everyday is FOLIDAY

复星旅游文化集团 FOSUN TOURISM GROUP

A company incorporated under the laws of the Cayman Islands with limited liability

(Stock Code: 01992)

INTERIM REPORT
2020

FOLIDAY 复星旅文

CONTENTS

FINANCIAL SUMMARY

Club Med Cefalu, Italy

FINANCIAL SUMMARY

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


Everyday is
FOLIDAY

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

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

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

Resorts

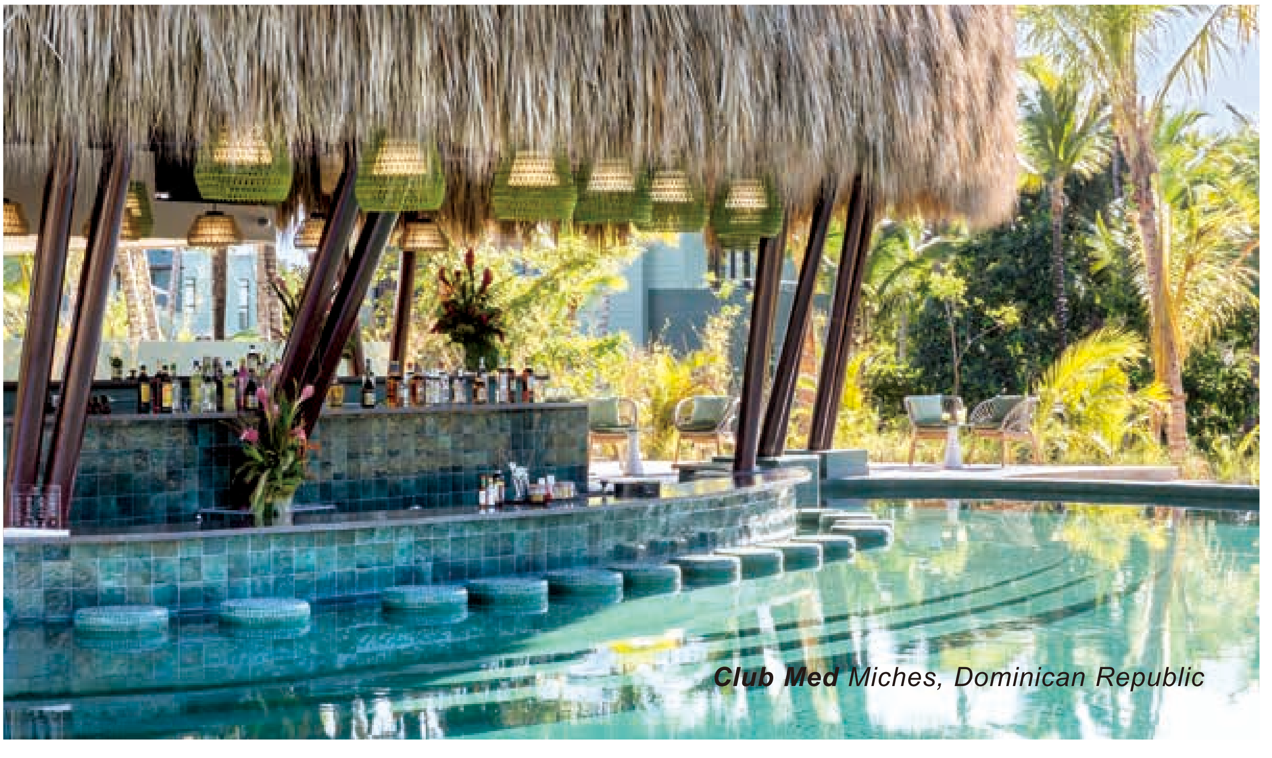
Club Med

Club Med, headquartered in France and founded in 1950, is a world-renowned family centric all-inclusive leisure and vacation service provider. For the six months ended 30 June 2020, we have sales and marketing operations in more than 40 countries and regions across six continents, and operate 65 resorts, of which 37 resorts (including a cruise ship) are in EMEA, 12 resorts are in the Americas and 16 resorts are in the Asia Pacific region (including 7 resorts in China). In terms of business models, 14 resorts are under ownership model, 41 resorts are under lease model, and 10 resorts are under management contract model.

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


Club Med Cefalu, Italy

Club Med *Sanya, China*



Club Med *Miches, Dominican Republic*

***Club Med** Peisey-Vallandry, France*

	For the six months ended 30 June	
	2020	2019[1]
Business Volume by customer booking locations (RMB Millions)		
EMEA	**2,372.0**	4,314.2
Americas	**1,000.2**	1,472.7
Asia Pacific	**536.0**	1,230.4
Total	**3,908.2**	7,017.3

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

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

1 at constant exchange rate.

