
Total	**108,471**	19,896

Fair value hedge

Currency swaps are designated as hedging instruments in respect of the currency risk on intercompany financing denominated in a currency other than the functional currency of the borrowing entities within the Group. The hedge of the currency swaps was assessed to be effective.

29. CASH AND BANK BALANCES

	Notes	2022 RMB'000	2021 RMB'000
Cash and current deposits		2,502,610	4,060,751
Time deposits		130,873	246,411
Other cash equivalents		350,683	228,200
		2,984,166	4,535,362
Portion classified as current assets		2,909,166	4,535,362
Non-current portion		75,000	—
Less: Pledged bank balances	(a)	183,868	9,364
Time deposits with original maturity of more than three months		67,156	200,151
Restricted pre-sale proceeds	(b)	257,675	531,622
Restricted cash for the use of construction		80,807	37,674
		589,506	778,811
Cash and cash equivalents		2,394,660	3,756,551

Notes:

(a) It mainly comprises the following:

	2022 RMB'000	2021 RMB'000
Pledged bank balances to secure bank loans (note 30)	130,717	—
Other various deposits and others	53,151	9,364
	183,868	9,364

(b) In accordance with relevant regulations issued by the PRC State-Owned Land and Resource Bureau, certain subsidiaries involved in property development of the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees for the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained.

Cash and cash equivalents and restricted cash of the Group denominated in RMB amounted to RMB1,508,605,000 as at 31 December 2022 (31 December 2021: RMB3,169,655,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The cash and cash equivalents and restricted cash are deposited with creditworthy banks with no recent history of default.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2022 RMB'000	2021 RMB'000
Bank loans:			
Secured	(a)	**3,005,711**	3,426,346
Unsecured		**2,900,436**	3,743,308
		5,906,147	7,169,654
Other borrowings:			
Commercial mortgage backed security	(b)	**6,055,788**	6,093,888
Total		**11,961,935**	13,263,542
Repayable:			
Within one year		**2,474,450**	2,179,351
In the second year		**2,224,379**	887,657
In the third to five-years, inclusive		**1,652,994**	4,183,100
Over five years		**5,610,112**	6,013,434
		11,961,935	13,263,542
Portion classified as current liabilities		**2,474,450**	2,179,351
Non-current portion		**9,487,485**	11,084,191

Notes:

(a) Certain of the Group's bank loans are secured by the pledges of assets with carrying values at the end of each reporting period as follows:

	2022 RMB'000	2021 RMB'000
Pledge of assets:		
Right-of-use assets	**278,290**	199,904
Properties under development	**520,208**	498,856
Property, plant and equipment	**596,038**	590,807
Completed properties for sales	**349,625**	364,885
Pledged deposit	**130,717**	—
Total	**1,874,878**	1,654,452

Apart from the above, certain interest-bearing bank borrowings were secured by investments in subsidiaries as at 31 December 2022.

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

Notes: *(Continued)*

(b) Represented the asset-backed securities issued by the Group to the third parties which were backed by the Atlantis Sanya hotel and water park as mortgage, and the 100% equity interest in Hainan Atlantis Commerce and Tourism Development Co., Ltd. and operating revenue of Atlantis Sanya as a pledge. The principal and interest shall be repaid semi-annually and the maturity date is 28 January 2044. The coupon rates of the securities are 5% and are subject to adjustments by the Group and the holders have the rights, at their option, to require the Group to redeem at an interval of every three years within the terms of the securities.

The pledged assets with carrying values at the end of the reporting period are as follows:

	2022 RMB'000	2021 RMB'000
Pledge of assets:		
Right-of-use assets — land	744,070	766,292
Property, plant and equipment	3,092,181	3,228,791
Total	3,836,251	3,995,083

(c) Certain of the Group's bank loans bear interest at rates ranging from 0.75% to 7.13% per annum during the year ended 31 December 2022 (2021: from 0.25% to 5.94%).

31. CONTRACT LIABILITIES

	2022 RMB'000	2021 RMB'000
Contract liabilities	812,679	1,033,490
Portion classified as current liabilities	808,606	1,029,417
Non-current portion	4,073	4,073

The Group receives payments from customers based on the billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts from property sales and resort operation.

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2022 RMB'000	2021 RMB'000
Revenue recognised during the year that was included in the contract liabilities balance at the beginning of the year	1,029,417	618,456

31. CONTRACT LIABILITIES *(Continued)*

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022 RMB'000	2021 RMB'000
Expected to be recognised within one year	970,506	1,476,965
Expected to be recognised after one year	4,073	4,073
	974,579	1,481,038

32. TRADE PAYABLES

	2022 RMB'000	2021 RMB'000
Trade payables	2,643,415	2,348,620

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

	2022 RMB'000	2021 RMB'000
Within 90 days	1,814,086	1,854,083
91 to 180 days	115,084	56,882
181 to 365 days	422,156	128,366
1 to 2 years	148,051	166,205
2 to 3 years	79,962	39,828
Over 3 years	64,076	103,256
	2,643,415	2,348,620

Trade payables are non-interest-bearing.

33. ACCRUED LIABILITIES AND OTHER PAYABLES

	Notes	2022 RMB'000	2021 RMB'000
Advances from customers	(i)	3,714,127	3,030,099
Payables related to:			
Purchases of property, plant and equipment		667,179	718,361
Deposits received		104,584	65,219
Payroll		663,641	715,864
Tax liabilities (other than income tax)		237,667	224,154
Interest payables		140,308	142,789
Provisions for litigation and others	(ii)	260,125	244,746
Put options granted to non-controlling shareholders of a subsidiary	(iii)	173,169	—
Others		592,875	477,445
		6,553,675	5,618,677

33. ACCRUED LIABILITIES AND OTHER PAYABLES *(Continued)*

Notes:

(i) The balance mainly represents the proceeds from the customers in advance arising from certain contracts which can be cancelled without any condition before the services and goods are delivered by the Group.

(ii) The balance mainly includes the provisions for litigation which cover commercial claims, employee claims, and disputes with government agencies and the provisions for the site restructuring and closures of the resorts.

(iii) Pursuant to the put option agreements signed in February 2015 and subsequent amendment signed in December 2020 between Fosun Luxembourg, a subsidiary of the Company, and certain non-controlling shareholders of CMH, the non-controlling shareholders of CMH as at 31 December 2022 had certain embedded put rights that were exercisable commencing on the departure of the relevant employee shareholder or on the fourth or fifth anniversary of the agreement date, which, if exercised, would require Fosun Luxembourg to acquire the non-controlling interests at a price based on certain multiples of Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") of CMH after the adjustment of certain items. In accordance with IFRS 10, the Company recorded the non-controlling shareholders' portion of profit or loss in its consolidated statement of profit or loss, and the put option amount was classified as a financial liability at the end of the year and the changes in the amount of the options were recognised in equity (other reserve).

34. DEFERRED INCOME

Deferred income represents government grants received relating to assets.

	2022 RMB'000	2021 RMB'000
Government grants for fixed asset construction	**106,234**	119,683

The movements in government grants are as follows:

	2022 RMB'000	2021 RMB'000
At beginning of year	**119,683**	131,231
Addition	**5,255**	5,026
Recognised as income during the year	**(11,640)**	(8,943)
Disposal of Subsidiary (note 40)	**(8,278)**	—
Exchange realignment	**1,214**	(7,631)
At end of the year	**106,234**	119,683

35. OTHER LONG TERM PAYABLES

	Notes	2022 RMB'000	2021 RMB'000
Defined benefit plans	(i)	**250,049**	288,247
Others		**24,022**	440,137
		274,071	728,384

Note:

(i) Under defined benefit plans, the Group has an obligation to provide benefits to employees on their retirement. The Group's defined benefit plans are unfunded and are covered by provisions recorded in the financial statements.

The present value of the defined benefit obligations were mainly carried out on 31 December 2022 by Willis Towers-Watson, a member of the Actuarial Society of France. The Group's obligations under defined benefit plans are measured using the projected unit credit method. This method involves the use of long-term actuarial assumptions concerning demographic variables (such as employee turnover and mortality) and financial variables (such as future increases in salaries and discount rates). These variables are reviewed each year.

The discount rate is determined by reference to the market yields at the reporting date of high quality corporate bonds.

The principal actuarial assumptions used for the major defined benefit plan of the Group as at the end of each reporting period are as follows:

	2022 RMB'000	2021 RMB'000
Discount rate	**3.80%**	0.80%
Expected rate of salary increase	**3.00%–3.75%**	2.00%–3.40%

A quantitative sensitivity analysis for significant assumptions for the major defined benefit plan of the Group as at the year end is shown below:

	2022 RMB'000	2021 RMB'000
Discount rate changed to	**4.30%**	1.30%
Adjustment to the liability	**(5,493)**	(7,588)
Discount rate changed to	**3.30%**	0.30%
Adjustment to the liability	**5,827**	8,108
Expected rate of salary increase changed to	**4.25%**	3.90%
Adjustment to the liability	**5,849**	7,927
Expected rate of salary increase changed to	**2.50%**	1.50%
Adjustment to liability	**(5,560)**	(7,501)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of each year. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The total expenses recognised in the consolidated statement of profit or loss in respect of the plan are as follows:

	2022 RMB'000	2021 RMB'000
Current service cost	**23,484**	26,471
Interest expense	**2,921**	2,291
Net benefit expenses	**26,405**	28,762

35. OTHER LONG TERM PAYABLES *(Continued)*

Note: *(Continued)*

(i) *(continued)*

The movements in the present value of the defined benefit obligations are set out below:

	2022 RMB'000	2021 RMB'000
At beginning of year	**288,247**	315,549
Current service cost	**23,484**	26,471
Interest expense	**2,921**	2,291
Benefits paid	**(14,468)**	(17,459)
Loss from actuarial changes in other comprehensive income	**(49,466)**	(724)
Exchange realignment	**(669)**	(37,881)
At end of year	**250,049**	288,247

The defined benefit plan is unfunded, and there are no expected contributions in the next 12 months.

