Fosun Tourism Group
复星旅游文化集团

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

(Stock Code: 1992)

INTERIM RESULTS ANNOUNCEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL SUMMARY

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Revenue	**8,898,817**	6,416,543
Club Med and Others	**7,500,779**	5,599,878
Atlantis Sanya	**928,456**	490,362
Vacation Asset Management Center	**387,935**	219,367
Foryou Club and Other Services	**81,647**	106,936
Gross profit	**3,076,622**	1,893,146
Operating profit	**1,352,415**	286,574
Profit/(loss) before income tax	**678,550**	(197,877)
Profit/(loss) for the period	**490,332**	(208,444)
Profit/(loss) attributable to equity holders of the Company	**471,840**	(196,644)
Adjusted EBITDA	**2,299,661**	1,195,064
Adjusted net profit/(loss)	**513,215**	(193,767)
Earnings/(loss) per share — basic *(in RMB)*	**0.38**	(0.16)
Earnings/(loss) per share — diluted *(in RMB)*	**0.38**	(0.16)
Interim dividend per share *(in HKD)*	**Nil**	Nil

BUSINESS OVERVIEW

Our Group is one of the leading leisure-focused integrated tourism groups worldwide. Throughout our mission, "Better Holiday, Better Life", we endeavor to pioneer holiday lifestyle and create a world-leading family leisure and tourism ecosystem.

In the first half of 2023, with worldwide lifting of pandemic-related restrictions and the release of strong demand for vacations after the pandemic, the Group's global business achieved a full recovery. In 2023, to better focus on the core business and optimize the synergies of internal resources, the Group reclassified its former business segments, namely "Resorts and Hotels", "Tourism Destinations" and "Services and Solutions in Various Tourism and Leisure Settings", to four business segments, namely "Club Med and Others", "Atlantis Sanya", "Vacation Asset Management Center" and "Foryou Club and Other Services". Two projects including Taicang and Lijiang under the former "FOLIDAY Town" brand were consolidated into the business segment of "Vacation Asset Management Center".

In the first half of 2023, adjustments were made to some of our businesses. The Group strategically pulled out from the scenic and entrusted management business of Albion, and the Albion Apartment in Lijiang and Sanya were the only left self-owned projects. In May 2023, the Group entered into an equity transfer agreement with Goldman Sachs Group to sell the Casa Cook and Cook's Club brands and related overseas businesses, aiming to optimize its business portfolio and focus resources on the development of the Group's core business.

Our Business Volume[1] of Club Med and Others, Atlantis Sanya, Vacation Asset Management Center, Foryou Club and Other Services (collectively as "tourism operation"), at constant exchange rate, increased to RMB9,488.0 million for the six months ended 30 June 2023 from RMB7,352.3 million for the six months ended 30 June 2022, representing a year-on-year increase of 29.0%. Our revenue increased to RMB8,898.8 million for the six months ended 30 June 2023 from RMB6,416.5 million for the six months ended 30 June 2022. Gross profit increased to RMB3,076.6 million for the six months ended 30 June 2023 from RMB1,893.1 million for the six months ended 30 June 2022. Adjusted EBITDA increased to RMB2,299.7 million for the six months ended 30 June 2023 from RMB1,195.1 million for the six months ended 30 June 2022. Profit attributable to equity holders was RMB471.8 million for the six months ended 30 June 2023, compared with loss attributable to equity holders of RMB196.6 million for the six months ended 30 June 2022.

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[1] Business Volume represents the aggregate sales of our Club Med and Others, Atlantis Sanya, Vacation Asset Management Center, Foryou Club and Other Services of the Group, regardless of whether the property is owned, leased or managed.

CLUB MED AND OTHERS

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 30 June 2023, we have sales and marketing operations in more than 40 countries and regions across six continents, and operate 66 resorts, 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 9 resorts in China). In terms of business models, 10 resorts are under ownership model, 41 resorts are under lease model, and 15 resorts are under management contract model. In the first half of 2023, direct sales proportion through the global sales network of Club Med reached 70.4%.

In the first half of 2023, Club Med business achieved a record-breaking semester, driven mainly by the significant growth in Mountain business largely attributed to customers from EMEA, particularly from France, Brazil, the United Kingdom, Belgium, and Israel. Americas and Asia Pacific recorded a strong rebound following the lifting of travel restrictions of last year. Omicron Pandemic came to an end in China in January 2023 and since, China encountered a domestic travel rebound in the first half of 2023, though still not recovering to the level of 2019.

In the first half of 2023, the Business Volume of Club Med amounted to RMB7,938.8 million, representing an increase of 32.2% compared to that of the same period of 2022, and reaching to 119.6% of that of the same period of 2019.

The recovery was uneven by regions. Compared to the same period of 2019, the Business Volume of Club Med in the Americas increased by 64.6%, and in EMEA by 12.7%. Asia Pacific decreased by 7.3%, as China has not yet recovered to the level of 2019 in the first half of 2023 due to the Pandemic resurgence after reopening this year and some air traffic capacities constraint. The Business Volume of Club Med in Mainland China recorded RMB320.5 million in the first half of 2023, 247.6% higher than that of the same period in 2022, and recovered to 83.1% of that of the same period in 2019.

In the first half of 2023, the capacity of Club Med increased by 13.4% as compared to that of the same period of 2022, and recovered to 99.2% compared over the same period of 2019.

In particular, the capacity of resorts in EMEA and Asia Pacific increased by 12.5% and 42.4% respectively while in the Americas it decreased by 4.7% as compared to the same period of 2022. The capacity in EMEA, Asia Pacific and Americas recovered to 91.4%, 109.8% and 102.2% of that of the same period of 2019, respectively.

In the first half of 2023, the global average Occupancy Rate by Bed of Club Med reached about 62.4%, increasing by 3.3 percentage points compared to the same period of 2022 and showed a decrease of 2.7 percentage points compared with the same period of 2019; while the Average Daily Bed Rate was RMB1,753.3, at constant exchange rate, representing an increase of about 10.6% and 32.2% as compared with the same period of 2022 and 2019.

The adjusted EBITDA of resort operation increased to RMB1,987.2 million for the first half of 2023, compared to adjusted EBITDA of RMB1,165.3 million for the same period of 2022.

In the first half of 2023, Club Med sustained its recovery around all the three regions, following the strong rebound in 2022, even though the business was impacted by the economic uncertainties and high inflation in all regions.

In respect of operating profit, our business in EMEA and Americas significantly turned around as compared to the same period of 2022 and even exceeded that of the same period of 2019, whereas Asia Pacific was still far below the pre-Pandemic level.

	For the six months ended 30 June		
	2023[1]	2022[1]	2019[1]
Business Volume by customer booking locations *(RMB million)*			
EMEA	**4,646.1**	4,064.9	4,121.0
Of which France	**2,713.9**	2,440.6	2,483.0
Americas	**2,197.4**	1,622.5	1,334.8
Asia Pacific	**1,095.3**	315.7	1,182.0
Of which Mainland China	**320.5**	92.2	385.5
Total	**7,938.8**	6,003.1	6,637.8

The following table sets out the capacity of resorts by type of resorts and by locations for respective period:

	For the six months ended 30 June		
Type of resorts	**2023**	2022	2019
	'000	*'000*	*'000*
Capacity			
Mountain	**1,745.5**	1,449.5	1,509.0
Sun	**3,897.7**	3,635.5	4,421.9
Club Med Joyview	**525.4**	353.0	287.8
Total	**6,168.6**	5,438.0	6,218.7
4&5 Trident %[2]	**96.9%**	95.0%	85.7%
Capacities of resorts by locations			
EMEA	**2,624.0**	2,332.1	2,870.7
Americas	**1,778.2**	1,865.4	1,739.9
Asia Pacific	**1,766.4**	1,240.5	1,608.1
Total	**6,168.6**	5,438.0	6,218.7

1 At constant exchange rate.

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

The following table sets out the number of customer by regions and by countries for respective period:

	For the six months ended 30 June		
	2023	2022	2019
Number of customers by customer booking locations *(Thousands)*			
EMEA	**314**	291	349
Of which France	**191**	183	217
Americas	**207**	199	178
Asia Pacific	**245**	107	223
Of which Mainland China	**127**	47	104
Total	**766**	597	750

Certain key information with respect to our resort operations in the period of January to June 2023, 2022 and 2019 is set out as below respectively:

	For the six months ended 30 June		
	2023	2022	2019
Business Volume[1] *(RMB million)*	**7,938.8**	6,003.1	6,637.8
Capacity of Resorts *(in thousands)*	**6,168.6**	5,438.0	6,218.7
Average Occupancy Rate by Bed	**62.4%**	59.1%	65.1%
Average Daily Bed Rate[1] *(RMB)*	**1,753.3**	1,585.0	1,325.9
Revenue per Bed[1] *(RMB)*	**1,085.7**	942.4	862.8

During the first half of 2023, the Americas region had a strong business activity, and the Business Volume increased by 35.4% as compared to the same period of 2022 and increased by 64.6% compared to the same period of 2019.