***Club Med Joyview** Golden Coast, China*

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

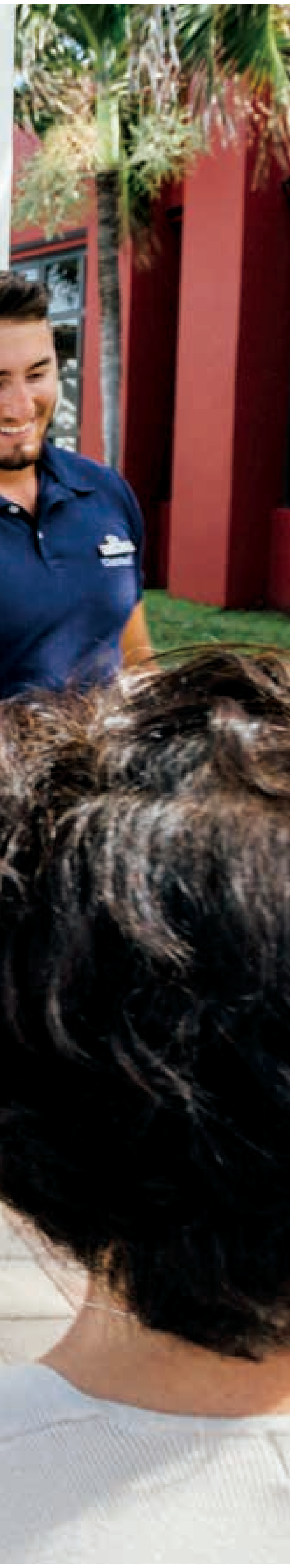
	January-February		March-June		Six months ended 30 June	
	2020[1]	2019[1]	2020[1]	2019[1]	2020[1]	2019[1]
Business Volume (RMB Millions)	**3,205.0**	2,977.1	**673.0**	4,012.6	**3,908.2**	7,017.3
Capacity of Resorts (in thousands)	**2,139**	2,151	**915**	4,068	**3,054**	6,219
Occupancy Rate by Bed	**71.6%**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

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

[1] at constant exchange rate.

***Club Med** Miches, Dominican Republic*

Club Med *Miches, Dominican Republic*



Safety Measures

We have implemented various measures to mitigate the impacts of COVID-19 on our resort operations, to ensure the health and safety of our customers and employees and to accelerate the rebound of our operation, including but not limited to:

- Implement COVID-19 prevention and control policies released by relevant government authorities. Our worldwide resorts safety measures were also audited by POSI Check. Resorts in EMEA achieved average grade of 92.8% which is far above the requested 80% agreement criterion. In China, the audit was carried out by ECOLAB;
- Provide equipment and supplies for prevention of COVID-19 in the resorts and working spaces with flexible working environment and hours for employees;
- Develop customer care programs to reschedule and cancel travel services for customers in accordance with relevant regulations;
- Launch "Safe Together" program in opened resorts which includes more than 100 operational standards and a 360° communication ecosystem dedicated to guest reassurance on the enhanced health and safety protocols and dedicated staff was assigned to supervise all aspects of the hygiene and security matters;
- Implement strict cost control policies, including reduction of human resources costs, rental cost adjustments and cancellation of marketing campaigns and various variable costs and expenses. Club Med human resource costs in the second quarter of 2020 decreased by approximately 60% compared to the same period of last year;
- Cancel and postpone certain capital expenditure. Our capital expenditure of resort business for the six months ended 30 June 2020 was approximately RMB216.4 million, decreased by approximately 30.8% compared with same period of last year, the decrease in capital expenditure was mainly driven by the reduction in the second quarter, the capital expenditure decreased by approximately 70% compared with the same period of 2019;
- Actively evaluate resort opening schedule considering the travel restriction policies and implement various online marketing and precise marketing projects to optimize the customer traffic conversion and bookings for opened resorts.

Club Med Joyview *Anji, China*

***Club Med Joyview** Anji, China*

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

With the preserved financial position and strong momentum of recovery, we are well prepared to continue the upscale strategy, globalization strategy, Happy Digital & C2M strategy and Ski ecosystem. We continue to develop projects which are expected to be popular among customers. The beach resort La Palmyre has accomplished the renovation project and reopened in January. The new resorts La Rosière will open by the end of 2020, and Club Med Seychelles will open in the incoming winter season. In the upcoming years till 2022, we still have strong pipelines to open new resorts and plan to open a seaside resort Marbella, a mountain resort in Quebec Charlevoix, resort La Rosière Exclusive Collection in France and not less than five resorts in China, including a resort in Lijiang FOLIDAY Town.

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

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

Casa Cook and Cook's Club

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

Cook's Club *Tigaki Kos, Greece*

Casa Cook *El Gouna, Egypt*

Cook's Club *Alanya, Turkey*

The resorts that we operated as of 30 June 2020 were as follows:

No.	Name of Resort	Number of Beds	Duration[(1)]	Number of Rooms	Trident[(2)]	Location	Year of opening[(3)]	Type	Operating Model[(4)]
	EMEA								
1	AGADIR	843	Permanent	374	3	Morocco	1967	Sun	Leased
2	ALBION	618	Permanent	260	5	Mauritius	2007	Sun	Leased
3	ALBION VILLAS	157	Permanent	27	5	Mauritius	2010	Sun	Leased
4	ARCS EXTREME	568	Seasonal	284	3	France	1980	Mountain	Leased
5	ARCS PANORAMA	965	Bi-seasonal	433	4+5	France	2018	Mountain	Leased
6	BODRUM	502	Seasonal	242	4	Turkey	1995	Sun	Managed
7	CAP SKIRRING	415	Seasonal	205	4	Senegal	1973	Sun	Leased
8	GRAND MASSIF SAMOENS MORILLON CHALETS	59	Bi-seasonal	11	5	France	2019	Mountain	Leased
9	CEFALU	645	Permanent	322	5	Italy	2018	Sun	Leased
10	CERVINIA	456	Seasonal	199	4	Italy	2001	Mountain	Leased
11	CLUB MED 2	377	Permanent	184	5	CM2	1992	Sun	Owned
12	DA BALAIA	798	Seasonal	389	4	Portugal	1986	Sun	Leased
13	DJERBA LA DOUCE	1,070	Seasonal	520	3	Tunisia	1975	Sun	Leased
14	GRAND MASSIF SAMOENS MORILLON	941	Bi-seasonal	420	4	France	2017	Mountain	Leased
15	GREGOLIMANO	974	Seasonal	460	4	Greece	1978	Sun	Owned
16	KAMARINA	1,632	Seasonal	686	3	Italy	1981	Sun	Leased
17	KEMER	939	Seasonal	463	3	Turkey	1977	Sun	Owned
18	LA PALMYRE ATLANTIQUE	1,169	Seasonal	404	3	France	2003	Sun	Leased
19	LA PLAGNE 2100	587	Seasonal	339	4	France	1990	Mountain	Leased
20	LA POINTE AUX CANONNIERS	873	Permanent	393	4	Mauritius	1973	Sun	Leased
21	L'ALPE D'HUEZ	996	Bi-seasonal	450	4	France	2019	Mountain	Leased
22	MARRAKECH LA PALMERAIE	869	Permanent	356	4+5	Morocco	2004	Sun	Leased
23	OPIO EN PROVENCE	910	Permanent	429	4	France	1989	Sun	Leased
24	PALMIYE	1,777	Seasonal	722	4	Turkey	1988	Sun	Managed
25	PEISEY-VALLANDRY	730	Bi-seasonal	281	4	France	2005	Mountain	Leased

No.	Name of Resort	Number of Beds	Duration(1)	Number of Rooms	Trident(2)	Location	Year of opening(3)	Type	Operating Model(4)
26	PRAGELATO	701	Bi-seasonal	273	4	Italy	2012	Mountain	Leased
27	SAINT-MORITZ ROI SOLEIL	584	Seasonal	304	4	Switzerland	1963	Mountain	Leased
28	SANT'AMBROGGIO	729	Seasonal	290	3	France	1971	Sun	Leased
29	SERRE-CHEVALIER	985	Bi-seasonal	349	3	France	2001	Mountain	Leased
30	TIGNES VAL CLARET	498	Seasonal	228	4	France	1975	Mountain	Leased
31	VAL D'ISERE	554	Seasonal	275	4+5	France	1978	Mountain	Leased
32	VAL THORENS	776	Seasonal	384	4	France	2014	Mountain	Leased
33	VALMOREL	896	Bi-seasonal	416	4+5	France	2011	Mountain	Leased
34	VALMOREL CHALETS	311	Bi-seasonal	59	5	France	2011	Mountain	Leased
35	VITTEL ERMITAGE	194	Seasonal	104	4	France	1973	Sun	Leased
36	VITTEL LE PARC	827	Seasonal	363	3	France	1973	Sun	Leased
37	YASMINA	812	Seasonal	343	4	Morocco	1969	Sun	Leased
	Americas								
1	CANCUN YUCATAN	1,314	Permanent	501	4+5	Mexico	1976	Sun	Owned
2	COLUMBUS ISLE	536	Permanent	236	4	Bahamas	1992	Sun	Owned
3	MICHES	882	Permanent	335	5	Dominican Republic	2019	Sun	Leased
4	IXTAPA PACIFIC	793	Permanent	296	4	Mexico	1981	Sun	Owned
5	LA CARAVELLE	830	Permanent	378	4	France (Guadeloupe)	1974	Sun	Leased
6	LAKE PARADISE	968	Permanent	377	4	Brazil	2016	Sun	Leased
7	LES BOUCANIERS	646	Permanent	291	4	France (Martinique)	1969	Sun	Owned
8	PUNTA CANA	1,739	Permanent	631	4+5	Dominican Republic	1981	Sun	Owned
9	RIO DAS PEDRAS	823	Permanent	379	4+5	Brazil	1988	Sun	Owned
10	SANDPIPER	1,001	Permanent	307	4	United States of America	1987	Sun	Owned
11	TRANCOSO	531	Permanent	204	4	Brazil	2002	Sun	Owned
12	TURQUOISE, TURCS & CAICOS	580	Permanent	291	4	Turks and Caikos	1985	Sun	Leased

No.	Name of Resort	Number of Beds	Duration(1)	Number of Rooms	Trident(2)	Location	Year of opening(3)	Type	Operating Model(4)
	Asia Pacific								
1	BALI	902	Permanent	393	4	Indonesia	1986	Sun	Owned
2	BEIDAHU	458	Seasonal	176	4	China	2016	Mountain	Managed
3	BINTAN ISLAND	656	Permanent	308	4	Indonesia	1996	Sun	Leased
4	CHERATING BEACH	681	Permanent	297	4	Malaysia	1979	Sun	Owned
5	CLUB MED JOYVIEW ANJI	810	Permanent	300	4	China	2018	JoyView	Managed
6	CLUB MED JOYVIEW GOLDEN COAST	780	Permanent	298	4	China	2018	JoyView	Managed
7	GUILIN	847	Permanent	350	4	China	2013	Sun	Managed
8	KABIRA	585	Permanent	181	4	Japan	1999	Sun	Leased
9	KANI	584	Permanent	272	4+5	Maldive Islands	2000	Sun	Leased
10	KANI FINHOLU VILLAS	104	Permanent	52	5	Maldive Islands	2015	Sun	Leased
11	PHUKET	799	Permanent	340	4	Thailand	1985	Sun	Owned
12	SAHORO HOKKAIDO	659	Seasonal	208	4	Japan	1988	Mountain	Leased
13	SANYA	957	Permanent	384	4	China	2016	Sun	Managed
14	TOMAMU HOKKAIDO	964	Bi-seasonal	341	4	Japan	2018	Mountain	Managed
15	YABULI	697	Seasonal	279	4	China	2010	Mountain	Managed
16	CLUB MED JOYVIEW YANQING PEKING	772	Permanent	307	4	China	2019	JoyView	Managed

Notes:

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

(2) "3": Three Trident Resort

"4": Premium Four Trident Resort

"4+5": Four Trident Resort with Five Trident Space

"5": Five Trident Resort, Villas and Chalets, and Club Med 2 cruise ship, now called Exclusive Collection collectively

(3) This includes year of re-opening.