The average duration of the defined benefit obligations as at 31 December 2022 was 6 to 11 years (31 December 2021: 7 to 14 years).

36. SHARE CAPITAL

Shares

	Notes	Number of shares	Nominal value of USD0.001 each USD	Nominal value of EUR0.001 each EUR	Number of value of EUR0.0001 each EUR	Nominal value RMB
Authorised:						
At 31 December 2021, 1 January 2022 and 31 December 2022		**10,000,000,000**	**—**	**—**	**1,000,000**	**7,676,000**
Issued:						
At 1 January 2020 and 31 December 2020		**1,235,045,383**	**—**	**—**	**23,506**	**183,443**
Issue of shares under the share option scheme and the share ownership plan	(i)	**3,689,294**	**—**	**—**	**369**	**2,823**
At 31 December 2021 and 1 January 2022		**1,238,734,677**	**—**	**—**	**23,875**	**186,266**
Issue of shares under the share option scheme and the share ownership plan	(ii)	**2,765,016**	**—**	**—**	**277**	**1,967**
At 31 December 2022		**1,241,499,693**	**—**	**—**	**24,152**	**188,233**

36. SHARE CAPITAL *(Continued)*

Shares *(Continued)*

Notes:

(i) During the year of 2021, the Company issued and allotted 2,186,214 shares and 1,503,080 shares pursuant to the share option scheme and the free share ownership plan, respectively. An amount of RMB2,823 was credited as share capital, an amount of RMB3,004,000 was credited to the shares held for the share-based payment schemes, an amount of RMB45,605,000 was credited to share premium and an amount of RMB33,344,823 was transferred out from capital and other reserve.

(ii) During the year of 2022, the Company issued 1,396,798 shares pursuant to the share option scheme and 1,368,218 shares pursuant to the free share ownership plan, respectively. An amount of RMB1,967 was credited as share capital, an amount of RMB33,003,000 was credited to share premium and an amount of RMB27,939,000 was transferred out from capital and other reserve.

37. RESERVES

The Group's reserves and the movements therein during 2022 are presented in the consolidated statement of changes in the equity in the financial statements.

Merger reserve

The Company was incorporated in September 2016 and it acquired relevant subsidiaries now comprising the Group in the year of 2017 from the Controlling Shareholder. The merger reserve of the Group mainly represents the reserve arising pursuant to the reorganisation of the Group completed in 2017.

Capital and other reserves

(i) The Group has granted put options to certain non-controlling shareholders of CMH. The put options provide the holders the option to require the Group to purchase the shares held by the non-controlling shareholders at a determinable price. Details are set out in note 33(iii). As at 31 December 2022, although the put options remained unexercised, the Group derecognised the non-controlling interests as if they were acquired at that date, and recognised as financial liabilities, which are measured on the basis of the estimated present value of the consideration to be transferred upon the exercise of the put options. The difference between the amounts of the non-controlling interests and the financial liabilities was recognised in capital and other reserves.

(ii) During the year of 2022, the Group acquired additional interests in a subsidiary. The difference between the consideration and the proportionate shares of net assets acquired was recorded in capital reserve.

(iii) The remaining amount of capital and other reserves mainly consists of fair value adjustments of hedging instruments in cash flow hedges, the actuarial reserve relating to employee benefits in the defined benefit plans, and reserves relating to the share-based payments.

38. SHARE-BASED PAYMENTS

Share option scheme

The Company operates share option schemes for the purpose of providing the eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage the eligible participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholder(s) as a whole. The eligible participants include directors, full-time employees of the Company or any of its subsidiaries and any person who the board of directors considers to be able to enhance the operations or the value of the Group.

2017 SHARE OPTION SCHEME

The 2017 share option scheme ("2017 Share Option Scheme") was approved by the shareholders of Fosun International Limited and became effective on 23 February 2018. Unless otherwise cancelled or amended, the Option Scheme will remain in force for 10 years from the date of adoption.

The maximum number of share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company as at the date of adoption. The maximum number of shares issuable under share options to each eligible participant in the 2017 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at grant date. Any further grant of share options in excess of this limit is subject to the approval of the shareholders of Fosun International Limited in a general meeting. The number of shares of which options may be granted under the 2017 Share Option Scheme shall be increased by the same number of options which lapsed and/or are cancelled.

The offer of a grant of share options may be accepted within 5 business days from the date of offer, upon payment of a nominal consideration of RMB1 (or any other amount as determined by the board of directors) in total by the grantee. The exercise period of the share options granted is determinable by the grantee, and commences after a vesting period of one to eight years and is subject to the listing of the shares on an internationally recognised stock exchange (the "Listing"), and shall not exceed a period of 10 years from the date of grant of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the new issue price (if any) either after the Company has resolved to seek the Listing or during the period commencing six months before the lodgement of an application with the relevant stock exchange for the Listing up to the date of the Listing. In such event, the Board shall have the discretion to adjust the exercise price of options granted during such period to not lower than the new issue price (if any).

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the 2017 Share Option Scheme during each reporting period:

	2022		2021	
	Weighted average exercise price HKD per share	**Number of options '000**	Weighted average exercise price HKD per share	Number of options '000
At 1 January		**32,242**		38,258
Exercised during the year		**(995)**	8.43	(2,065)
Forfeited during the year		**(1,390)**	14.33	(3,951)
At 31 December		**29,857**		32,242

38. SHARE-BASED PAYMENTS *(Continued)*

Share option scheme *(Continued)*

2017 SHARE OPTION SCHEME *(Continued)*

The exercise prices and exercise periods of the share options outstanding at the end of the reporting period are as follows:

2022

Number of options '000	Exercise price HKD per share	Exercise period
988	**8.43**	**28 December 2018 to 28 December 2027**
4,000	**8.43**	**22 February 2019 to 22 February 2028**
1,476	**15.60**	**18 November 2019 to 18 November 2028**
988	**8.43**	**28 December 2019 to 28 December 2027**
4,000	**8.43**	**22 February 2020 to 22 February 2028**
1,476	**15.60**	**18 November 2020 to 18 November 2028**
988	**8.43**	**28 December 2020 to 28 December 2027**
4,000	**8.43**	**22 February 2021 to 22 February 2028**
1,476	**15.60**	**18 November 2021 to 18 November 2028**
988	**8.43**	**28 December 2021 to 28 December 2027**
4,000	**8.43**	**22 February 2022 to 22 February 2028**
1,477	**15.60**	**18 November 2022 to 18 November 2028**
1,000	**8.43**	**22 February 2023 to 22 February 2028**
1,000	**8.43**	**22 February 2024 to 22 February 2028**
1,000	**8.43**	**22 February 2025 to 22 February 2028**
1,000	**8.43**	**22 February 2026 to 22 February 2028**
29,857		

2021

Number of options '000	Exercise price HKD per share	Exercise period
1,263	8.43	28 December 2018 to 28 December 2027
4,000	8.43	22 February 2019 to 22 February 2028
1,798	15.60	18 November 2019 to 18 November 2028
1,263	8.43	28 December 2019 to 28 December 2027
4,000	8.43	22 February 2020 to 22 February 2028
1,798	15.60	18 November 2020 to 18 November 2028
1,263	8.43	28 December 2020 to 28 December 2027
4,000	8.43	22 February 2021 to 22 February 2028
1,798	15.60	18 November 2021 to 18 November 2028
1,263	8.43	28 December 2021 to 28 December 2027
4,000	8.43	22 February 2022 to 22 February 2028
1,796	15.60	18 November 2022 to 18 November 2028
1,000	8.43	22 February 2023 to 22 February 2028
1,000	8.43	22 February 2024 to 22 February 2028
1,000	8.43	22 February 2025 to 22 February 2028
1,000	8.43	22 February 2026 to 22 February 2028
32,242		

38. SHARE-BASED PAYMENTS *(Continued)*

Share option scheme *(Continued)*

2017 SHARE OPTION SCHEME *(Continued)*

The Group has not granted share options under the 2017 Share Option Scheme during the years ended 31 December 2022 and 2021. The fair value of the share options granted during the year ended 31 December 2018 was RMB184,620,000 (RMB3.47 to RMB4.59 each), based on different vesting periods, of which the Group recognised a share option expense of RMB4,129,000 during the year ended 31 December 2022 (the year ended 31 December 2021: RMB9,129,000).