The North America region benefitted from the Canada rebound as borders were closed until February 2022 due to the Pandemic. North America achieved 25.2% growth of Business Volume, as compared to the same period of 2022, despite Sandpiper village closure in 2022.

In South America, we seized the opportunities of the strong recovery of Brazilian domestic market, and the solid momentum of ski vacations in the Alps. During the first half of 2023, Brazil became the third sales market in terms of Business Volume, increasing by 54.2% and 110.4% as compared to the same period of 2022 and 2019 respectively.

1 At constant exchange rate.

Benefitting from our new resort Tignes, upgraded Exclusive Collection Val d'Isère which opened in December 2022 and our renovated resort Pragelato, the Business Volume of our EMEA region stood at RMB4,646.1 million in the first half of 2023, increasing by 14.3% and 12.7% compared to the same period of 2022 and 2019 respectively.

In Asia Pacific, although the Business Volume in the first half of 2023 was still at 92.7% of that in the same period of 2019, we saw the Business Volume gap between the first half of 2023 and 2019 significantly narrowing compared with that between the first half of 2022 and 2019. On the other hand, the Business Volume in the first half of 2023 had an increase of 247.0% compared with the same period of 2022, which also showed strong recovery from the Pandemic in Asia Pacific.

In April 2023, we accomplished the sale of the Turkish resort Kemer to the Turkish OZAK Group. This transaction brought a net cash flow of RMB240.1 million and a net gain on disposal of RMB219.4 million. During the first half of 2023, we continued to manage our costs with discipline under a high inflation environment.

In May 2023, we accomplished the sale and lease back of the French West Indies village Les Boucaniers to the French Caisse des Depôts et Consignations and Invad Group. It will allow a renovation of the resort in 2023 and the extension of the resort in 2024. This transaction brought a net cash impact of RMB148.4 million and brought a net gain on disposal of RMB63.7 million.

During the first half of 2023, the free cash flow stood at RMB771.1 million, decreasing by 23.5% compared to the same period of 2022 due to slowdown of bookings in the second quarter of 2023 and negative move of working capital and decreasing by 24.8% compared to the same period of 2019.

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

Upscale — Upscale is the core value. During the first half of 2023, we benefited from the recently opened new resorts in 2022 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) in China and Kiroro Peak in Japan. We accomplished the sale and lease back of the French West Indies resort Les Boucaniers and planned for works of renovation and extension to upgrade the facilities and increase client satisfaction in 2023 and 2024. We achieved the sale of Kemer resort in Turkey, that was no longer in alignment with the upscale strategy. We further sold properties apartments in the French Alps resort La Rosiere. As of 30 June 2023, the 4&5 Trident capacity represents 96.9% of our resorts' total capacity, showing an increase of 11.2 percentage points compared to the same period of 2019.

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 the first half of 2023, France remained the largest market worldwide, and contributed Business Volume of RMB2,713.9 million, accounting for 34.2% of global Business Volume; increased by 11.2% compared to the same period of 2022 and 9.3% compared to the same period of 2019. This increase was explained by the reopening of ski resorts and strong rebound in demand to long-haul destinations.

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 "Bye-bye Plastic" and continue to deploy agro-ecology with our historical partner Agrisud in the framework of "Green Farmer" program. In addition, during 2023, the Happy To Care roadmap is being strengthened; existing commitments are being reviewed towards higher or more precise performance targets and complemented with some new ones, including climate related ones. In this respect, a project mode approach has been launched to accelerate the ESG dynamic, restate the ambition, and include climate policy.

Happy Digital & C2M Strategy — Direct (and semi-direct) sales proportion through the sales network of Club Med reached 70.4% in the first half of 2023, decreasing by 0.9 percentage point compared to the same period in 2022 and increasing 6.9 percentage points compared to the same period in 2019. 29.4% of our individual customers chose to book online, representing an increase of 1.7 percentage points compared to the same period in 2022.

In the first half of 2023, we have kept improving our website to provide more functionalities and services to our clients and have rolled out a new resort application worldwide to improve customer satisfaction and in-resort ancillary revenues. Following the built of our future proof data factory in 2022, we started to deploy artificial intelligence use cases in 2023 and are about to release in the second half artificial intelligence generative content use cases including large language model. We have rolled out in March our new brand identity, based on 3 parti-pris to fully embody our most desirable holiday lifestyle brand ambition: 1) more singular with strong and unique style; 2) more contemporary with digital native "Less is More" approach; and 3) more impactful with the use of our iconic Trident. We have also released our new brand campaign "That's L'esprit Libre" in the USA, Canada, and China, showcasing the end benefit of being l'esprit libre (no mental load) by focusing on moments of happiness where the complexity that modern life adds is removed.

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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 recognizes and reflects the value in higher performing assets across the built environment lifecycle, from new construction to in-use and refurbishment.

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 first six months ended 30 June 2023 was approximately RMB330.7 million, increasing by approximately 30.5% compared with the same period of 2022, and increasing by 7.0% compared with the same period of 2019.

As of 30 June 2023, the liquidity[1] stood at RMB1,586.8 million.

We are seeing demand for 2023 summer season and spring of 2024 continues to gain momentum. As of 5 August 2023, the cumulative bookings for the second half of 2023, expressed in Business Volume of Stays, Tours and Services at constant exchange rate, increased by 6% compared to that for the second half of 2022 as of 6 August 2022, and increased by 21% for the second half of 2019 as of 6 August 2019, which was before the Pandemic. We are also seeing strong demand for the next ski season and spring of 2024 continues to gain momentum.

The cumulative bookings (expressed in Business Volume of Stays, Tours and Services) for Club Med for the first half of 2024, at constant exchange rate, increased by approximately 27% compared to the cumulative bookings for the first half of 2023 as of 6 August 2022, and increased by approximately 54% compared to the cumulative bookings for the first half of 2022 as of 7 August 2021 which was during the Pandemic.

In the second half of 2023, we plan to open 4 new resorts, including 2 Urban Oasis Nanjing and Taicang in China, Kiroro Grand in Hokkaido Japan and La Rosière Exclusive Collection Suite in France.

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% 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% of the Club Med capacity and have approximately 438,000 customers.

Another strategic product is Exclusive Collection. In the first half of 2023, Exclusive Collection accounted for 12% of Club Med capacity, and 16% of Club Med global Business Volume, having 65,000 customers. By 2025, we target to grow the capacity of Exclusive Collection by 15% compared to that of 2022, and have approximately 177,000 customers by then.

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1 Liquidity refers to cash, cash equivalent, unused overdrafts and credit line.

Miniversity

Our international learning and playing club, Miniversity (迷你營), created summer parent-child activities and Winter/Summer Camp through collaboration with the FOSUN HOLIDAY ecosystem. In the first half of 2023, the Business Volume reached RMB6.0 million, increasing by 11.7% compared to the same period in 2022. The Winter/Summer Camp and parent-child activities were well received by consumers and grew by 125.8% in terms of the number of bookings as of 30 June 2023 compared to the same period in 2022.

ATLANTIS SANYA[1]

Atlantis Sanya[2]

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[3] 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.

As a one-stop high-end resort destination with marine as the theme, Atlantis Sanya presented a series of brand-new experiences for its guests. On 16 January 2023, it unveiled the "Aquaventure Pink Night"(「水世界粉色之夜」), which opened a new night tour experience, with an exposure of more than 2.68 billion across the network. On 28 April 2023, Atlantis Sanya began celebrations for its fifth anniversary. Featuring a full lineup of activities, the celebrations captured new trends in tourism and included a fireworks spectacular that lit up the skies around Haitang Bay. (「新潮夜遊粉耀三亞，煙花盛會綻放海棠」). In respect of social media, as of 30 June 2023, Atlantis Sanya continued its premier first ranking on Douyin's Eat, Drink and Play — Popularity List.