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

The following maps illustrate the location of our resorts by region as of 30 June 2020:

Tourism Destinations

ATLANTIS SANYA[1]

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

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

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

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

Aquaventure Waterpark, ***Atlantis Sanya***

*The Lost Chambers Aquarium, **Atlantis Sanya***

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

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

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

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

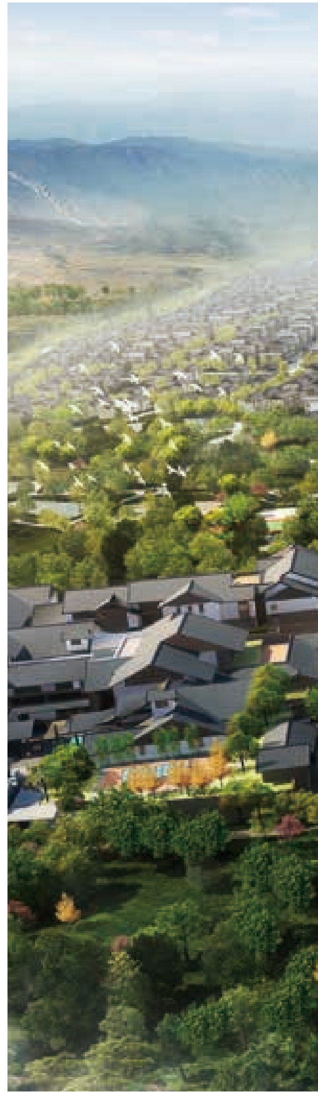
Ossiano Underwater Restaurant & Bar, ***Atlantis Sanya***

FOLIDAY TOWN (復遊城)[1]

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

Lijiang Foliday Town (麗江復遊城)

Lijiang FOLIDAY Town covers land parcels of approximately 695,000 square meters in Baisha town in Lijiang city, Yunnan province in Southwestern China, which is defined as an international tourism destination targeting mid-to-high-end customers and plan to combine comprehensive tourism and leisure features, such as a Club Med resort, customized vacation inns and other accommodations, sightseeing attractions, recreational facilities, shows, local events and tours which will be operated and managed by us or our strategic partners. The GFA of Lijiang FOLIDAY Town is approximately 310,000 square meters and the project development costs (mainly including the cost to acquire the land use right and construction cost) is expected to be approximately RMB4.0 billion. Subject to regulatory authority's approval, the project was planned to include saleable vacations inns and residence with total GFA of over 237,000 square meters. The saleable vacation inns and residence will be designed as low-rise detached houses with low density targeting high-end customers and low-rise courtyard houses targeting mid-to-high-end customers. We have started construction of Club Med Resort and international tourism center in 2019 and started construction of saleable vacations inns and residence in the first half of 2020. The other portion of the project commences construction in stages upon local government approval and construction plan. The project is expected to be completed in stages starting from either late 2020 or early 2021 and achieve full completion in the following two to three years. As of 30 June 2020, the total cost incurred for the Lijiang FOLIDAY Town was approximately RMB846.6 million. In July 2020, we have obtained the presale permit of saleable vacation inns and residence with approximately 28,000 square meters and plan to start the presale activities in the second half of 2020.



1 FOLIDAY Town is designated to offer Foliday life style experience with integrated settings of international brands, intelligent operations and various innovation solutions in FOLIDAY ecosystem for global family.

The image shown is part of the design of Lijiang FOLIDAY Town, which is for illustration purposes only and may not be an exact representation of the product.

Lijiang FOLIDAY Town

The image shown is part of the design of Lijiang FOLIDAY Town, which is for illustration purposes only and may not be an exact representation of the product.

The image shown is part of the design of Lijiang FOLIDAY Town, which is for illustration purposes only and may not be an exact representation of the product.

Taicang FOLIDAY Town

The image shown is part of the design of Taicang FOLIDAY Town, which is for illustration purposes only and may not be an exact representation of the product.