As at 31 December 2022, the Company had approximately 29,857,000 (31 December 2021: 32,242,000) share options outstanding under the 2017 Share Option Scheme, which represented approximately 2.40% (31 December 2021: 2.60%) of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 29,857,000 (31 December 2021: 32,242,000) additional ordinary shares of the Company and additional share capital and share premium of HKD294,033,000 (31 December 2021: HKD323,352,000) (before issue expenses).

2019 SHARE OPTION SCHEME

The 2019 share option scheme ("2019 Share Option Scheme") was approved by the shareholders of Fosun International Limited and the Company and became effective on 27 November 2019. Unless otherwise cancelled or amended, the 2019 Share Option Scheme will remain in force for 10 years from the date of adoption.

The maximum number of share options currently permitted to be granted under the 2019 Share Option Scheme is an amount equivalent, upon their exercise, to 5% of the shares of the Company as at the date of adoption, and, when aggregated with the maximum number of shares which may be issued in respect of any options to be granted under any other share option scheme of the Company shall not exceed 10% of the shares in issue. The maximum number of shares issuable under share options to each eligible participant in the Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at the grant date. Any further grant of share options in excess of this limit is subject to the approval of the shareholders of Fosun International Limited in a general meeting. And the number of shares of which options may be granted under the 2019 Share Option Scheme shall be increased by the same number of options lapsed and/or cancelled.

The offer of a grant of share options may be accepted within 5 business days from the date of offer, upon payment of a nominal consideration of RMB1 (or any other amount as determined by the board of directors) in total by the grantee. The exercise period of the share options granted is determinable by the grantee, and commences after a vesting period of one to four years, and shall not exceed a period of 10 years from the date of grant of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the closing price as stated in the daily quotation sheets issued by the Stock Exchange on the grant date; (ii) the average closing price as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the grant date; and (iii) the nominal value of each share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 28 August 2020, pursuant to the 2019 Share Option Scheme, 4,979,000 share options were granted to eligible participants with vesting periods from one to four years.

38. SHARE-BASED PAYMENTS *(Continued)*

Share option scheme *(Continued)*

2019 SHARE OPTION SCHEME *(Continued)*

The following share options were outstanding under the 2019 Share Option Scheme during each reporting period:

	2022		2021	
	Weighted average exercise price HKD per share	**Number of options '000**	Weighted average exercise price HKD per share	Number of options '000
At 1 January		**3,637**		4,434
Exercised during the year		**(278)**	8.37	(121)
Forfeited during the year		**(738)**	8.37	(676)
At 31 December		**2,621**		3,637

The exercise prices and exercise periods of the share options outstanding at the end of the reporting period are as follows:

2022

Number of options '000	**Exercise price HKD per share**	**Exercise period**
530	**8.40**	**25 August 2020 to 24 August 2030**
125	**8.37**	**28 August 2020 to 24 August 2030**
530	**8.40**	**25 August 2021 to 24 August 2030**
125	**8.37**	**28 August 2021 to 24 August 2030**
530	**8.40**	**25 August 2022 to 24 August 2032**
125	**8.37**	**28 August 2022 to 24 August 2030**
530	**8.40**	**25 August 2023 to 24 August 2030**
126	**8.37**	**28 August 2023 to 24 August 2030**
2,621		

2021

Number of options '000	Exercise price HKD per share	Exercise period
784	8.40	25 August 2020 to 24 August 2030
125	8.37	28 August 2020 to 24 August 2030
784	8.40	25 August 2021 to 24 August 2030
125	8.37	28 August 2021 to 24 August 2030
784	8.40	25 August 2022 to 24 August 2032
125	8.37	28 August 2022 to 24 August 2030
785	8.40	25 August 2023 to 24 August 2030
125	8.37	28 August 2023 to 24 August 2030
3,637		

38. SHARE-BASED PAYMENTS *(Continued)*

Share option scheme *(Continued)*

2019 SHARE OPTION SCHEME *(Continued)*

The fair value of the share options granted during the year ended 31 December 2020 was RMB8,601,000 (RMB1.61 to RMB1.84 each), based on different vesting periods, of which the Group recognised a share option expense of RMB461,000 during the year ended 31 December 2022 (the year ended 31 December 2021: RMB2,451,000).

On 20 August 2021, pursuant to the 2019 Share Option Plan, 6,233,000 share options were granted to eligible participants with vesting periods from one to four years.

The following share options were outstanding under the 2019 Share Option Scheme during each reporting period:

	2022		2021	
	Weighted average exercise price HKD per share	**Number of options '000**	Weighted average exercise price HKD per share	Number of options '000
At 1 January		**6,153**		—
Granted during the year		**—**		6,233
Exercised during the year		**(125)**	9.37	—
Forfeited during the year		**(973)**	9.37	(80)
At 31 December		**5,055**		6,153

The exercise prices and exercise periods of the share options outstanding at the end of the reporting period are as follows:

2022

Number of options '000	**Exercise price HKD per share**	**Exercise period**
1,264	**9.37**	**1 July 2022 to 24 August 2030**
1,264	**9.37**	**1 July 2023 to 24 August 2030**
1,264	**9.37**	**1 July 2024 to 24 August 2030**
1,263	**9.37**	**1 July 2025 to 24 August 2030**
5,055		

2021

Number of options '000	Exercise price HKD per share	Exercise period
1,538	9.37	1 July 2022 to 24 August 2030
1,538	9.37	1 July 2023 to 24 August 2030
1,538	9.37	1 July 2024 to 24 August 2030
1,539	9.37	1 July 2025 to 24 August 2030
6,153		

38. SHARE-BASED PAYMENTS *(Continued)*

Share option scheme *(Continued)*

2019 SHARE OPTION SCHEME *(Continued)*

The fair value of the share options granted during the year ended 31 December 2021 was RMB11,636,000 (RMB1.72 to RMB2.01 each), based on different vesting periods, of which the Group recognised a share option expense of RMB3,610,000 during the year ended 31 December 2022 (the year ended 31 December 2021: RMB2,686,000).

On 28 April 2022, pursuant to the 2019 Share Option Plan, 5,654,000 share options were granted to eligible participants with vesting periods from one to four years.

The following share options were outstanding under the 2019 Share Option Scheme during each reporting period:

	2022	
	Weighted average exercise price HKD per share	Number of options '000
At 1 January		—
Granted during the year	10.69	5,654
Forfeited during the year	10.69	(522)
At 31 December		5,132

The exercise prices and exercise periods of the share options outstanding at the end of the reporting period are as follows:

2022

Number of options '000	Exercise price HKD per share	Exercise period
1,283	10.69	28 April 2023 to 27 April 2032
1,283	10.69	28 April 2024 to 27 April 2032
1,283	10.69	28 April 2025 to 27 April 2032
1,283	10.69	28 April 2026 to 27 April 2032
5,132		

The fair value of the share options granted during the year ended 31 December 2022 was RMB16,384,000 (RMB2.70 to RMB3.09 each), based on different vesting periods, of which the Group recognised a share option expense of RMB4,632,000 during the year ended 31 December 2022.

38. SHARE-BASED PAYMENTS *(Continued)*

Share option scheme *(Continued)*

2019 SHARE OPTION SCHEME *(Continued)*

The fair value of the share options granted during the year ended 31 December 2022 was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	—
Expected volatility (%)	28.45%
Risk-free interest rate (%)	2.60–2.64%
Expected life of options (year)	5.50–7.00
Weighted average share price (HKD per share)	10.69

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

As at 31 December 2022, the Company had 12,808,000 (31 December 2021: 9,790,000) share options outstanding under the 2019 Share Option Scheme, which represented approximately 1.03% (31 December 2021: 0.79%) of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 12,808,000 (31 December 2021: 9,790,000) additional ordinary shares of the Company and additional share capital and share premium of HKD124,224,000 (before issue expenses).

Free share ownership plans

The Company operates free share ownership plans for the purpose to provide the directors of the Company and other employees of the Group with the opportunity to receive proprietary interests in the shares of the Company and to encourage the eligible participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

2018 FREE SHARE OWNERSHIP PLAN

The 2018 free share ownership plan (the "2018 Free Share Ownership Plan") was approved by the board of directors of the Company and became effective on 29 June 2018. Unless otherwise cancelled or amended, the Free Share Ownership Plan will remain in force for 10 years from the date of adoption.

The maximum aggregate number of shares that may be issued for free under the 2018 Free Share Ownership Plan shall not exceed 5% of the number of ordinary shares in issue on 29 June 2018.

38. SHARE-BASED PAYMENTS *(Continued)*

Free share ownership plans *(Continued)*

2018 FREE SHARE OWNERSHIP PLAN *(Continued)*

On 4 July 2018, pursuant to the Free Share Ownership Plan, share units for 3,505,537 ordinary shares of the Company which represented approximately 0.28% of the Company's ordinary shares in issue as at that date were granted to eligible participants with vesting periods from one to four years. The following free shares were outstanding under the 2018 Free Share Ownership Plan during the year:

	2022		2021	
	Weighted average subscription price HKD per share	**Number of shares '000**	Weighted average subscription price HKD per share	Number of shares '000
At 1 January		**572**		1,334
Forfeited during the year		**(68)**	—	(190)
Vested during the year		**(504)**	—	(572)
At 31 December		**—**		572

The unlock dates of the free shares as at the end of each reporting period are summarised as follows:

2021

Number of shares '000	**Exercise price HKD per share**	**Unlock dates**
572	**—**	**29 June 2022**
572		

The aggregate fair value of the free shares granted during the year ended 31 December 2018 amounted to approximately RMB55,162,000, all of which will be charged to profit or loss and the capital reserve as costs of share-based compensation from the date of grant to the date on which the unlocking conditions are fulfilled. The Group has recognised an expense of RMB1,095,000 for the year ended 31 December 2022 (2021: RMB3,485,000).