In the first half of 2023, the Business Volume of Atlantis Sanya operating business increased from RMB486.9 million in the first half of 2022 to RMB887.1 million in the first half of 2023, increasing by 82.2% as compared to the same period in 2022. The Average Daily Rate by Room is RMB2,408.3, with an average Occupancy Rate of 86.2%, increasing by 40.1 percentage points as compared to the same period last year. The number of visits increased to 3.178 million compared with 1.535 million in the same period in 2022. Adjusted EBITDA for the first half of 2023 was RMB461.0 million, representing an increase of 122.9% compared with RMB206.8 million in the same period of 2022.

As of 30 June 2023, there was only a small amount of units left in Tang Residence. We still have 2 villas available to be sold or delivered.

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1 It refers to Atlantis Sanya Business Segment.

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

3 Meetings, Incentives, Conferencing & Exhibitions.

The following table illustrates certain key operating data of Atlantis Sanya for the six months ended 30 June:

	For the six months ended 30 June	
	2023	2022
Business Volume *(RMB'000)*	**887,054**	486,862
Occupancy Rate by Room	**86%**	46%
Average Daily Rate by Room *(RMB)*	**2,408**	2,479
RevPar by Room *(RMB)*	**2,075**	1,140

In July 2023, Atlantis Sanya upgraded its signature summer event in Aquaventure — Aqua Screen Show (粉色之夜水幕秀), to present the story of China's first mermaid virtual experience officer, Seana, and her encounter with Atlantis Sanya and launched the two-month "Super Summer 2023" programme, which includes a rich variety of activities such as "Miniversity for Independent Camping" and "Super Summer Supper" to radiate an all-age group. These innovative projects lead the new trend in Sanya's tourism market and promote the digitalisation of Hainan's cultural and tourism industry. Compared to the soared individual market consumption in Sanya in same period of 2022 due to the pandemic, outbound tourism partially recovered in the summer of 2023. Facing the popular trend of domestic tourism destinations such as Beijing, Shanghai, Xinjiang and Yunnan, Atlantis Sanya's performance remained strong. It recorded a Business Volume of RMB191.9 million in July 2023, representing a decrease of 10.8% as compared to the same period in 2022. The Average Occupancy Rate by Room reached 88.3% and the Average Daily Rate by Room was RMB3,007.2.

Fanxiu

Through the development of performances in 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 stationed C Show in Atlantis Sanya in February 2019. Since Christmas in 2021, Atlantis Sanya's stationed C Show 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 2023, with the number of viewers increasing by 75.6% and ticket revenue increasing by 110.3% year-on-year. In the first half of 2023, Fanxiu Performance recorded a Business Volume of RMB34.1 million, increasing by 137.0% compared to the same period of 2022. To further enrich the supply of tourism and cultural products, in the first half of 2023, we launched "Pink Night", a year-round nighttime offering at Waterpark in Atlantis Sanya, which transformed the nighttime at the Waterpark into an ocean of fun for the sizeable parent-child customer base in China through a rich variety of performing arts. During the summer of 2023, complementing the super summer holiday new show of Atlantis Sanya, Fanxiu integrated the image of the first mermaid virtual experience officer, Seana, fireworks, water curtain, laser, water fly show and drone elements to develop a high-tech water curtain show, becoming another highlight of Atlantis Sanya parent-child products.

VACATION ASSET MANAGEMENT CENTER

In 2023, we incorporated our two major projects, Taicang and Lijiang, under the former "Foliday Town" brand into our "Vacation Asset Management Center" business segment, with a view to optimizing our IP operations and facilitating the implementation of more light-asset projects in the future. Currently, the Vacation Asset Management Center includes Taicang Alps Resort and Lijiang Club Med Resort.

Taicang Alps Resort

Taicang Alps Resort covers approximately 483,000 square meters of land parcels in Taicang city, Jiangsu Province in Eastern China. The project is adjacent to Shanghai, located near Taicangnan Railway Station. It takes less than 30 minutes to reach Taicang Alps Resort from Shanghai Hongqiao Transportation Hub by high-speed train.

With the theme of "Alps", Taicang Alps Resort is designed to offer various themed experiences and tourism features, including but not limited to a large-scale indoor ski domain in Eastern China, a sports park, Club Med Urban Oasis Taicang Resort, a themed commercial street, and saleable vacation units. The total GFA of Taicang Alps Resort 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 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 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. As of June 2023, Alps Snow Live was in the commissioning phase of snowmaking.

The themed commercial street "Alps Time" and Club Med Urban Oasis 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 square meters and as of June 2023, the main structure of the "Alps Time" has passed an inspection and acceptance check and it was at the stage of decoration and renovation. Club Med Urban Oasis Taicang Resort has a GFA of approximately 50,000 square meters, and includes 308 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. In June 2023, Club Med Urban Oasis Taicang Resort was at the stage of decoration and renovation.

The construction of Taicang Alps Resort was completed in stages starting from 2021, among which the Alps Snow Live, Club Med Urban Oasis Taicang Resort and Alps Time Phase I will commence their business in the second half of 2023, and the remaining construction is expected to achieve full completion in the following two to three years.

As of 30 June 2023, the total cumulative cost incurred in the Taicang Alps Resort was approximately RMB6,086.5 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 RMB1,129.6 million has already been utilized. As of 30 June 2023, Taicang Alps Resort 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 30 June 2023, the sales area developed for sale was 88,726.1 square meters and the sales value to be carried forward was RMB353.2 million.

As of 30 June 2023, the sold (including pre-sale) and delivered details of Taicang Alps Resort are as follows:

Periods	**Number of sets sold (including pre-sale)**	**Sold value (including pre-sale)**	**Delivered sets**	**Delivered GFA**	**Recognized revenue**
	(sets)	*(RMB million)*	*(sets)*	*(m²)*	*(RMB million)*
First half of 2023	191	478.1	145	16,184.8	346.5
Starting from pre-sale up to 30 June 2023	1,273	3,316.5	1,134	125,423.8	2,712.6

In July 2023, the number of sets sold in Taicang Alps Resort was 14 and the sales value was RMB32.7 million.

Lijiang Club Med Resort

Lijiang Club Med Resort covers approximately 695,000 square meters of land parcels 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 the vacation house at the foot of Jade Snow Mountain. The total GFA of Lijiang Club Med Resort is approximately 283,000 square meters and the project development costs (mainly including the cost to acquire the land use right and construction cost) are expected to be approximately RMB4.0 billion. Club Med Lijiang resort has a GFA of approximately 56,785 square meters, and includes 302 guest rooms with 770 beds. The project was also planned to include saleable 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 pre-sale. 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 since 2020. The project has been completed in stages since late 2021. In the second half of 2021, Club Med Lijiang resort, Tang'an Residence Lijiang, and lake camp have been put into operation. Among them, Tang'an Residence Lijiang was officially opened in January 2022. The product is positioned as a serviced holiday apartment.

Lijiang Club Med Resort was opened on 25 September 2021. In the first half of 2023, with the opening up after the epidemic and the recovery of the tourism industry, Lijiang Club Med Resort welcomed the peak of visitor traffic. During the Labour holiday in May 2023, Lijiang Club Med Resort joined hands with Fosun Foundation to organize the Simple Holiday Life Festival in the form of "Music + Public Welfare", which achieved 15 million promotional exposure and attracted nearly 10,000 people to participate in the festival. In June 2023, Lijiang Club Med Resort was awarded the 2023 TRUE Cultural and Tourism Super Rating List (2023TRUE文旅超級評價榜) "2022 Excellent Cultural and Tourism Project TOP 7" (2022卓越文旅項目TOP7), becoming one of the best residential destinations in Southwest China and providing a one-stop holiday home. In the first half of 2023, Lijiang Club Med Resort recorded a Business Volume of RMB39.6 million with approximately 64,000 visits.

As of 30 June 2023, the operation of Lijiang Club Med Resort is as follows:

	For the six months ended 30 June	
	First half of 2023	**First half of 2022**
Lijiang Club Med Resort[1]		
Business Volume *(RMB million)*	**39.6**	17.8
Visits *('0,000)*	**6.4**	4.6
Club Med Lijiang resort		
Business Volume *(RMB million)*	**34.6**	14.3
Capacity *(beds)*	**555**	550
Average Occupancy Rate by Bed	**35.7%**	14.0%
Average Daily Bed Rate *(RMB)*[2]	**959**	1,075

1 Formerly Lijiang FOLIDAY Town.

2 The Average Daily Bed Rate decreased by 10.8% as compared with the same period of 2022 due to off-season marketing strategies, meetings, incentive travel as well as an increased share of the large corporate convention and event exhibition business mix.