Taicang Foliday Town (太倉復遊城)

Taicang FOLIDAY Town covers land parcels of approximately 483,000 square meters in Taicang city, Jiangsu province in East China. The project is adjacent to Shanghai, located near Taicang South Station. Taicang South Station of the Shanghai-Suzhou-Nantong Railway was put into operation on 1 July 2020, it takes less than 30 minutes to reach Taicang FOLIDAY Town from Shanghai Hongqiao Transportation Hub. Taicang FOLIDAY Town is designed to offer various themed experiences and tourism features, including but not limited to one of the largest indoor snow slopes in East China, a sports park, a Club Med resort, a European style commercial street, and saleable vacation units. The GFA of Taicang FOLIDAY Town is approximately 1,286,000 square meters and the project development costs (mainly including the cost to acquire the land use right and construction cost) is expected to be approximately RMB13.2 billion. The project was planned to include saleable vacations units with total GFA of over 554,000 square meters. The saleable vacation units are designed as high-rise apartment buildings targeting mid-to-high-end customers. Our indoor snow slop was designed by Compagnie des Alpes ("CDA"), one of the world's leading ski resort operators based in France, to offer facilities and services with international standards. We have started construction of the project since January 2019, and the display center for commercial sites and marketing showrooms have been opened to customers since the end of 2019. The construction is expected to be completed in stages starting from 2021 and achieve full completion in the following three to four years. As of 30 June 2020, the total cost incurred in the Taicang Project was approximately RMB3,011.5 million, which was mainly used for land acquisitions and construction costs. In July 2020, Taicang FOLIDAY Town has obtained sales permit for GFA of approximately 100,000 square meters, of which pre-sale activities of approximately 37,000 square meters that represents 327 sets of saleable units have started.

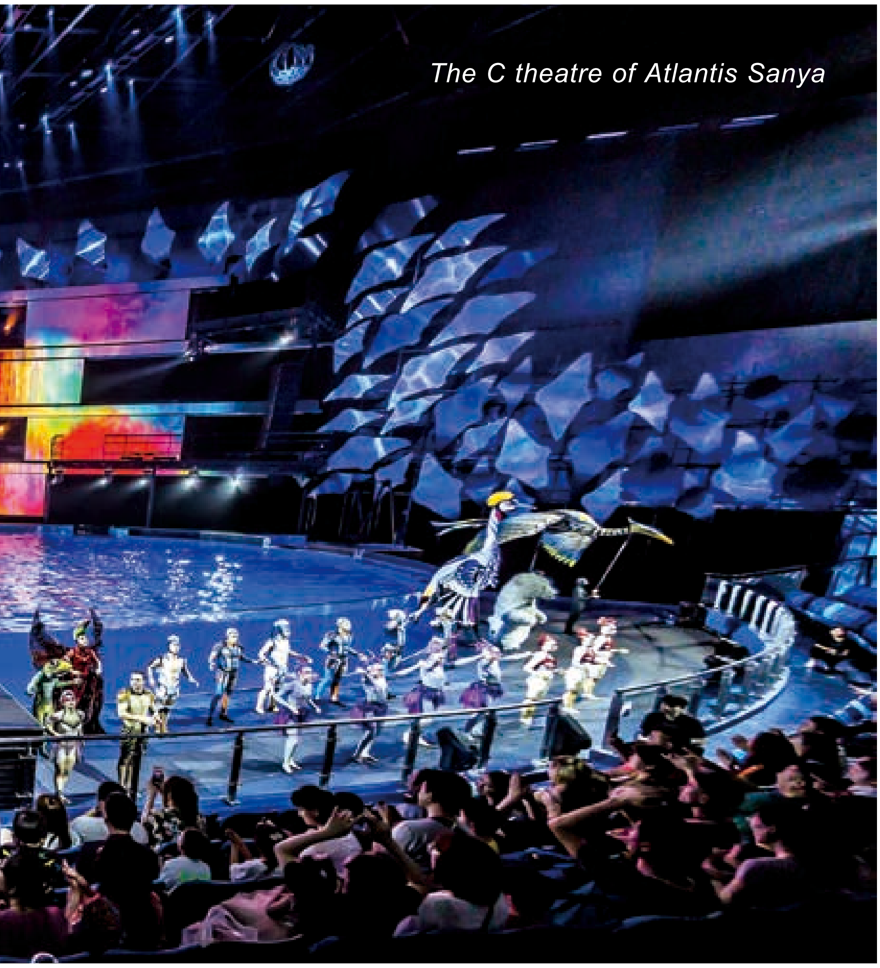
Other than Lijiang FOLIDAY Town and Taicang FOLIDAY Town, we are also in discussion with other developers to explore the opportunities to provide tailor-made tourism destination design, technical support and management services. In addition, we are exploring various cooperation and strategic partnerships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

The image shown is part of the design of Taicang FOLIDAY Town, which is for illustration purposes only and may not be an exact representation of the product.

Services And Solutions

In Various Tourism and Leisure Settings

***Miniversity** BFC Flagship Center, Shanghai*


The C theatre of Atlantis Sanya

Entertainment, other tourism and culture related services

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

Thomas Cook Lifestyle Platform

In November 2019, we acquired Thomas Cook's right, title and interest in trademark, domain names, software applications, social media accounts and licenses relating to the Thomas Cook brand across most international markets upon its liquidation. With a history of 179 years, the Thomas Cook brand is the frontrunner of establishing tourism industry and one of the most well-known tourism brands around the world. We aim to further expand our FOLIDAY platform business leveraging the extensive brand awareness and profound influence of Thomas Cook brand. In July 2020, we launched "Thomas Cook Lifestyle Platform", which integrates our internal superior resources, takes content as the core drive, and forms an open internet platform based on vacation and life products. The platform was launched for trial operation on 6 July 2020 and officially launched on 18 July 2020. The platform had 118,200 APP downloads, over 104,000 registered users and transaction volume of around RMB33.24 million from 6 July 2020 to 31 July 2020.

Member Loyalty Programmes

Our loyalty programs include global Club Med Great Member loyalty program and Foryou Club, which has integrated members from our various brands in the FOLIDAY ecosystem, including members of Atlantis Sanya, Club Med members from Mainland China, Thomas Cook mobile application and other members from various activities and services we provide. Foryou club interacted with other strategic partners for membership benefits, including Alipay, Fliggy, Tencent Wealth Management members. As of 30 June 2020, Foryou Club has accumulated approximately 5.4 million members.