2019 FREE SHARE OWNERSHIP PLAN

The 2019 free share ownership plan (the "2019 Free Share Ownership Plan") was approved by the board of directors of the Company and became effective on 19 August 2019. Unless otherwise cancelled or amended, the 2019 Free Share Ownership Plan will remain in force for 10 years from the date of adoption.

The maximum aggregate number of shares that may be issued for free under the 2019 Free Share Ownership Plan shall not exceed 2.5% of the number of ordinary shares in issue on the date of adoption.

38. SHARE-BASED PAYMENTS *(Continued)*

Free share ownership plans *(Continued)*

2019 FREE SHARE OWNERSHIP PLAN *(Continued)*

On 28 August 2020, pursuant to the 2019 Free Share Ownership Plan, share units for 2,720,889 ordinary shares of the Company, which represented approximately 0.22% of the Company's ordinary shares in issue as at that date, were granted to eligible participants with vesting periods from one to four years.

The following free shares were outstanding under the 2019 Free Share Ownership Plan during the year:

	2022		2021	
	Weighted average subscription price HKD per share	**Number of shares '000**	Weighted average subscription price HKD per share	Number of shares '000
At 1 January		**1,552**		2,721
Forfeited during the year	**—**	**(154)**	—	(486)
Vested during the year	**—**	**(584)**	—	(683)
At 31 December		**814**		1,552

The unlock dates of the free shares as at the end of each reporting period are summarised as follows:

2022

Number of shares '000	**Exercise price HKD per share**	**Unblock dates**
231	**—**	**1 July 2023**
314	**—**	**28 August 2023**
269	**—**	**28 August 2024**
814		

2021

Number of shares '000	Exercise price HKD per share	Unblock dates
238	—	1 July 2022
377	—	28 August 2022
249	—	1 July 2023
380	—	28 August 2023
308	—	28 August 2024
1,552		

38. SHARE-BASED PAYMENTS *(Continued)*

Free share ownership plans *(Continued)*

2019 FREE SHARE OWNERSHIP PLAN *(Continued)*

The aggregate fair value of the free shares granted during the year ended 31 December 2020 amounted to approximately RMB22,774,000, all of which will be charged to profit or loss and the capital reserve as costs of share-based compensation from the date of grant to the date on which the unlocking conditions are fulfilled. The Group has recognised an expense of RMB2,574,000 for the year ended 31 December 2022 (2021: RMB7,043,000).

On 20 August 2021, pursuant to the 2019 Free Share Ownership Plan, share units for 3,146,000 ordinary shares of the Company, which represented approximately 0.22% of the Company's ordinary shares in issue as at that date, were granted to eligible participants with vesting periods from one to four years.

The following free shares were outstanding under the 2019 Free Share Ownership Plan during the year:

	2022		2021	
	Weighted average subscription price HKD per share	**Number of shares '000**	Weighted average subscription price HKD per share	Number of shares '000
At 1 January		**3,146**		—
Granted during the year	**—**	**—**	—	3,146
Forfeited during the year	**—**	**(248)**	—	—
Vested during the year	**—**	**(935)**	—	—
At 31 December		**1,963**		3,146

The unlock dates of the free shares as at the end of each reporting period are summarised as follows:

2022

Number of shares '000	**Exercise price HKD per share**	**Unblock dates**
982	**—**	**1 July 2023**
981	**—**	**1 July 2024**
1,963		

2021

Number of shares '000	Exercise price HKD per share	Unblock dates
1,049	—	1 July 2022
1,049	—	1 July 2023
1,048	—	1 July 2024
3,146		

38. SHARE-BASED PAYMENTS *(Continued)*

Free share ownership plans *(Continued)*

2019 FREE SHARE OWNERSHIP PLAN *(Continued)*

The aggregate fair value of the free shares granted during the year ended 31 December 2021 amounted to approximately RMB23,569,000, all of which will be charged to profit or loss and the capital reserve as costs of share-based compensation from the date of grant to the date on which the unlocking conditions are fulfilled. The Group has recognised an expense of RMB9,117,000 for the year ended 31 December 2022 (2021: RMB6,073,000).

On 28 April 2022, pursuant to the 2019 Free Share Ownership Plan, share units for 3,083,000 ordinary shares of the Company, which represented approximately 0.25% of the Company's ordinary shares in issue as at that date, were granted to eligible participants with vesting periods from one to four years.

The following free shares were outstanding under the 2019 Free Share Ownership Plan during the year:

	2022	
	Weighted average subscription price HKD per share	**Number of shares '000**
At 1 January		**—**
Granted during the year	**—**	**3,083**
Forfeited during the year	**—**	**(149)**
At 31 December		**2,934**

The unlock dates of the free shares as at the end of each reporting period are summarised as follows:

2022

Number of shares '000	**Exercise price HKD per share**	**Unblock dates**
641	**—**	**28 April 2023**
278	**—**	**10 May 2023**
641	**—**	**28 April 2024**
278	**—**	**10 May 2024**
642	**—**	**28 April 2025**
279	**—**	**10 May 2025**
175	**—**	**10 May 2026**
2,934		

38. SHARE-BASED PAYMENTS *(Continued)*

Free share ownership plans *(Continued)*

2019 FREE SHARE OWNERSHIP PLAN *(Continued)*

The aggregate fair value of the free shares granted during the year ended 31 December 2022 amounted to approximately RMB27,024,000, all of which will be charged to profit or loss and the capital reserve as costs of share-based compensation from the date of grant to the date on which the unlocking conditions are fulfilled. The Group has recognised an expense of RMB8,892,000 for the year ended 31 December 2022.

At 31 December 2022, the 5,711,000 ordinary shares granted in the form of share units under the 2019 Free Share Ownership Plan have not been registered as share capital of the Company yet and remained blocked, which represented approximately 0.46% of the Company's shares in issue as at 31 December 2022.

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

CMH was established in France on 9 September 2014 by Fosun Luxemburg and other non-controlling shareholders for the acquisition of Club Med SAS Group. Non-controlling interests are set out below:

	2022	2021
Percentage of equity interests held by non-controlling interests:		
CMH*	—	—

The percentages of non-controlling interests as at 31 December 2022 and 2021 disclosed above exclude those held by non-controlling shareholders which were 1.96% and 1.96% respectively and were entitled to the put options granted by Fosun Luxemburg. For these non-controlling interests which are entitled to put rights, in accordance with IFRS 10, the Group recorded the non-controlling shareholders' portion of profit or loss in its consolidated statement of profit or loss. As at 31 December 2022 and 2021, although the put options remained unexercised, the Group derecognised the non-controlling interests as if they were acquired at that date, and recognised them as financial liabilities, which are measured on the basis of the estimated present value of the consideration to be transferred upon the exercise of the put options (note 33(iii)). The difference between the amounts of the non-controlling interests and the financial liabilities was recognised in capital and other reserves (note 37(i)).

	2022 **RMB'000**	2021 RMB'000 (Restated)
Profit/(loss) for the year allocated to non-controlling interests:		
CMH	**2,390**	(53,329)
Dividends paid to non-controlling interests		
CMH	—	—
Accumulated balances of non-controlling interests:		
CMH	—	—

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

The following tables illustrate the summarised financial information of CMH. The amounts disclosed are before any inter-company eliminations:

	2022 RMB'000	2021 RMB'000 (Restated)
Revenue	11,501,715	5,582,728
Total expense	(11,372,934)	(7,887,284)
Profit/(loss) for the year	128,781	(2,304,556)
Total comprehensive income/(loss) for the year	549,771	(1,974,808)
Current assets	4,120,154	3,377,262
Non-current assets	19,240,089	17,800,636
Current liabilities	(9,129,592)	(7,233,281)
Non-current liabilities	(13,668,553)	(13,920,494)
Net cash flows from operating activities	2,384,896	898,053
Net cash flows from/(used in) investing Activities	164,301	(281,798)
Net cash flows used in financing activities	(2,350,477)	(136,150)
Net increase in cash and cash equivalents	198,720	480,105

40. DISPOSAL OF SUBSIDIARIES

On 23 June 2022, the Group completed the disposal of its 100% equity interests in a subsidiary, Evia Property, at a consideration of EUR66,390,000 (equivalent to RMB470,543,000). CM Greece SA was engaged in the operation of Gregolimano Resort in Greece. The Group then entered into a lease contract with the buyer for the leaseback of the assets of Gregolimano on a 15-year term and continued to operate the resort. The Group measured the right-of-use assets arising from the leaseback for the proportion that relates to the right of use retained by the Group and recognised the amount of the gain that relates to the rights transferred to the buyer.