As of 30 June 2023, the total cost incurred in Lijiang Club Med Resort was approximately RMB1,697.1 million; the approved project development loans amounted to RMB1,300.0 million and the loan balance was RMB562.4 million as of the end of the period. As of 30 June 2023, Lijiang Club Med Resort has obtained a sales permit for GFA of approximately 28,500 square meters, with the number of saleable sets of 482. As of 30 June 2023, the area developed for sale was 22,250.9 square meters. The value sold to be carried forward was RMB34.5 million.

As of 30 June 2023, the sold and delivered details of the Lijiang Club Med Resort are as follows:

Periods	**Number of sets sold**	**Sales value**	**Delivered sets**	**Delivered GFA**	**Recognized revenue**
	(sets)	*(RMB million)*	*(sets)*	*(m²)*	*(RMB million)*
First half of 2023	18	18.8	13	696.5	12.2
Starting from pre-sale up to 30 June 2023	106	126.8	74	4,172.5	85.0

In July 2023, Lijiang Club Med Resort launched a series of activities including meadow music, outdoor study, nature excursion and non-heritage culture experience to attract footfall. Driven by the increase in summer bookings, Lijiang Club Med Resort recorded a Business Volume of RMB23.4 million, representing an increase of 2.3% compared to the same period of 2022, with 208,000 visits. The number of sets sold in Lijiang Club Med Resort was 2 and the sales value was RMB1.8 million. Club Med Lijiang resort recorded a Business Volume of RMB21.5 million. The Average Daily Bed Rate was RMB1,117 and the average Occupancy Rate by Bed reached 84.5%.

In addition, we are exploring strategic partnerships opportunities with other companies on the development and operation models of Vacation Asset Management Center.

FORYOU CLUB AND OTHER SERVICES

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. In the first half of 2023, in the context of globalization, the Group deepened its localization strategy and repositioned Thomas Cook China to Foryou Club, which is dedicated to the mission of Fosun Tourism Group of “Better Holiday, Better Life”, to build a scenic platform for high-quality holiday services. The Group strives to provide quality domestic and overseas holiday products and services to Foryou Club members and their families around the world. Thomas Cook UK continued to develop its online travel agency business.

Foryou Club

In 2023, we repositioned the former "Thomas Cook Lifestyle Platform" ("TC China") to Foryou Club, as the official global membership operation platform of Fosun Tourism Group, the members of which are from Club Med, Atlantis Sanya and various business segments under Fosun Tourism Group.

Adhering to the Group's mission of "Better Holiday, Better Life", Foryou Club is committed to providing high-quality domestic and international holiday products and services to its members and their families around the world by creating a scenic platform for high-quality holiday services.

As of 30 June 2023, the platform of Foryou Club had over 6.130 million members, representing a year-on-year growth of 17.1%. In the first half of 2023, the number of new members reached 524,000, representing a year-on-year growth of 12.6%, and the number of paid users reached 56,000, representing a year-on-year growth of 13.6%.

In 2023, as the industry recovers and the demand is unleashed, Foryou Club gains a deep insight into the changes in demand for family holiday life in the post-pandemic period. By focusing on Fosun Tourism Group and Fosun Ecosystem self-operated advantageous resources, the Group launched domestic and overseas products such as the Atlantis 2+2 package (Atlantis+local premier luxurious hotels), the Club Med all-inclusive package+local fun activities, and the Hoshino Resorts TOMAMU in Japan. On the service aspect, Foryou Club upgraded the APP member experience function, providing members with the already established rights and functions including free check-in at the VIP channel, free room upgrade, and delayed check-out for members, etc. At the same time, it actively developed innovative services to meet the needs of quality users, such as airport coach picking up at destination and advanced room selection services to name a few.

Foryou Club recorded a Business Volume of approximately RMB177.5 million in the first half of 2023, representing an increase of 11.5% over the same period of 2022, and an order volume of 413,000, representing an increase of 128.0% over the same period of 2022.

Due to the business adjustment since 2023, Foryou Club focused on improving the functions of the member platform and paid more attention to the input-output ratio. In July 2023, its core business recorded a Business Volume of RMB36.6 million, which maintained at approximately the same level as the same period of 2022. Looking forward into the second half, Foryou Club will continue to focus on family holidays by fully leveraging Fosun Tourism Group's advantageous holiday IPs and products to launch high-quality travel and holiday products both domestically and abroad. It will also focus on upgrading the all-around travelling experience of members before, during and after their trips, endeavouring to become the "Holiday Butler" for a wide range of family consumers.

Thomas Cook UK

In the first half of 2023, benefiting from the brand's organic strength and high demand for post-covid travel, it realised a year-on-year improvement in gross profit margin during the Reporting Period.

In the first half of 2023, Thomas Cook achieved the improvement in profitability through optimising operational efficiency. Strong momentum in summer bookings continued throughout July as families in the UK booked last-minute beach and city breaks despite the economic backdrop of high inflation.

Thomas Cook's UK business, as well as its operations in Europe, have continued to invest in their digital platform with a greater focus on higher-margin hotels and long-haul holidays.

MANAGEMENT DISCUSSION & ANALYSIS

Selected Items of Consolidated Statement of Profit or Loss

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
REVENUE	**8,898,817**	6,416,543
Cost of revenue	**(5,822,195)**	(4,523,397)
Gross profit	**3,076,622**	1,893,146
Other income and gains, net	**384,472**	70,274
Selling and marketing expenses	**(1,201,982)**	(978,730)
General and administrative expenses	**(906,697)**	(698,116)
Finance costs	**(660,282)**	(483,944)
Share of profits and losses of:		
Associates	**(13,583)**	(507)
PROFIT/(LOSS) BEFORE TAX	**678,550**	(197,877)
Income tax expense	**(188,218)**	(10,567)
PROFIT/(LOSS) FOR THE PERIOD	**490,332**	(208,444)
Attributable to:		
Equity holders of the Company[1]	**471,840**	(196,644)
Non-controlling interests	**18,492**	(11,800)
	490,332	(208,444)

[1] Profit attributable to equity holders of the Company for the six months ended 30 June 2023 included RMB645.8 million profit arising from tourism operation and RMB174.0 million loss arising from property development and sales. Loss attributable to equity holders of the Company for the six months ended 30 June 2022 included RMB59.7 million loss arising from tourism operation and RMB136.9 million loss arising from property development and sales.

Revenue by business segment

Revenue: Our revenue increased by 38.7% from RMB6,416.5 million for the six months ended 30 June 2022 to RMB8,898.8 million for the six months ended 30 June 2023. Both global and domestic business showed a notable improvement thanks to the continued recovery from the Pandemic and the increase in travel, as well as the Group's operation efficiency.

	For the six months ended 30 June			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
			(Restated)[1]	
Club Med and Others	**7,506,818**	**84.4%**	5,611,036	87.4%
Atlantis Sanya	**937,461**	**10.5%**	507,992	7.9%
Vacation Asset Management Center	**389,914**	**4.4%**	226,462	3.5%
Foryou Club and Other Services	**104,542**	**1.2%**	119,180	1.9%
Intersegment eliminations	**(39,918)**	**(0.5%)**	(48,127)	(0.7%)
Total revenue	**8,898,817**	**100.0%**	6,416,543	100.0%

Club Med and others: Revenue of this segment was mainly consisted of Club Med resort operation business and other relevant business such as transportation service, resort construction service, youth play and learning service. Club Med and others revenue increased by 33.8% from RMB5,611.0 million for the six months ended 30 June 2022 to RMB7,506.8 million for the six months ended 30 June 2023, benefitting from the increase of the capacity by 13.4%, the increase of occupancy rate by 3.3 percentage points and the increase of Average Daily Bed Rate by 10.6% in Club Med. The growth was primarily contributed by the increase in travel demand, including the desire and ability to travel with the lifting of cross-border travel restrictions.