Our Business in Hainan

On 1 June 2020, Chinese government issued "Overall Plan for the Construction of Hainan Free Trade Port" (《海南自由貿易港建設總體方案》), which provides structural policies and guidelines around building up Hainan Free Trade Port, including taxation, infrastructure, talent introduction, international trade and other relevant aspects. As of 30 June 2020, our business in Hainan includes not only Atlantis Sanya, Club Med resort in Sanya, but also our services and solutions, including resident Show C, Foryou Ski and travel agency business. According to Frost & Sullivan, our operation of Atlantis Sanya and Club Med Sanya Resort together makes us the largest high-end resort provider in Sanya, based on number of guest rooms with an average daily rate per room of above RMB1,000. We are actively searching opportunities to further develop our business in Hainan Free Trade Port, including but not limited to tourism destination, resort management, various services and solutions, travel retail and lifestyle products, etc.

AWARDS RECEIVED BY THE GROUP IN THE FIRST HALF OF 2020

Award/Recognition	Award Issuing Authority	Brand/Resort/Entity/Tourism Destination Receiving Award
2019 Most Innovative Hotel Brand	CTRI (Culture and Tourism Retail Innovation)	Club Med Brand
2019 Best Partner in Travel Award	TouTiao Ecosystem Conference 2019	Club Med Brand
2019 Excellent Partner in Travel Award	Mafengwo World Explorers 2019	Club Med Brand
Club Med ranked#6preferred employer brand in Tourism	Employer Brand (France)	Club Med Brand
The Best Parenting Hotel of the Year Award	Life Element's "2019 Element's Choice Life"	Club Med Sanya Resort
The Best Holiday Hotel of the Year Award	2019 China Tourism Industry Awards (Travel Weekly China)	Club Med Sanya Resort
The Best Resort of the Year Award	Life Element's "2019 Element's Choice Life"	Club Med Joyview Golden Coast Resort
The Most Popular Resort of the Year Award	Life Element's "2019 Element's Choice Life"	Club Med Joyview Golden Coast Resort
The Best Resort of the Year Award	The 9th China Hotel Awards (CHA)	Club Med Joyview Golden Coast Resort
The Resort of Choice Award	Pinchain's 2019 China Travel Awards	Club Med Joyview Beijing Yanqing Resort
Best New Hotel in Beijing and 5 Stars Certification	China Tourist Hotel Star Rating Committee	Club Med Joyview Beijing Yanqing Resort
Silver Award for the Best Family resort	Expat Living Publication (Singapore)	Club Med Bintan
Prize of the Best Collaboration between France and Canada	The French Chamber of Commerce in Canada	Club Med Quebec Charlevoix
Silver Award of Mobile Service	Mobile d'Or (France)	Club Med APP
Best Quality Hotel Award-2019, Hainan	Hainan Tourism Hotel Association	Atlantis Sanya
Top 10 Hotels of 2019, Hainan	Hainan Tourism Hotel Association	Atlantis Sanya
The Best Honeymoon Hotel	Hotel Wedding Awards2019	Atlantis Sanya
Certificate of Green Building Label	Chinese Society For Urban Studies	Atlantis Sanya
Annual Gourmet Landmark	2019–2020 Restaurant Review-China Feast Restaurant Awards	Atlantis Sanya
Most Recommended Bar	2019–2020 Restaurant Review-China Feast Restaurant Awards	Bread Street Kitchen & Bar, Atlantis Sanya

Award/Recognition	Award Issuing Authority	Brand/Resort/Entity/Tourism Destination Receiving Award
Best Western Restaurant	2019–2020 Restaurant Review-China Feast Restaurant Awards	Ossiano Underwater Restaurant & Bar
Best Chinese Restaurant	2019–2020 Restaurant Review-China Feast Restaurant Awards	Tang Chinese Restaurant
LEED GOLD	US Green Building Council	Atlantis Sanya
The Best Resort Destination in Year 2020	Credibility Golden List by China KOL	Atlantis Sanya
Best Western Restaurant	Hotel Discovery	Bread Street Kitchen & Bar, Atlantis Sanya
Best Cultural Tourism Listed Groups of 2019	2019 the 4th CTCAS Pioneer Award	Fosun Tourism Group
Most Valuable Consumption And Service Company Award	The 4th Golden Hong Kong Stock Awards Ceremony	Fosun Tourism Group
Outstanding Growth Listed Company of Culture and Tourism of 2019	The 4th China Listed Culture & Tourism Company Summit	Fosun Tourism Group

SELECTED ITEMS OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

1 Loss attributable to equity holders of the Company for the six months ended 30 June 2020 included RMB792.8 million loss arising from tourism operation and RMB105.9 million loss arising from tourism-related property sales. Profit attributable to equity holders of the Company for the six months ended 30 June 2019 included RMB333.7 million profit arising from tourism operation and RMB156.3 million profit arising from tourism-related property sales.