40. DISPOSAL OF SUBSIDIARIES *(Continued)*

The total net assets disposed of in respect of the disposal of the subsidiary during the reporting period were as follows:

	RMB'000
Property, plant and equipment (note 14)	254,179
Cash and bank balances	6,882
Prepayments and other receivables	284
Trade payables	(298)
Deferred tax liabilities (note 23)	(9,830)
Accrued liabilities and other payables	(15,011)
Deferred income (note 34)	(8,278)
	227,928
Portion relating to the right of use retained in the leaseback	153,459
Provision for disposal costs	2,953
Gain on disposal of a subsidiary (note 6)	82,488
	466,828
Satisfied by:	
Cash	466,828

An analysis of the cash flows in respect of the disposal of CM Hellas is as follows:

	RMB'000
Cash consideration	466,828
Disposed of:	
Cash and cash equivalents	(6,882)
Net outflow of cash and cash equivalents included in cash flows from investing activities	459,946

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,277,746,000 (2021: RMB1,571,269,000) and RMB2,385,718,000 (2021: RMB1,571,269,000), and non-cash disposal of right-of-use assets and lease liabilities of RMB63,682,000 (2021: RMB1,050,000) and RMB62,139,000 (2021: RMB1,089,000), respectively, in respect of lease arrangements for land, buildings, machinery, furniture, fixtures and other equipment.

(b) Changes in liabilities arising from financing activities

	Interest bearing bank borrowings RMB'000	**Lease liabilities RMB'000**	**Due to related companies RMB'000**	**Interest payable included in accrued liabilities and other payables RMB'000**
At 31 December 2021	**13,263,542**	**9,411,087**	**858,514**	**142,789**
Changes from financing cash flows	**(1,428,448)**	**(1,160,502)**	**—**	**—**
Changes from operating cash flows	**—**	**—**	**40,563**	**—**
New leases	**—**	**2,385,718**	**—**	**—**
Disposal of leases	**—**	**(62,139)**	**—**	**—**
COVID-19-related rent concessions from lessors	**—**	**(130,403)**	**—**	**—**
Interest paid	**—**	**—**	**—**	**(573,633)**
Exchange realignment	**81,959**	**380,672**	**—**	**—**
Other changes	**44,882**	**—**	**1,259**	**—**
Interest expense	**—**	**453,116**	**—**	**542,475**
Interest capitalised	**—**	**—**	**—**	**28,677**
At 31 December 2022	**11,961,935**	**11,277,549**	**900,336**	**140,308**

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Convertible bond RMB'000	Due to related companies RMB'000	Interest payable included in accrued liabilities and other payables RMB'000
At 31 December 2020	13,341,083	9,767,589	12,044	1,845,321	152,866
Changes from financing cash flows	503,702	(1,072,325)	—	(1,057,771)	—
Changes from operating cash flows	—	—	—	2,725	—
New leases	—	1,571,269	—	—	—
Disposal of leases	—	(1,089)	—	—	—
COVID-19-related rent concessions from lessors	—	(241,206)	—	—	—
Conversion	—	—	(11,946)	—	—
Interest paid	—	—	—	—	(564,234)
Exchange realignment	(581,243)	(1,075,271)	(866)	—	—
Other changes	—	—	—	68,239	—
Interest expense	—	462,120	768	—	497,554
Interest capitalised	—	—	—	—	56,603
At 31 December 2021	13,263,542	9,411,087	—	858,514	142,789

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2022 RMB'000	2021 RMB'000
Within operating activities	100,734	57,897
Within investing activities	—	15,417
Within financing activities	1,224,709	1,110,937
	1,325,443	1,184,251

42. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	2022 RMB'000	2021 RMB'000
Contracted, but not provided	2,359,895	2,472,222

(b) The Group has various lease contracts that have not yet commenced as at 31 December 2022. The future lease payments for these non-cancellable lease contracts are RMB10,192,000 (2021: RMB6,570,000) due within one year; RMB4,382,000 (2021: RMB2,166,000) due in the second to five years, inclusive, and nil (2021: nil) due over five years.

43. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

	Note	2022 RMB'000	2021 RMB'000
Guarantees given related to			
— qualified buyers' mortgage loans	(i)	811,122	460,145
— interest-bearing loans of a related company		12,585	15,136
		823,707	475,281

Note:

(i) The Group provided guarantees in favour of their customers in respect of mortgage loans provided by banks to these customers for their purchases of the Group's developed properties where the underlying real estate certificates can only be provided to the banks in a time-delayed manner due to administrative procedures in the People's Republic of China. These guarantees provided by the Group will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks.

The directors consider that in the case of default in payments, the net realisable value of the related properties can cover the outstanding principal together with the accrued interest and penalties, and therefore, no provision has been made in the financial statements for the guarantees.

44. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

Name of related parties	Nature of transactions	2022 RMB'000	2021 RMB'000
Service income			
Hoshino Resort Tomamu Corporation (Notes 1, 4 & 9)	Resort services provided to the related company	38,692	16,023
Shanghai Zilemei Trading Co., Ltd. (Notes 1 & 4)	Other related services provided to the related company	9,165	1,539
Shanghai Fosun High Technology Group Co., Ltd. (Notes 1, 4 & 9)	Tourism services provided to the related company	8,402	1,544
Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (Notes 1, 4 & 9)	Other related services provided to the related company	3,217	13
Shanghai Guangxin Technology Development Co., Ltd (Notes 1 & 4)	Tourism services provided to the related company	3,118	2,150
New KRH Co., Ltd. (Notes 1, 4 & 9)	Resort services provided to the related company	2,303	—
Fosun Capital Investment & Management Co., Ltd (Notes 1, 4 & 9)	Other related services provided to the related company	981	10
Shanghai Fosun Pharmaceutical (Group) Co., Ltd (Notes 1, 4 & 9)	Other related services provided to the related company	719	5
Shanghai Fosun Huanyu International Trading Co., Ltd. (Notes 1 & 4)	Tourism services provided to the related company	616	—
Pramerica Fosun Life Insurance Co., Ltd. (Notes 1 & 4)	Other related services provided to the related company	555	—
Qingdao Fudi Culture and Tourism Development. Co., Ltd. (Notes 1, 4 & 9)	Other related services provided to the related company	380	—
Shanghai Zhuqun Information & Technology Service Co., Ltd. (Notes 1, 4 & 9)	Other related services provided to the related company	151	—
Shanghai Yunji Information Technology Co., Ltd. (Notes 1, 4 & 9)	Other related services provided to the related company	148	—
Shanghai Fosun Sports Group Co., Ltd. (Notes 1, 4 & 9)	Other related services provided to the related company	126	—
Shanghai Forte Xinhe Real Estate Development Co., Ltd. (Notes 1 & 4)	Other related services provided to the related company	—	118
Wuhan Fuzhi Real Estate Development Co., Ltd. (Notes 2 & 4)	Other related services provided to the related company	—	100
Other related parties (Notes 1 & 4)	Other related services provided to the related company	795	1,079
Total service income		69,368	22,581

44. RELATED PARTY TRANSACTIONS *(Continued)*

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2022 RMB'000	2021 RMB'000
Purchase of goods			
Sichuan Tuopai Shede Marketing Co., Ltd. (Notes 1 & 5)	Purchase of goods	664	—
Shanghai Old Town God Temple Food Sales Co., Ltd. (Notes 1 & 5)	Purchase of goods	345	—
Zhejiang Fosun Yi Cosmetic Co., Ltd. (Notes 1 & 5)	Purchase of goods	153	1,638
Other related parties (Notes 1 & 5)	Purchase of goods	216	—
Total purchase of goods		1,378	1,638
Others			
Shanghai Resource Real Estate Brokerage Co., Ltd. (Notes 1, 6 & 9)	Property sales services provided by the related company	6,065	4,427
Hainan Fosun International Business Travel Co., Ltd. (Notes 1 & 6)	Talent services provided by the related company	3,713	908
Shanghai Yunji Information Technology Co., Ltd. (Notes 1 & 6)	Consulting services provided by the related company	3,412	529
Fosun United Health Insurance Co., Ltd. (Notes 3 & 6)	Insurance services provided by the related company	2,271	—
Shanghai Zhuqun Information & Technology Service Co., Ltd. (Notes 1 & 6)	Talent services provided by the related company	2,040	714
Shanghai Golte Property Management Co., Ltd. (Notes 1 & 6)	Property management services provided by the related company	1,693	1,957
Shanghai Zendai Bund International Finance Services Centre Real Estate Co., Ltd. (Notes 1 & 6)	Rental services provided by the related company	1,375	—
Shanghai Fosun Bund Property Co., Ltd. (Notes 1 & 6)	Rental services provided by the related company	900	—
Shanghai Xinshihua Investment Management Co., Ltd. Beijing Branch (Notes 1 & 6)	Rental services provided by the related company	895	970
Shanghai Capital Investment&Management Co., Ltd. (Notes 1 & 6)	Other services provided by the related company	741	—
Hangzhou Yueying Decoration Engineering Co., Ltd. (Notes 1 & 6)	Other services provided by the related company	264	—
Shanghai Dijie Real Estate Co., Ltd. (Notes 1 & 6)	Other services provided by the related company	193	—
Sum Payment Services Co., Ltd. (Notes 1 & 6)	Other services provided by the related company	132	—
Shanghai Fosun High Technology Group Co., Ltd. (Notes 1 & 6)	Consulting services provided by the related company	—	2,050