Atlantis Sanya: Atlantis Sanya segment provided hotel operation services and various supporting tourism and entertainment services in the region, such as C show and Sanya Albion. Thanks to the strong holiday demand unleashed after resuming domestic tourism in China, Atlantis Sanya posted revenue growth of 84.5% from RMB508.0 million for the six months ended 30 June 2022 to RMB937.5 million for the six months ended 30 June 2023. The growth was driven by both increase in room revenue with much higher Occupancy Rate, and the increase in other operating revenues generated from the Aquarium, the Waterpark, the C show and other services provided.

1 Details of the restatement of the 2022 interim statements are set out in note 2 to the financial statements.

Vacation Asset Management Center: Revenue from Vacation Asset Management Center mainly came from property sales and construction services of Taicang ALPS resort and Lijiang Club Med resort, as well as operation revenue of Lijiang Club Med. Revenue of property sales and construction services increased by 66.8% to RMB358.4 million as we delivered 145 and 13 property units from Taicang ALPS resort and Lijiang Club Med resort respectively. Operation revenue of Lijiang Club Med also increased by 132.8% to RMB26.3 million.

Foryou Club and Other Services: Foryou Club and Other Services mainly provided various tourism and leisure services to support membership system for our various brands. Revenue of Foryou Club and Other Services decreased by 12.3% year-on-year, mainly because we strategically optimized the business structure of Foryou Club and reduced some business with low efficiency.

Cost of revenue by business segment

	For the six months ended 30 June			
	2023		2022	
	RMB'000	*%*	*RMB'000* (Restated)	*%*
Club Med and Others	**5,138,494**	**88.3%**	4,037,751	89.3%
Atlantis Sanya	**441,225**	**7.6%**	308,446	6.8%
Vacation Asset Management Center	**228,951**	**3.9%**	165,487	3.7%
Foryou Club and Other Services	**45,062**	**0.8%**	49,062	1.1%
Intersegment eliminations	**(31,537)**	**(0.6%)**	(37,349)	(0.9%)
Total	**5,822,195**	**100.0%**	4,523,397	100.0%

Gross profit and gross profit margin by business segment

	For the six months ended 30 June			
	2023		2022	
	Gross Profit	**Gross Profit Margin**	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000* (Restated)	*%*
Club Med and Others	**2,368,324**	**31.5%**	1,573,285	28.0%
Atlantis Sanya	**496,236**	**52.9%**	199,546	39.3%
Vacation Asset Management Center	**160,963**	**41.3%**	60,975	26.9%
Foryou Club and Other Services	**59,480**	**56.9%**	70,118	58.8%
Intersegment eliminations	**(8,381)**	**N/A**	(10,778)	N/A
Total	**3,076,622**	**34.6%**	1,893,146	29.5%

Cost of revenue increased by 28.7% from RMB4,523.4 million for the six months ended 30 June 2022 to RMB5,822.2 million for the six months ended 30 June 2023 which was in line with revenue increase.

Gross profit increased by 62.5% and gross profit margin increased from 29.5% to 34.6%. Gross profit for Club Med and Others segment increased by 50.5% compared with same period of last year. The increase was mainly due to continued business recovery of Club Med whose gross profit and margin rate was RMB2,353.7 million and 31.5% respectively. Gross profit and margin rate of Club Med were better than those of the same period of 2019. Gross profit of Altantis Sanya increased by 148.7% and gross profit margin increased from 39.3% to 52.9% year-on-year benefitting from both the recovery of revenue and operation efficiency. Gross profit of Vacation Asset Management Center increased by 164.0% and gross profit margin increased from 26.9% to 41.3% year-on-year thanks to more property units delivery with higher margin rate and increase of Lijiang Club Med revenue.

Other income and gains, net

We incurred a net income of RMB384.5 million in the first six months of 2023 comparing with a net income of RMB70.3 million in the same period of last year. Net income in the first half of 2023 was mainly due to (i) gain from village disposal as well as sale and lease back of Club Med resorts amounted to RMB283.1 million, (ii) gain from disposal of Casa Cook and Cook's Club hotel business amounted to RMB49.9 million, and (iii) net exchange gain amounted to RMB70.3 million.

Selling and marketing expenses

Selling and marketing expenses increased by 22.8% year-on-year to RMB1,202.0 million for the first six months ended 30 June 2023, mainly due to (i) commission on sales mainly for resorts and tourism operation and property sales increased by 46.4% year-on-year to RMB400.5 million (the first half of 2022: RMB273.6 million), which was in line with the revenue increase, and (ii) advertising and promotion costs increased by RMB51.6 million as a result of continued business recovery.

General and administrative expenses

General and administrative expenses increased by 29.9% to RMB906.7 million in the first six months of 2023. The change was primarily due to (i) management fee payable to brand licensor increased by RMB47.1 million due to incentive fee charge for business operation of Atlantis Sanya in the first six months of 2023 in line with the revenue growth, (ii) IT services expenses and new resort development expenses for Club Med increased by RMB50.4 million in line with the continued business recovery as well as the increase of IT service procurement, and (iii) increase of sundry outsourcing expenses such as consulting expenses and professional expenses.

Operating profit by business segment

Our operating profit was RMB1,352.4 million in the first six months of 2023, comparing with the operating profit of RMB286.6 million in the same period of last year.

	For the six months ended 30 June			
	2023		2022	
	RMB'000	*%*	*RMB'000* (Restated)	*%*
Club Med and Others	**1,177,309**	**87.1%**	400,046	139.6%
Atlantis Sanya	**346,769**	**25.6%**	118,301	41.3%
Vacation Asset Management Center	**74,898**	**5.5%**	(12,600)	(4.4%)
Foryou Club and Other Services	**(34,893)**	**(2.6%)**	(89,884)	(31.4%)
Eliminations and unallocated expenses	**(211,668)**	**(15.6%)**	(129,289)	(45.1%)
Total	**1,352,415**	**100.0%**	286,574	100.0%

Club Med and Others: Club Med and Others business incurred an operating profit of RMB1,177.3 million in the first six months of 2023 compared with an operating profit of RMB400.0 million in the same period of 2022, reflecting the continued business recovery and operation efficiency of Club Med.

Atlantis Sanya: Operation profit of Atlantis Sanya increased from RMB118.3 million in the first six months of 2022 to RMB346.8 million in the same period of 2023, mainly due to growth of gross profit.

Vacation Asset Management Center: Vacation Asset Management Center incurred an operating profit of RMB74.9 million in the first six months of 2023 compared with an operating loss of RMB12.6 million in the same period of 2022. Delivery of property units of Taicang ALPS resort contributed operating profit of RMB112.9 million for the first six months ended 30 June 2023 compared with an operating profit of RMB47.4 million in the same period of last year.

Foryou Club and Other Services: Operating loss for the first six months ended 30 June 2023 was RMB34.9 million compared with RMB89.9 million for the same period of 2022 due to cost saving of some businesses and expenses with low efficiency.

Finance costs

Finance costs net of capitalized interest increased by RMB176.4 million from RMB483.9 million for the first six months of 2022 to RMB660.3 million in the same period of 2023. Our indebtedness balance as of 30 June 2023 increased by RMB2,404.9 million compared with the balance as of 30 June 2022.

Income tax expense

Income tax expenses increased by RMB177.6 million from RMB10.6 million in the first six months of 2022 to RMB188.2 million in the same period of 2023. The income tax expense for the six months ended 30 June 2023 primarily comprised of PRC land appreciation tax ("**LAT**") amounted to RMB38.4 million in relation to the sales of tourism-related property sales and income tax expense amounted to RMB116.4 million in relation to Club Med business.

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

Non-IFRS Measures

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

ADJUSTED EBITDA

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) before income tax	**678,550**	(197,877)
Adjustment:		
Depreciation	**898,036**	827,026
Amortization	**78,336**	85,748
Finance costs	**660,282**	483,944
Land appreciation tax	**(38,426)**	(18,454)
EBITDA	**2,276,778**	1,180,387
Add:		
Equity-settled share-based payments	**22,883**	14,677
Adjusted EBITDA	**2,299,661**	1,195,064
Arising from tourism operation	**2,288,633**	1,186,336
Arising from property development and sales	**11,028**	8,728

Adjusted EBITDA increased from RMB1,195.1 million in the first six months of 2022 to RMB2,299.7 million in the same period of 2023.