Revenue by business function and business segment

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

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

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

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

Tourism destination operation revenue mainly includes operation revenue of Atlantis Sanya and Albion. Operation revenue of Atlantis Sanya decreased by 49.5% from RMB656.0 million for the six months ended 30 June 2019 to RMB331.3 million for the six months ended 30 June 2020. The operation revenue for the three months ended 31 March 2020 decreased by RMB264.0 million compared with same period of last year with the Occupancy Rate decreased by 36.7 percentage points and Average Daily Rate decreased by 12.0%. With the gradual control of COVID-19 outbreak in China, the operation revenue for the three months ended 30 June 2020 has recovered to only decrease by RMB60.7 million compared with the same period of last year with the Occupancy Rate increased by 3.0 percentage points and Average Daily Rate decreased by 26.9%. Meanwhile, even under the impact of the COVID-19, operation revenue of Albion increased by 27.1% year-over-year mainly due to the successful business ramp-up and strong brand awareness. We commenced the operation of 147 units of Tang Residence apartments in January 2019 under the brand of Albion, as of 30 June 2020, we operated approximately 233 apartments and 11 villas.

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

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

Cost of revenue by business function

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

Gross profit and gross profit margin by business function

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

Cost of revenue, gross profit and gross profit margin by business function: Cost of revenue decreased by 49.5% from RMB6,047.0 million for the six months ended 30 June 2019 to RMB3,056.1 million for the six months ended 30 June 2020, which is in line with decrease of revenue by 50.0%, even relative fixed operation costs and depreciation costs accounted for approximately 50% of total cost in 2019. We have implemented various strict cost control measures and policies, including but not limited to reduction of human resources costs, rental cost adjustments, optimization of energies and other fixed casts, cancellation and reduction of various variable costs and expenses, etc. to mitigate the COVID-19 impact on our operation.

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

OTHER (EXPENSES)/INCOME AND GAINS, NET

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

SELLING AND MARKETING EXPENSES

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

GENERAL AND ADMINISTRATIVE EXPENSES

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

OPERATING (LOSS)/PROFIT BY SEGMENT

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

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

Resorts: Resorts business incurred an operating loss of RMB498.2 million in the first six months of 2020 compared with an operating profit of RMB561.3 million in the same period in 2019, reflecting the unprecedented impact to our business volume from COVID-19 outbreak and our cost saving actions. Excluding the non-recurring operating items, resort business still maintained the operating profit position with the profit of RMB49.8 million. Non-recurring operating items of resorts operation included the costs of the business during their closure when they are supposed to be open in normal time, and additional operation costs such as transportation to bring our customer back home due to the epidemic outbreak, impairment and provisions, restructuring, gain/(loss) on the fair value change of investments measured at fair value through profit or loss, and disposal damage insurance.

Tourism destinations: Operating profit decreased by RMB604.9 million to RMB157.4 million in the first six months of 2020. Operating profit contributed by delivery of Tang Residence decreased by RMB398.8 million mainly due to changes in delivery cycle. Operation of Atlantis Sanya changed from operating profit of RMB168.7 million in the first six months of 2019 to operating loss of RMB31.5 million in the same period of 2020, represented a decrease of RMB200.1 million year-over-year.

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

FINANCE COSTS

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

INCOME TAX EXPENSE

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

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

NON-IFRS MEASURES

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

ADJUSTED EBITDA

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

Note:

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

Adjusted EBITDA

Adjusted EBITDA decreased from RMB1,994.2 million in the first six months of 2019 to RMB471.7 million in the same period of 2020.

Adjusted EBITDA arising from tourism operation decreased to RMB381.0 million in the first six months of 2020 from RMB1,570.5 million in the same period of 2019. The adjusted EBITDA of resorts operation decreased to RMB358.5 million in the first six months of 2020 from RMB1,340.8 million in the same period of last year, which was mainly caused by COVID-19 impact on our operation. Excluding the change of non-recurring operating items[1], the recurring adjusted EBITDA was RMB631.4 million, represented the decline of 54.7% year-over-year. Adjusted EBITDA of Atlantis Sanya in the first six months of 2020 decreased to RMB100.4 million from RMB282.4 million in the same period of 2019. Excluding the change of non-recurring operating items1, adjusted EBITDA of Atlantis Sanya operation was RMB106.2 million for the six months ended 30 June 2020, compared to RMB282.4 million for the six months ended 30 June 2019.

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

Adjusted Net (Loss)/Profit

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

CAPITAL EXPENDITURES

Our major capital expenditures primarily consist of expenditures to land use rights and property, plant and equipment. We funded our capital expenditures from our internal resources, proceeds from share offerings, bank borrowings, leases, and related company loans. The amount of capital expenditures of the Group for the first six months ended 30 June 2019 and 2020 was RMB567.9 million and RMB596.3 million, respectively. The capital expenditure incurred in the first half of 2019 mainly related to capital expenditures in tourism destination projects, upgrade or renovation of existing resorts, and investments in digital technology. For the six months ended 30 June 2020, our capital expenditure for resorts decreased by approximately RMB92.6 million compared with same period of last year as we postponed and cancelled certain capital expenditures as part of the cost control measures. Meanwhile, the capital expenditure for tourism destination increased by RMB112.5 million mainly due to the construction progress of Taicang and Lijiang FOLIDAY Town projects. We will keep balance for short term saving and long term efficiency and flexibility, to enable our business operate effectively going forward.

1 Non-recurring operating items of resorts operation included the costs of the business during their closure when they are supposed to be open in normal time, and additional operation costs such as transportation to bring our customer back home due to the epidemic outbreak, impairment and provisions, restructuring, gain/(loss) on the fair value change of investments measured at fair value through profit or loss, and disposal damage insurance.