44. RELATED PARTY TRANSACTIONS *(Continued)*

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2022 RMB'000	2021 RMB'000
Shanghai Old Town God Temple Food Sales Co., Ltd. (Notes 1 & 6)	Other services provided by the related company	—	391
Fosun International Limited (Note 1 & 6)	Rental services provided by the related company	—	92
Other related parties (Notes 1 & 6)	Other services provided by the related company	258	159
Total others		23,952	12,197
Loans to related companies			
New KRH Co., Ltd (Notes 1 & 7)	Loans to the related company	74,229	—
CMVT Ltd. (Notes 3 & 7)	Loans to Associates	9,049	—
Holidays Hotels (Notes 3 & 7)	Loans to Associates	5,200	—
Total Loans to related companies		88,478	—
Interest income			
New KRH Co., Ltd (Notes 1 & 7)	Interest income	261	—
CMVT Ltd. (Notes 3 & 7)	Interest income	215	—
Total Interest income		476	—
Guarantees of bank loans			
Holiday Hotel AG (Notes 3 & 8)	Bank loans guarantee provided to the related company	12,585	15,136

Notes:

(1) These are entities under the control of the ultimate controlling shareholder, Mr. Guo Guangchang.

(2) These are joint ventures of the Group or joint ventures of Fosun International Limited.

(3) These are associates of the Group or Fosun International Limited.

(4) The directors consider that the revenue from services provided to the related parties were determined based on prices available to third party customers.

44. RELATED PARTY TRANSACTIONS *(Continued)*

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(Continued)*

Notes: *(Continued)*

(5) The directors consider that the purchases were undertaken on commercial terms similar to those offered by unrelated suppliers in the ordinary course of business of the relevant companies.

(6) The directors consider that the service charge for the services provided by the related parties was determined based on prices available to third party customers.

(7) The directors consider that the applicable interest rates were determined in accordance with the prevailing market borrowing rates.

(8) The guarantee with the related companies was free of charge.

(9) The related party transactions in respect of service income and other expenses above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Group confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of these transactions.

(b) Compensation of key management personnel of the Group:

	2021 **RMB'000**	2020 RMB'000
Short term employee benefits	**38,001**	40,258
Post-employment benefits	**1,616**	1,855
Equity-settled share-based payment expense	**16,390**	15,399
Total compensation paid to key management personnel	**56,007**	57,512

Further details of directors' and chief executive's emoluments are included in note 9 to the financial statements.

45. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each reporting period are as follows:

2022

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss				
	Other financial assets* RMB'000	Hedging instruments designated in fair value hedges RMB'000	Financial assets at amortised cost RMB'000	Hedging instruments designated in cash flow hedges RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	329,513	—	—	—	329,513
Derivative financial instruments	—	33,587	—	124,570	158,157
Cash and bank balances	—	—	2,984,166	—	2,984,166
Trade receivables	—	—	899,069	—	899,069
Financial assets included in prepayments, other receivables and other assets	26,307	—	449,566	—	475,873
Due from related companies	—	—	961,103	—	961,103
	355,820	33,587	5,293,904	124,570	5,807,881

* Other financial assets measured at fair value through profit or loss include investments whose contractual cash flows are not solely payments of principal and interest or not designated as investments at fair value through other comprehensive income by the Group.

FINANCIAL LIABILITIES

	Financial liabilities at fair value through profit or loss				
	Designated as such upon initial recognition RMB'000	Hedging instruments designated in fair value hedges RMB'000	Financial liabilities at amortised cost RMB'000	Hedging instruments designated in cash flow hedges RMB'000	Total RMB'000
Derivative financial instruments	—	18,944	—	33,243	52,187
Interest-bearing bank and other borrowings	—	—	11,961,935	—	11,961,935
Trade payables	—	—	2,643,415	—	2,643,415
Financial liabilities included in accrued liabilities and other payables	173,169	—	1,155,739	—	1,328,908
Other long term liabilities	—	—	22,224	—	22,224
Due to related companies	—	—	900,336	—	900,336
Lease liabilities	—	—	11,277,549	—	11,277,549
	173,169	18,944	27,961,198	33,243	28,186,554

45. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each reporting period are as follows: *(Continued)*

2021

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss				
	Other financial assets* RMB'000	Hedging instruments designated in fair value hedges RMB'000	Financial assets at amortised cost RMB'000	Hedging instruments designated in cash flow hedges RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	177,873	—	—	—	177,873
Derivative financial instruments	—	13,468	—	19,428	32,896
Cash and bank balances	—	—	4,535,362	—	4,535,362
Trade receivables	—	—	562,933	—	562,933
Financial assets included in prepayments, other receivables and other assets	—	—	818,148	—	818,148
Due from related companies	—	—	852,780	—	852,780
	177,873	13,468	6,769,223	19,428	6,979,992

* Other financial assets measured at fair value through profit or loss include investments whose contractual cash flows are not solely payments of principal and interest or not designated as investments at fair value through other comprehensive income by the Group.

FINANCIAL LIABILITIES

	Financial liabilities at fair value through profit or loss				
	Designated as such upon initial recognition RMB'000	Hedging instruments designated in fair value hedges RMB'000	Financial liabilities at amortised cost RMB'000	Hedging instruments designated in cash flow hedges RMB'000	Total RMB'000
Derivative financial instruments	—	13,993	—	34,516	48,509
Interest-bearing bank and other borrowings	—	—	13,263,542	—	13,263,542
Trade payables	—	—	2,348,620	—	2,348,620
Financial liabilities included in accrued liabilities and other payables	—	—	1,403,814	—	1,403,814
Due to related companies	—	—	858,514	—	858,514
Financial liabilities included in other long term payables	—	—	28,000	—	28,000
Lease liabilities	—	—	9,411,087	—	9,411,087
	—	13,993	27,313,577	34,516	27,362,086

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	As at 31 December 2022		As at 31 December 2021	
	Carrying amounts RMB'000	Fair values RMB'000	Carrying amounts RMB'000	Fair values RMB'000
Financial assets				
Financial assets at fair value through profit or loss	329,513	329,513	177,873	177,873
Financial assets included in prepayments, other receivables and other assets (non-current portion)	333,850	305,682	399,713	423,843
Due from related companies (non-current portion)	81,872	81,872	3,537	3,537
Derivative financial instruments	158,157	158,157	32,896	32,896
	903,392	875,224	614,019	638,149

	As at 31 December 2022		As at 31 December 2021	
	Carrying amounts RMB'000	Fair values RMB'000	Carrying amounts RMB'000	Fair values RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings (non-current portion)	9,487,485	10,299,718	11,084,191	12,803,473
Put options granted to non-controlling shareholders of a subsidiary included in accrued liabilities and other payables	173,169	173,169	—	—
Financial liabilities included in other long term payables	—	—	28,000	28,000
Derivative financial instruments	52,187	52,187	48,509	48,509
	9,712,841	10,525,074	11,160,700	12,879,982

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

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

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings, financial liabilities included in other long term payables and amounts due from/to related companies have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank and other borrowings as at 31 December 2022 was assessed to be insignificant.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments include forward currency contracts, foreign currency swaps, interest rate swaps, and interest rate options. As at 31 December 2022, the fair values of the forward currency contracts, foreign currency swaps, interest rate swaps, and interest rate options were measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties and interest rate curves. The carrying amounts of the forward currency contracts, foreign currency swaps, interest rate swaps, and interest rate options are the same as their fair values.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments and unlisted wealth management products issued by asset management companies that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

The fair values of investment funds classified in Level 3 are based on net asset value reports provided by the management of such funds. For certain unlisted equity securities, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as liquidity discount. An increase (decrease) in liquidity discount would result in a lower (higher) fair value. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

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

The significant unobservable valuation input for the put options granted to non-controlling shareholders of a subsidiary included in accrued liabilities and other payables of RMB173,169,000 (31 December 2021: nil) is EBITDA of CMH for 2022. The increase in EBITDA of CMH will lead to an increase in the liability of put options granted to non-controlling shareholders of a subsidiary included in accrued liabilities and other payables.