Adjusted EBITDA of Club Med was RMB1,987.2 million in the first six months of 2023, compared with RMB1,165.3 million in the same period of last year, and even increased by 48.2% compared with that of the same period of 2019. Adjusted EBITDA of Atlantis Sanya segment in the first six months of 2023 increased to RMB452.5 million from RMB228.6 million in the same period of 2022, primarily due to the strong tourism demand recovery in China. Adjusted EBITDA of Vacation Asset Management Center in the first six months of 2023 increased to RMB67.2 million from negative RMB0.7 million in the same period of 2022. Of which, Taicang ALPS resort contributed adjusted EBITDA of RMB90.5 million for the first six months ended 30 June 2023 compared with an adjusted EBITDA of RMB45.0 million in the same period of last year.

Adjusted Net Profit/(Loss)

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Net Profit/(Loss)	**490,332**	(208,444)
Add:		
Equity-settled share-based payments	**22,883**	14,677
Adjusted Net Profit/(Loss)	**513,215**	(193,767)

Capital expenditures

Our 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 first six months ended 30 June 2022 and 2023 were RMB587.5 million and RMB746.1 million, respectively. The capital expenditure incurred in the first half of 2023 mainly related to capital expenditures in Taicang ALPS resort, upgrade or renovation of existing resorts, development of new resorts, and investments in digital technology. For the six months ended 30 June 2023, our capital expenditure for Club Med was RMB330.7 million, and increased by approximately RMB77.3 million compared with same period of last year due to continued investment in development of new resorts and upgrade or renovation of existing resorts in line with our pipeline. Meanwhile, the capital expenditure for Vacation Asset Management Center increased by RMB107.5 million, mainly due to increase in construction investment of Taicang ALPS resort.

Indebtedness, liquidity and financial resources of the Group

Our Group funds our investments and operations principally with cash generated from our operations, bank and other borrowings, funds raised from the capital market and capital investments by our Controlling Shareholders. As of 30 June 2023, we had cash and bank balances of approximately RMB3.3 billion. The following table sets out our cash flows for the periods indicated:

	For the six months ended 30 June	
	2023	2022
	RMB Million	*RMB Million*
Net cash flows generated from operating activities[1]	**1,652**	1,030
Net cash flows used in investing activities[1]	**(251)**	(131)
Net cash flows used in financing activities[1]	**(1,103)**	(1,984)
Cash and bank balances at end of the period	**3,302**	3,449
Analysis of cash and bank balances		
Cash and cash equivalents at end of the period	**2,621**	3,020
Add: Pledged bank balances and restricted cash for the use of construction	**604**	150
Time deposits with original maturity of more than three months	**61**	67
Restricted pre-sale proceeds	**16**	212
Cash and bank balances at end of the period	**3,302**	3,449

As of 30 June 2023, we had unused banking facilities amounted to approximately RMB2,929.7 million. Thanks to our good performance of operating cash flow, our liquidity remained healthy.

Our indebtedness included interest-bearing bank and other borrowings and lease liabilities. As of 30 June 2023, the total amount of interest-bearing bank and other borrowings was RMB12,240.5 million (31 December 2022: RMB11,961.9 million), of which RMB2,422.5 million was repayable within one year (31 December 2022: RMB2,474.5 million).

Our loan agreements may also include material financial covenants. Furthermore, we may be required to provide additional guarantees upon the lending banks' request if any changes in our guarantor adversely affect the guarantee granted by the guarantor to the lending banks. We also entered into some amendments to existing loans or facility agreements to get the covenant holiday in 2023. Our Directors confirmed that we complied with all material covenants under our loan agreements and amendments during the Reporting Period and up to the date of this announcement.

1. Excluding flow of restricted cash.

Capital Structure

The Company continued to maintain a healthy and sound financial position. Our total assets increased from RMB37,930.0 million as of 31 December 2022 to RMB39,146.9 million as of 30 June 2023, and our total liabilities increased from RMB35,298.9 million as of 31 December 2022 to RMB36,236.9 million as of 30 June 2023. We changed the net current liabilities position of RMB5,163.2 million as of 31 December 2022 to net current liabilities of RMB4,999.1 million as of 30 June 2023.

Our current ratio slightly increased from 0.65 as of 31 December 2022 to 0.66 as of 30 June 2023, reflecting a healthy and sound financial position.

Our gearing ratio slightly decreased from 53.6% as of 31 December 2022 to 53.4% as of 30 June 2023 which remained stable and healthy.

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

Exchange Rate Fluctuation

Currency fluctuation effects on transactions

The Group has resorts and commercial operations in over 40 countries and regions which are exposed to foreign exchange risks arising from various currency exposures. Major currencies for our commercial transaction included 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. During the first half of 2023, Euro appreciated against some currencies such as Renminbi yuan and U.S. Dollar, leading to foreign currency exchange gain. For the six months ended 30 June 2022 and 2023, we recorded a net foreign exchange loss of RMB54.0 million and a net foreign exchange gain of RMB70.3 million in other income and gains, net, respectively.

Currency fluctuation effects on translations

Our consolidated financial statements are prepared in RMB, our Group's reporting currency. In preparing the consolidated financial statements, the results of operations of our subsidiaries outside the PRC are translated from their functional currencies into RMB. The assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the period. Fluctuations in the value of the exchange rates of our subsidiaries from one year to the next affect our consolidated results of operations. Exchange differences on translation of foreign operations are recognized in our exchange fluctuation reserve, the movement of which is recorded in other comprehensive income. We recorded a gain of RMB441.8 million and a gain of RMB62.4 million for the six months ended 30 June 2022 and 2023, respectively, which mainly came from the translation of foreign operations of Club Med.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	**For the six months ended 30 June 2023** *RMB'000* (Unaudited)	2022 *RMB'000* (Unaudited)
REVENUE	3	**8,898,817**	6,416,543
Cost of revenue		**(5,822,195)**	(4,523,397)
Gross profit		**3,076,622**	1,893,146
Other income and gains, net	4	**384,472**	70,274
Selling and marketing expenses		**(1,201,982)**	(978,730)
General and administrative expenses		**(906,697)**	(698,116)
Operating income		**1,352,415**	286,574
Finance costs	5	**(660,282)**	(483,944)
Share of profits and losses of:			
Associates		**(13,583)**	(507)
PROFIT/(LOSS) BEFORE INCOME TAX	6	**678,550**	(197,877)
Income tax expense	7	**(188,218)**	(10,567)
PROFIT/(LOSS) FOR THE PERIOD		**490,332**	(208,444)
Attributable to:			
Equity holders of the Company		**471,840**	(196,644)
Non-controlling interests		**18,492**	(11,800)
		490,332	(208,444)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic			
— For profit/(loss) for the period *(RMB)*	9	**0.38**	(0.16)
Diluted			
— For profit/(loss) for the period *(RMB)*	9	**0.38**	(0.16)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	**490,332**	(208,444)
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**(14,328)**	11,246
Reclassification adjustments for (losses)/gains included in the consolidated statement of profit or loss	**(22,878)**	25,612
	(37,206)	36,858
Exchange differences on translation of foreign operations	**62,424**	441,806
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**25,218**	478,664
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to employee benefits	**(2,321)**	31,758
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**5,636**	4,837
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**3,315**	36,595
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**28,533**	515,259
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**518,865**	306,815
Attributable to:		
Equity holders of the Company	**486,004**	299,299
Non-controlling interests	**32,861**	7,516
	518,865	306,815

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2023

	Notes	**30 June 2023** *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**10,201,980**	9,786,743
Right-of-use assets		**13,002,928**	12,508,667
Intangible assets		**2,554,432**	2,508,279
Goodwill		**1,814,457**	1,714,004
Investments in associates		**255,964**	249,421
Financial assets at fair value through profit or loss		**334,216**	327,336
Properties under development		**574,611**	568,563
Due from related companies		**86,948**	81,872
Prepayments, other receivables and other assets		**387,547**	362,955
Deferred tax assets		**289,716**	289,568
Cash and bank balances		**11,380**	75,000
Total non-current assets		**29,514,179**	28,472,408
CURRENT ASSETS			
Inventories		**271,252**	269,367
Completed properties for sale		**1,568,627**	1,755,626
Properties under development		**776,279**	743,361
Trade receivables	10	**747,607**	899,069
Contract assets and other assets		**8,658**	15,478
Prepayments, other receivables and other assets		**2,004,555**	1,825,974
Due from related companies		**857,197**	879,231
Derivative financial instruments		**104,158**	158,157
Financial assets at fair value through profit or loss		**3,360**	2,177
Cash and bank balances		**3,291,059**	2,909,166
Total current assets		**9,632,752**	9,457,606