Fair value hierarchy

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

ASSETS MEASURED AT FAIR VALUE:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss	**2,167**	**50,055**	**277,291**	**329,513**
Derivative financial instruments	**—**	**158,157**	**—**	**158,157**
	2,167	**208,212**	**277,291**	**487,670**

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	2,568	150,010	25,295	177,873
Derivative financial instruments	—	32,896	—	32,896
	2,568	182,906	25,295	210,769

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

Fair value hierarchy *(Continued)*

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

ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Due from related companies (non-current portion)	—	81,872	—	81,872
Financial assets included in prepayments, other receivables and other assets (non-current portion)	—	305,682	—	305,682
	—	387,554	—	387,554

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Due from related companies (non-current portion)	—	3,537	—	3,537
Financial assets included in prepayments, other receivables and other assets (non-current portion)	—	423,843	—	423,843
	—	427,380	—	427,380

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

Fair value hierarchy *(Continued)*

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

LIABILITIES MEASURED AT FAIR VALUE:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Put options granted to non-controlling shareholders of a subsidiary included in accrued liabilities and other payables	—	—	173,169	173,169
Derivative financial instruments	—	52,187	—	52,187
	—	52,187	173,169	225,356

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instruments	—	48,509	—	48,509

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

Fair value hierarchy *(Continued)*

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

LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (non-current portion)	—	10,299,718	—	10,299,718

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (non-current portion)	—	12,803,473	—	12,803,473
Financial liabilities included in other long term payables	—	28,000	—	28,000
	—	12,831,473	—	12,831,473

The movements in fair value measurements in Level 3 during each reporting period are as follows:

ASSETS MEASURED AT FAIR VALUE:

	2022 RMB'000	2021 RMB'000
At beginning of year	26,020	27,872
Addition	225,000	—
Change in fair value	25,056	—
Exchange realignment	1,215	(1,852)
At end of year	277,291	26,020

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

Fair value hierarchy *(Continued)*

The movements in fair value measurements in Level 3 during each reporting period are as follows: *(Continued)*

LIABILITIES MEASURED AT FAIR VALUE:

	2022 RMB'000	2021 RMB'000
At beginning of year	—	—
Addition	173,169	—
At end of year	173,169	—

During each year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank and other borrowings, lease liabilities, financial liabilities included in accrued liabilities and other payables, amounts due from/to related companies, financial assets included in prepayments, other receivables and other assets, financial assets measured at fair value, cash and bank balances, and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps, foreign currency forward contracts, foreign currency swaps and interest rate options. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group also carried out hedging activities by entering into interest rate swaps on certain variable rate debts, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2022, approximately 55% (31 December 2021: 52%) after taking into account the effect of the interest rate swaps and interest rate options of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate after hedging, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings).

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Interest rate risk *(Continued)*

AFTER HEDGING

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax
		RMB'000
For the year ended 31 December 2022	**25**	**(6,565)**
	(25)	**6,565**
For the year ended 31 December 2021	25	(7,552)
	(25)	7,552

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies. The major subsidiaries exposed to the above currency risks use EUR or CNY as their functional currencies. As more detailed disclosed in note 28, the Group also uses foreign currency forward contracts and foreign currency swaps to hedge the currency risk.

In addition, the Group has currency exposures from its borrowings. The Group used foreign currency swap contracts to reduce the exposure to EUR or USD arising from the borrowings.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Foreign currency risk *(Continued)*

The following table demonstrates the sensitivity at the end of each year to a reasonably possible change in the exchange rates of major currencies, with all other variables held constant, of the Group's loss before tax.

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in loss before tax RMB'000
As at 31 December 2022		
If EUR weakens against USD	**5**	**(9,150)**
If EUR strengthens against USD	**(5)**	**9,150**
If EUR weakens against HKD	**5**	**46,165**
If EUR strengthens against HKD	**(5)**	**(46,165)**
If EUR weakens against RMB	**5**	**(77,183)**
If EUR strengthens against RMB	**(5)**	**77,183**
As at 31 December 2021		
If EUR weakens against USD	5	5,024
If EUR strengthens against USD	(5)	(5,024)
If EUR weakens against HKD	5	(4,893)
If EUR strengthens against HKD	(5)	4,893
If EUR weakens against RMB	5	(47,186)
If EUR strengthens against RMB	(5)	47,186

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

MAXIMUM EXPOSURE AND YEAR-END STAGING

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are net carrying amounts for financial assets.

31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets and other assets*	—	—	—	15,478	15,478
Trade receivables*	—	—	—	899,069	899,069
Financial assets included in prepayments, other receivables and other assets					
— Normal**	475,873	—	—	—	475,873
Cash and bank balances					
— Not yet past due	2,984,166	—	—	—	2,984,166
Due from related companies					
— Not yet past due	961,103	—	—	—	961,103
	4,421,142	—	—	914,547	5,335,689

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Credit risk *(Continued)*

MAXIMUM EXPOSURE AND YEAR-END STAGING *(Continued)*

31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets and other assets	—	—	—	781	781
Trade receivables*	—	—	—	562,933	562,933
Financial assets included in prepayments, other receivables and other assets					
— Normal**	818,148	—	—	—	818,148
Cash and bank balances					
— Not yet past due	4,535,362	—	—	—	4,535,362
Due from related companies					
— Not yet past due	852,780	—	—	—	852,780
	6,206,290	—	—	563,714	6,770,004

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 26 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, amounts due to related companies, convertible bonds, convertible redeemable preferred shares and lease liabilities. As at 31 December 2022, 27% of the Group's debts would mature in less than one year based on the carrying value of borrowings reflected in the financial statements (31 December 2021: 22%).

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2022

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	92,176	2,047,445	5,380,176	9,356,751	16,876,548
Trade payables	—	2,643,415	—	—	2,643,415
Financial liabilities included in accrued liabilities and other payables	1,328,908	—	—	—	1,328,908
Other long term liabilities	22,224	—	—	—	22,224
Due to related companies	900,336	—	—	—	900,336
Lease liabilities	—	1,460,530	5,255,211	8,100,234	14,815,975
Derivative financial instruments	—	52,187	—	—	52,187
	2,343,644	6,203,577	10,635,387	17,456,985	36,639,593

31 December 2021

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	161,405	1,843,182	7,023,726	10,164,129	19,192,442
Trade payables	—	2,348,620	—	—	2,348,620
Financial liabilities included in accrued liabilities and other payables	1,403,814	—	—	—	1,403,814
Financial liabilities included In other long term payables	—	—	28,000	—	28,000
Due to related companies	858,514	—	—	—	858,514
Lease liabilities	—	1,269,174	4,420,749	6,545,213	12,235,136
Derivative financial instruments	—	48,509	—	—	48,509
	2,423,733	5,509,485	11,472,475	16,709,342	36,115,035

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or process for managing capital during the year ended 31 December 2022.

The Group monitors capital using a gearing ratio, which is net indebtedness divided by the total assets. Net indebtedness includes interest-bearing bank and other borrowings and lease liabilities less cash and bank balances. The gearing ratio as at the end of each reporting period was as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated)
Interest-bearing bank and other borrowings	**11,961,935**	13,263,542
Lease liabilities	**11,277,549**	9,411,087
Less: Cash and bank balances	**(2,984,166)**	(4,535,362)
Net indebtedness	**20,255,318**	18,139,267
Total assets	**37,930,014**	37,190,204
Gearing ratio	**53%**	49%

48. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the reporting period.

49. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the application of the IFRIC Agenda Decision during the current year, the accounting treatment of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been restated to conform with the current year's accounting treatment.

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	44,651	28,850
Total non-current assets	44,651	28,850
CURRENT ASSETS		
Prepayments, other receivables and other assets	15,217	4,252
Due from related companies	11,474,520	11,098,133
Financial assets at fair value through profit or loss	2,167	2,568
Cash and cash equivalents	7,614	248,329
Total current assets	11,499,518	11,353,282
CURRENT LIABILITIES		
Interest-bearing bank borrowings and other borrowings	272,270	1,021,920
Accrued liabilities and other payables	4,453	5,368
Due to related companies	670,616	252,232
Total current liabilities	947,339	1,279,520
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings and other borrowings	121,880	—
Total non-current liabilities	121,880	—
NET CURRENT ASSETS	10,552,179	10,073,762
TOTAL ASSETS LESS CURRENT LIABILITIES	10,596,830	10,102,612
Net assets	10,474,950	10,102,612
EQUITY		
Share capital	188	186
Reserves	10,474,762	10,102,426
Total equity	10,474,950	10,102,612

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Capital and Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2021	11,145,648	163,260	402,972	(568,007)	11,143,873
Profit for the year	—	—	—	32,749	32,749
Exchange differences on translation of foreign operations	—	—	(1,120,330)	—	(1,120,330)
Equity-settled share-based payments	45,605	529	—	—	46,134
At 31 December 2021 and 1 January 2022	**11,191,253**	**163,789**	**(717,358)**	**(535,258)**	**10,102,426**
Profit for the year	**—**	**—**	**—**	**40,742**	**40,742**
Exchange differences on translation of foreign operations	**—**	**—**	**286,798**	**—**	**286,798**
Equity-settled share-based payments	**38,225**	**6,571**	**—**	**—**	**44,796**
At 31 December 2022	**11,229,478**	**170,360**	**(430,560)**	**(494,516)**	**10,474,762**

The other reserve represents the fair value of share-based payment instruments granted which are yet to be exercised.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2023.

EXECUTIVE DIRECTORS

Xu Xiaoliang[(1)] *(Chairman)*
Henri Giscard d'Estaing *(Vice Chairman and co-Chief Executive Officer)*[(2)]
Xu Bingbin *(co-President and Chief Executive Officer of Club Med China)*[(2)]
Choi Yin On *(Vice President and Chief Financial Officer)*

NON-EXECUTIVE DIRECTORS

Qian Jiannong[(1)]
Pan Donghui
Huang Zhen[(3)]

INDEPENDENT NON-EXECUTIVE DIRECTORS

Allan Zeman
Guo Yongqing
Katherine Rong Xin
He Jianmin[(3)]

AUDIT COMMITTEE

Guo Yongqing *(Chairperson)*
Allan Zeman
Katherine Rong Xin
He Jianmin[(3)]

REMUNERATION COMMITTEE

Katherine Rong Xin *(Chairperson)*
Guo Yongqing
Xu Bingbin

NOMINATION COMMITTEE

Xu Xiaoliang *(Chairperson)*
Allan Zeman
Katherine Rong Xin

STRATEGY COMMITTEE

Xu Xiaoliang *(Chairperson)*
Henri Giscard d'Estaing
Allan Zeman
He Jianmin[(3)]

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Guo Yongqing *(Chairperson)*
Katherine Rong Xin
Henri Giscard d'Estaing

COMPANY SECRETARY

Kam Mei Ha

AUTHORIZED REPRESENTATIVES

Choi Yin On
Kam Mei Ha

AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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979 King's Road
Quarry Bay
Hong Kong

LEGAL ADVISERS

As to Hong Kong law

Paul Hastings
22/F, Bank of China Tower
1 Garden Road
Hong Kong

As to Cayman Islands law

Harney Westwood & Riegels
3rd Floor, Harbour Place
103 South Church Street
Grand Cayman
P.O. Box 10240, KY1-1002
Cayman Islands

Notes:

(1) Mr. Xu Xiaoliang was re-designated as an executive Director with effect from 7 November 2022. Mr. Qian Jiannong has been appointed as the honorary chairman of the Board for life and was re-designated as a non-executive Director with effect from 7 November 2022.

(2) Mr. Henri Giscard d'Estaing has been appointed as the co-chief executive officer and Mr. Xu Bingbin has been appointed as the co-president with effect from 7 November 2022.

(3) On 19 December 2022, Mr. Huang Zhen has been appointed as a non-executive Director and Mr. He Jianmin has been appointed as an independent non-executive Director.

PRINCIPAL BANKERS

China Minsheng Banking Corp., Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Bank of China Limited
China Merchants Bank Co., Ltd.
Crédit Agricole CIB
Bank of East Asia

REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103, South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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ICBC Tower
3 Garden Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10204
Grand Cayman, KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

STOCK CODE

01992

WEBSITE

http://www.fosunholiday.com

Alpes Snow World	an indoor ski domain of the Group, 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
Aquarium	the Lost Chambers Aquarium in Atlantis Sanya
Articles or Articles of Association	the amended and restated articles of association of the Company conditionally adopted on 19 November 2018 which became effective upon the Listing Date, as amended from time to time has the meaning ascribed thereto under the Listing Rules
Associate(s)	has the meaning ascribed thereto under the Listing Rules
Atlantis Sanya	our tourism destination on the Haitang Bay National Coast of Sanya, Hainan province, PRC
Audit Committee	the audit committee of the Board
Average Daily Bed Rate	the business volume divided by the total number of beds sold
Average Occupancy Rate by Bed	the total number of beds sold divided by the total number of beds available for sale
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 set out in Appendix 14 of the Listing Rules
China or PRC	the People's Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires, references in this report to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
Close associate(s)	has the meaning ascribed thereto under the Listing Rules
Club Med	Club Med SAS (formerly known as Club Méditerranée SA), a simplified joint-stock company (société par actions simplifiée) incorporated in France on 12 November 1957 and a non-wholly owned subsidiary of our Company. The Group focuses on global leisure tourism resort with "all-inclusive" innovative holiday Concepts
Club Med Holding	Club Med Holding (formerly known as Holding Gaillon II), a simplified joint-stock company (société par actions simplifiée) incorporated in France on 9 September 2014 and a non-wholly owned subsidiary of our Company

Club Med Invest	Club Med Invest (formerly known as Gaillon Invest II), a simplified joint-stock company (société par actions simplifiée) incorporated in France on 9 September 2014 and a non-wholly owned subsidiary of our Company
Club Med 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
Connected person(s)	has the meaning ascribed thereto under the Listing Rules
Connected transaction(s)	has the meaning ascribed thereto under the Listing Rules
Controlling shareholder(s)	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Fosun International, FHL, FIHL, and Mr. Guo Guangchang
Cook's Club	a 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
ESG	Environmental, Social and Corporate Governance
ESG Committee or Environmental, Social and Governance Committee	the environmental, social and governance committee of the Board
EUR or Euro	the lawful currency of the European Union
FHL	Fosun Holdings Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by FIHL, and one of our Controlling Shareholders
FIHL	Fosun International Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability, and one of our Controlling Shareholders
FOLIDAY	our global ecosystem consisting of our commercially interconnected businesses that offers a wide spectrum of tourism- and leisure-related services
FOLIDAY Town	the Group's brand name for major comprehensive tourism destinations
Folli Follie	Folli Follie Commercial Manufacturing and Technical Société Anonyme, a company incorporated in Greece, the shares of which are listed on the Athens Stock Exchange (stock code: FFGRP) in which Fosun International Group holds 16.37% of equity interest as of the end of the Reporting Period

Foryou Club	our membership system in China that manages and operates services and activities for members and customers under the FOLIDAY ecosystem
Foryou Ski	the indoor ski simulator brand name of the Group, which is committed to providing high-quality ski solutions for people living in cities
Fosun International	Fosun International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board (stock code: 0656), and one of our Controlling Shareholders
Fosun International Group	Fosun International and its subsidiaries from time to time
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
G.E	G.E (gentils employé) are local employees who perform traditional resort and back office duties, and are mainly responsible for accommodation, catering and technical services
G.O	G.Os (gentils organisateur) can be activities leaders or customer service receptionists, as well as managerial and administrative staff at Club Med resorts, who also bear responsibility to engage with guests and make the guests feel at home
GFA	gross floor area
Great Member(s)	members of Club Med's Great Member loyalty program
Group, our Group, we, or us	our Company and our subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
Hainan Atlantis	Hainan Atlantis Business and Tourism Development Co. Ltd, a limited liability company established in the PRC on 15 May 2013 and a wholly-owned subsidiary of the Company
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 or HK	the Hong Kong Special Administrative Region of the PRC
Hoshino Tomamu	Hoshino Resort Tomamu Corporation, a company incorporated in Japan, a wholly-owned subsidiary of Shanghai Yuyuan Tourist Mart Co., Ltd. and a non-wholly owned subsidiary of Fosun International, and also a connected person of the Company
IAS	International Accounting Standards
IASB	International Accounting Standards Board

IFRS	International Financial Reporting Standards
Independent third party(ies)	an individual or a company which, to the best of our Directors' knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
Kerzner	Kerzner International Limited, a company incorporated in The Commonwealth of the Bahamas, and its subsidiaries
Listing	the listing of the Shares on the Main Board
Listing Date	14 December 2018, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Macau	the Macau Special Administrative Region of the PRC
Main Board	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
Miniversity	the Group's 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
Nomination Committee	the nomination committee of the Board
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
Offer Price	has the meaning ascribed thereto under the Prospectus
Pre-IPO Free Share Award Plan	the pre-IPO free share award plan adopted by the Board on 29 June 2018
Pre-IPO Share Option Scheme	the pre-IPO share option scheme adopted by the Company on 29 December 2017 and approved by the shareholders of Fosun International on 23 February 2018
Pre-IPO Share Ownership Plan	the pre-IPO share ownership plan adopted by the Board on 29 December 2017
Prospectus	the prospectus of the Company dated 30 November 2018
Remuneration Committee	the remuneration committee of the Board
Reporting Period	1 January 2022 to 31 December 2022

Resort and Hotel Revenue	the aggregate income of Club Med and Casa Cook and Cook's Club lifestyle hotel collection, including sales of all inclusive packages and revenue generated onsite out of resorts, and the aggregate income generated from operations of the Casa Cook and Cook's Club lifestyle hotel collection
Revenue per Bed	the Resort Revenue divided by the Capacity of Resorts
RMB	the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
Share(s)	ordinary share(s) in the share capital of our Company
Shareholder(s)	holder(s) of the Shares
Show C	a resident show launched by Atlantis Sanya
Stock Exchange or Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategy Committee	the strategy committee of the Board
Subsidiary(ies)	has the meaning ascribed thereto under section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Substantial shareholder	has the meaning ascribed thereto under the Listing Rules
Taicang Tourism Subsidiaries	悅歐(太倉)旅游文化開發有限公司 (Yueou (Taicang) Tourism and Culture Development Co., Ltd.), 悅浩(太倉)旅游文化開發有限公司 (Yuehao (Taicang) Tourism and Culture Development Co., Ltd.), 悅洲(太倉)旅游文化開發有限公司 (Yuezhou (Taicang) Tourism and Culture Development Co., Ltd.), 悅雪(太倉)旅游文化開發有限公司 (Yuexue (Taicang) Tourism and Culture Development Co., Ltd.), each of which is an indirectly wholly owned subsidiary of the Company, collectively named as Taicang Tourism Subsidiaries
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. The Group acquired the main brand name, Thomas Cook, and hotel and resort brands, Casa Cook and Cook's Club from Thomas Cook Group plc in November 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

复星旅文
FOSUN HOLIDAY