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**2,422,477**	2,474,450
Contract liabilities		**1,058,938**	808,606
Trade payables	11	**2,545,179**	2,643,415
Accrued liabilities and other payables		**6,344,893**	6,553,675
Tax payable		**400,196**	321,962
Lease liabilities		**930,861**	866,218
Due to related companies		**863,373**	900,336
Derivative financial instruments		**65,945**	52,187
Total current liabilities		**14,631,862**	14,620,849
NET CURRENT LIABILITIES		**(4,999,110)**	(5,163,243)
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,515,069**	23,309,165
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**9,818,022**	9,487,485
Lease liabilities		**11,042,869**	10,411,331
Contract liabilities		**4,073**	4,073
Deferred income		**53,708**	106,234
Other long-term payables		**278,472**	274,071
Deferred tax liabilities		**407,873**	394,874
Total non-current liabilities		**21,605,017**	20,678,068
Net assets		**2,910,052**	2,631,097
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**188**	188
Shares held for the share-based payment schemes		**(1)**	(1)
Reserves		**2,822,376**	2,458,110
		2,822,563	2,458,297
Non-controlling interests		**87,489**	172,800
Total equity		**2,910,052**	2,631,097

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

The Group had net current liabilities of RMB4,999,110,000 as at 30 June 2023. Having taken into account the available 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.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

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

(a) Amendments to IAS 1 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. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) 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 Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* 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 Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any. The amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments and the mandatory temporary exception retrospectively. The Group is currently assessing its exposure to Pillar Two income taxes.

2. OPERATING SEGMENT INFORMATION

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

(a) Club Med and others segment which comprises principally the Club Med resort operation business and other relevant business such as transportation service, resort construction service, youth play and learning service;

(b) Atlantis Sanya segment which comprises principally the hotel operation services and various supporting tourism and entertainment services in the region;

(c) Vacation asset management center segment which comprises principally the property sales and construction services; and

(d) Foryou Club and other services segment which comprises principally the various tourism and leisure services to support membership system.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. During the period, as management changed the structure of the Group's internal organisation to match its business development strategy in a manner that caused to change the Group's composition of its reportable segments, some entities in the Group were re-allocated to reflect such change. Segment performance is evaluated based on reportable segment operating profit which is calculated based on gross profit less other income and gains, other expenses, selling and marketing expenses and general and administrative expenses. No analysis of the Group's assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision-maker for review.

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

Six months ended 30 June 2023

	Club Med and others *RMB'000* (Unaudited)	Atlantis Sanya *RMB'000* (Unaudited)	Vacation asset management center *RMB'000* (Unaudited)	Foryou Club and other services *RMB'000* (Unaudited)	Elimination *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue						
External customers	**7,500,779**	**928,456**	**387,935**	**81,647**	**—**	**8,898,817**
Intersegment sales	**6,039**	**9,005**	**1,979**	**22,895**	**(39,918)**	**—**
Total revenue	**7,506,818**	**937,461**	**389,914**	**104,542**	**(39,918)**	**8,898,817**
Segment operating profit/(loss)	**1,177,309**	**346,769**	**74,898**	**(34,893)**	**(30,892)**	**1,533,191**
Unallocated expenses*						**(180,776)**
Total operating profit						**1,352,415**
Finance costs						**(660,282)**
Share of profits and losses of associates						**(13,583)**
Profit before income tax						**678,550**

* The unallocated expenses mainly represented the impairment loss of intangible assets, loss on fair value change of derivative financial instruments, equity-settled share-based payment expenses, other employee benefit expenses and other administrative expenses.

Six months ended 30 June 2022 (Restated)

	Club Med and others *RMB'000* (Unaudited)	Atlantis Sanya *RMB'000* (Unaudited)	Vacation asset management center *RMB'000* (Unaudited)	Foryou Club and other services *RMB'000* (Unaudited)	Elimination *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue						
External customers	5,599,878	490,362	219,367	106,936	—	6,416,543
Intersegment sales	11,158	17,630	7,095	12,244	(48,127)	—
Total revenue	5,611,036	507,992	226,462	119,180	(48,127)	6,416,543
Segment operating profit/ (loss)	400,046	118,301	(12,600)	(89,884)	(28,801)	387,062
Unallocated expenses*						(100,488)
Total operating profit						286,574
Finance costs						(483,944)
Share of profits and losses of associates						(507)
Loss before income tax						(197,877)

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

Geographical information

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from external customers		
Europe, Middle East and Africa	**4,631,679**	3,869,295
America	**2,079,227**	1,491,455
Asia Pacific	**2,187,911**	1,055,793
	8,898,817	6,416,543

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

3. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Tourism operation and other services	**8,486,668**	6,143,437
Property sales and construction service	**412,149**	273,106
	8,898,817	6,416,543

(i) Disaggregated revenue information from contracts with customers

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

For the period ended 30 June 2023

Segments	**Club Med and others** ***RMB'000*** **(Unaudited)**	**Atlantis Sanya** ***RMB'000*** **(Unaudited)**	**Vacation asset management center** ***RMB'000*** **(Unaudited)**	**Foryou Club and other services** ***RMB'000*** **(Unaudited)**	**Elimination** ***RMB'000*** **(Unaudited)**	**Total** ***RMB'000*** **(Unaudited)**
Types of goods or services						
Tourism operation and other services	**7,453,024**	**937,461**	**31,559**	**104,542**	**(39,918)**	**8,486,668**
Property sales and construction services	**53,794**	**—**	**358,355**	**—**	**—**	**412,149**
	7,506,818	**937,461**	**389,914**	**104,542**	**(39,918)**	**8,898,817**
Intersegment sales	**(6,039)**	**(9,005)**	**(1,979)**	**(22,895)**	**39,918**	**—**
Total revenue from contracts with customers	**7,500,779**	**928,456**	**387,935**	**81,647**	**—**	**8,898,817**
Timing of revenue recognition						
Goods transferred at a point in time	**52**	**—**	**358,352**	**15,253**	**(11,711)**	**361,946**
Services transferred over time	**7,506,766**	**937,461**	**31,562**	**89,289**	**(28,207)**	**8,536,871**
	7,506,818	**937,461**	**389,914**	**104,542**	**(39,918)**	**8,898,817**
Intersegment sales	**(6,039)**	**(9,005)**	**(1,979)**	**(22,895)**	**39,918**	**—**
Total revenue from contracts with customers	**7,500,779**	**928,456**	**387,935**	**81,647**	**—**	**8,898,817**

For the period ended 30 June 2022 (Restated)

Segments	Club Med and others *RMB'000* (Unaudited)	Atlantis Sanya *RMB'000* (Unaudited)	Vacation asset management center *RMB'000* (Unaudited)	Foryou Club and other services *RMB'000* (Unaudited)	Elimination *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Types of goods or services						
Tourism operation and other services	5,552,739	507,992	11,653	119,180	(48,127)	6,143,437
Property sales and construction service	58,297	—	214,809	—	—	273,106
	5,611,036	507,992	226,462	119,180	(48,127)	6,416,543
Intersegment sales	(11,158)	(17,630)	(7,095)	(12,244)	48,127	—
Total revenue from contracts with customers	5,599,878	490,362	219,367	106,936	—	6,416,543
Timing of revenue recognition						
Goods transferred at a point in time	146	834	214,773	14,488	(1,319)	228,922
Services transferred over time	5,610,890	507,158	11,689	104,692	(46,808)	6,187,621
	5,611,036	507,992	226,462	119,180	(48,127)	6,416,543
Intersegment sales	(11,158)	(17,630)	(7,095)	(12,244)	48,127	—
Total revenue from contracts with customers	5,599,878	490,362	219,367	106,936	—	6,416,543

4. OTHER INCOME AND GAINS, NET

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income	**57,993**	16,874
Government grants	**89,805**	15,878
Others	**47,648**	21,473
	195,446	54,225
Gains		
Gain on disposal of subsidiaries	**113,921**	86,203
Gain on disposal of items of property, plant and equipment	**217,747**	1,577
Reversal of impairment of prepayments	**—**	12,699
Rent concessions as a result of COVID-19 pandemic	**—**	46,259
Gain on the fair value change of financial assets at fair value through profit or loss	**1,602**	25,148
Exchange gain, net	**70,322**	—
Others	**18,292**	2,506
	421,884	174,392
Other income and gains	**617,330**	228,617
Other expenses		
Exceptional costs due to COVID-19 pandemic*	**—**	(39,352)
Compensation costs relating to employees	**(20,493)**	(9,540)
Provision for resort closure costs	**(49,315)**	(30,034)
Provision for litigation, including tax related	**(14,639)**	(10,282)
Loss on the fair value change of derivative financial liabilities	**(34,018)**	—
Impairment losses on		
— *Property, plant and equipment*	**—**	(3,737)
— *Right-of-use assets*	**—**	(2,167)
— *Intangible assets*	**(87,891)**	—
— *Other receivable*	**(11,876)**	—
Exchange loss, net	**—**	(53,999)
Others	**(14,626)**	(9,232)
Other expenses	**(232,858)**	(158,343)
Other income and gains, net	**384,472**	70,274

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

5. FINANCE COSTS

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**388,107**	278,236
Interest on lease liabilities	**269,451**	212,256
Bank charges and other financial costs	**18,120**	5,763
	675,678	496,255
Less: Interest capitalised	**15,396**	12,311
Total finance costs	**660,282**	483,944

6. PROFIT/(LOSS) BEFORE INCOME TAX

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

		For the six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Cost of revenue		**5,822,195**	4,523,397
Depreciation of property, plant and equipment		**324,991**	316,845
Amortisation of intangible assets		**78,336**	85,748
Depreciation of right-of-use assets		**573,045**	510,181
Impairment of financial and contract assets and other assets:			
Provision for impairment of trade receivables		**6,193**	3,316
Provision/(Reversal of provision) for impairment of financial assets included in prepayments, other receivables and other assets	4	**11,876**	(12,699)
Write-down of inventories to net realisable value		**1,014**	751
Provision for impairment of items of property, plant and equipment	4	**—**	3,737
Provision for impairment of intangible assets	4	**87,891**	—
Provision for impairment of items of right-of-use assets	4	**—**	2,167
Fair value gain on financial assets at fair value through profit or loss	4	**(1,602)**	(25,148)
Loss on the fair value change of derivative financial liabilities	4	**34,018**	—
Exchange (gain)/loss, net	4	**(70,322)**	53,999
Rent concessions as a result of COVID-19 pandemic in other gains	4	**—**	(46,259)
Gain on disposal of items of property, plant and equipment	4	**(217,747)**	(1,577)
Gain on disposal of a subsidiary	4	**(113,921)**	(86,203)

7. INCOME TAX

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

		For the six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Current — France and others	(1)	**119,355**	39,579
Current — Mainland China			
Income tax in Mainland China for the period	(2)	**24,934**	3,285
Land appreciation tax ("LAT") in Mainland China for the period	(3)	**38,426**	18,454
Deferred		**5,503**	(50,751)
Income tax expense for the period		**188,218**	10,567

Notes:

(1) The provision for income tax of Club Med Holding ("CMH") and its subsidiaries incorporated in France for the six months ended 30 June 2023 was based on a rate of 25.83% (six months ended 30 June 2022: 25.83%).

(2) The provision for Mainland China current income tax is based on the statutory rate of 25% (six months ended 30 June 2022: 25%) of the assessable profits for the six months ended 30 June 2023 of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008. For Hainan Atlantis Commerce and Tourism Development Co., Ltd. ("Hainan Atlantis"), the provision for current income tax is based on a reduced tax rate of 15% as a qualified encouraged industrial enterprise in accordance with the Notice on the Preferential Policies for Corporate Income Tax at Hainan Free Trade Port that has come into effect on 1 January 2020.

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

8. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2023 (Six months ended 30 June 2022: Nil).

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

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,241,763,222 (six months ended 30 June 2022: 1,238,914,279) in issue during the period.

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

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings/(loss) per share calculations	**471,840**	(196,644)

	Number of shares	
	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	**1,241,763,222**	1,238,914,279
Effect of dilution — weighted average number of ordinary shares:		
— Share award scheme	**3,715,220**	—
— Share option scheme	**2,845,247**	—
Weighted average number of ordinary shares used in the calculation of diluted earnings/(loss) per share	**1,248,323,689**	1,238,914,279
Basic earnings/(loss) per share *(RMB)*	**0.38**	(0.16)
Diluted earnings/(loss) per share *(RMB)*	**0.38**	(0.16)

During the six months ended 30 June 2022, since the diluted loss per share amount decreased when taking the share award scheme and share option scheme into account, the share award scheme and share option scheme had an anti-dilutive effect and were ignored in the calculation of diluted loss per share for the period.

10. TRADE RECEIVABLES

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

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances with ages:		
Within 90 days	**628,955**	860,840
91 to 180 days	**83,193**	28,196
181 to 365 days	**26,835**	6,643
1 to 2 years	**5,435**	3,351
2 to 3 years	**3,189**	39
	747,607	899,069

11. TRADE PAYABLES

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances with ages:		
Within 90 days	**1,871,283**	1,814,086
91 to 180 days	**150,601**	115,084
181 to 365 days	**211,811**	422,156
1 to 2 years	**173,173**	148,051
2 to 3 years	**9,319**	79,962
Over 3 years	**128,992**	64,076
	2,545,179	2,643,415

12. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the reporting period.

13. COMPARATIVE AMOUNTS

As stated in note 2 to the interim condensed consolidated financial information, the comparative segment information has been restated to reflect the change of the reporting segments of the Group.

INTERIM DIVIDEND PAYMENT

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

REVIEW OF INTERIM RESULTS

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

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

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and to enhance its corporate value and accountability. The Board shall set the purpose, value and strategy of the Company and ensure their consistency with the culture of the Company. All Directors shall act with integrity as role models with commitment to promoting the corporate culture. Such culture should be instilled throughout the organisation and should reinforce the philosophy of "acting legally, ethically and responsibly" continually. During the Reporting Period, the Company applied the principles of and fully complied with the provisions as set out in the CG Code. The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

PUBLICATION OF INTERIM RESULTS

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fosunholiday.com). The interim report will be despatched to the Shareholders and published on both websites on or before 30 September 2023.

FORWARD-LOOKING STATEMENTS

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

GLOSSARY

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
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
Average Daily Rate by Room	the business volume divided by the total number of rooms sold
Board	our board of Directors of the Company
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 announcement and for geographical reference only and except where the context requires, references in this Announcement to “China” and the “PRC” do not apply to Hong Kong, Macau and Taiwan

Club Med	Club Med SAS (formerly known as Club Méditerranée SA), a simplified joint-stock company (société par actions simplifiée) incorporated in France on 12 November 1957 and a non-wholly owned subsidiary of our Company. The Group focuses on global leisure tourism resort with "all-inclusive" innovative holiday Concepts
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
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 amortisation
EMEA	Europe, Middle East, and Africa, which, for our purposes, also includes Turkey
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 the Controlling Shareholders
FIHL	Fosun International Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability, and one of the Controlling Shareholders
Fosun Holiday	our global ecosystem consisting of our commercially interconnected businesses that offers a wide spectrum of tourism- and leisure-related services

Foryou Club	our membership system in China that manages and operates services and activities for members and customers under the Fosun Holiday ecosystem
Fosun International	Fosun International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board (stock code: 0656), and one of the Controlling Shareholders
Frost & Sullivan Report	an independent market research report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent third party
GFA	gross floor area
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
Great Member(s)	members of Club Med's Great Member loyalty programme
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 digitalisation 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
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 Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
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
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
Occupancy Rate by Bed	the total number of beds sold divided by the total number of beds available for sale
Reporting Period	1 January 2023 to 30 June 2023
Resort Revenue	the aggregate income of all resorts, including sales of all inclusive packages and revenue generated onsite out of the all-inclusive packages
Revenue per Bed	the Resort Revenue divided by the Capacity of Resorts
RMB	the lawful currency of the PRC

Share(s)	ordinary share(s) in the share capital of the 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
Subsidiary(ies)	has the meaning ascribed thereto under section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Tang Residence	the saleable residential vacation units in Atlantis Sanya
Thomas Cook	Thomas Cook Group plc, a company incorporated in England and Wales, the shares of which are listed on the London Stock Exchange (stock code: TCG), the company applied for liquidation on 23 September 2019. The Group acquired the main brand name, Thomas Cook, and hotel and resort brands such as 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

By Order of the Board
Fosun Tourism Group
Xu Xiaoliang
Chairman

Hong Kong, 28 August 2023

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