INDEBTEDNESS, LIQUIDITY AND FINANCIAL RESOURCES OF THE GROUP

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

Our indebtedness included interest-bearing bank and other borrowings, convertible bonds, convertible redeemable preferred shares, and lease liabilities. As of 30 June 2020, the total debt of the Group was RMB22,327.6 million. The total debt excluding lease liabilities was RMB13,313.2 million, representing an increase from RMB6,815.0 million as at 31 December 2019.

As of 30 June 2020, debt excluding lease liabilities of the Group over one year accounted for 85.6% of the total debt as opposed to 70.1% as at 31 December 2019. As of 30 June 2020, cash and cash equivalents increased by 193.8% to RMB6,255.0 million as compared with RMB2,128.7 million as at 31 December 2019, reflecting our improved financing structure.

Our liquidity as of 30 June 2020 was improved by the following measures taken:

— In March 2020, we issued Asset-backed Securities (commercial mortgage backed securities in specific, "CMBS") amounted to RMB6.8 billion, with mortgage of underlying assets of Atlantis Sanya hotels and Waterpark and equity interest of Hainan Atlantis Business and Tourism Development Co., Ltd. and pledge of operating revenue of Atlantis Sanya ("Atlantis CMBS"). Atlantis CMBS was recorded as other borrowings with a coupon rate of 5% and 48 repayment installments in 24 years.

— In June 2020, Club Med obtained long term loan amounted to Euro 180 million (equivalent of RMB1,433.0 million) from banks which was guaranteed by French Republic ("French State Guaranteed Loan"). The loan has an interest rate calculated based on EURIBOR plus adjustment and a maturity up to six years.

— As of 30 June 2020, we had unused banking facilities amounted to approximately RMB2,251.1 million. In July and August 2020, we have obtained approximately RMB1.5 billion and RMB870 million long-term loan facilities related to Taicang project from Bank of China and China Construction Bank, respectively.

As of 30 June 2020, our available banking facilities in 2020 amounted to RMB8,544.7 million in total, of which RMB2,251.1 million has not been utilized.

The original denomination of the Group's total debt excluding lease liabilities as well as cash and cash equivalents by currencies, equivalent in RMB, as of 30 June 2020, is summarized as follows:

The total debt excluding lease liabilities

	For the six months ended 30 June 2020	
	RMB'000	%
RMB	7,366,897	55.3%
EUR	5,475,512	41.2%
USD	470,787	3.5%

Cash and cash equivalents

	For the six months ended 30 June 2020	
	RMB'000	%
RMB	3,781,494	60.5%
EUR	1,984,653	31.7%
BRL	139,172	2.2%
USD	56,064	0.9%
HKD	24,853	0.4%
Others	268,717	4.3%

Our loan agreements may also include material financial covenants. Furthermore, we may be required to provide additional guarantees upon the lending banks' request if any changes in our guarantor adversely affect the guarantee granted by the guarantor to the lending banks. We also entered into some amendments to existing loan or facility agreements to get the covenant holiday in 2020. Our Directors confirmed that we complied with all material covenants under our loan agreements and amendments during the Reporting Period and up to the date of this report.

To stabilize interest expenses, Our Group endeavored to maintain appropriate borrowings at fixed interest rates and floating interest rates. We made timely adjustment to the debt structure according to the interest rate policy, seeking to optimize the interest rate level. As at 30 June 2020, 62.9% of the Group's total borrowings bore interest at a fixed interest rate.

THE MATURITY PROFILE OF OUTSTANDING BORROWINGS

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

Outstanding borrowings classified by year of maturity as at 30 June 2020 are as follows: 14.6% of the outstanding borrowings is within one year, 8.0% of that is in the second year and 26.3% of that is in the third to fifth year, including 51.1% of that is over five years.

CAPITAL STRUCTURE

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

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

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

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

PLEDGED ASSETS

As at 30 June 2020, the Group had pledged assets of RMB4,815.1 million (31 December 2019: RMB5,668.0 million) for bank and other borrowings. The decrease is mainly due to we repaid part of our bank borrowings while increased other borrowings such as Atlantis CMBS, which has different scope of pledged assets. Details of pledged assets are set out in note 13 to financial statements.

CASH FLOW

As of 30 June 2020, we had cash and cash equivalents of approximately RMB6,255.0 million. The following table sets out our cash flows for the periods indicated:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Net cash flows (used in)/generated from operating activities	**(725,597)**	1,347,843
Net cash flows used in investing activities	**(785,778)**	(807,676)
Net cash flows generated from/(used in) financing activities	**5,626,776**	(699,406)
Cash and cash equivalents at end of the year	**6,254,953**	1,715,255

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

Cash flows used in operating activities

Our net cash flow used in operating activities of RMB725.6 million for the six months ended 30 June 2020, reflects our loss before income tax of RMB907.1 million, as adjusted by (A) adjustments including certain non-cash or non-operating items such as depreciation and amortization of RMB1,016.8 million, interest expenses of RMB425.0 million, non-cash gain of RMB61.9 million from rent concessions and Equity-settled share-based payment RMB20.5 million; (B) changes in working capital including (i) a decrease in contract liabilities of RMB899.9 million mainly due to the COVID-19 impact of our operation and delivery of Tang Residence; (ii) decrease of the business volume leading to a decrease in trade receivables of RMB467.1 million, a decrease in trade payables, accrued liabilities and other payables accruals of RMB563.0 million; and (iii) an increase of property under development and completed properties for sale of RMB162.0 million, mainly due to the construction of Taicang and Lijiang FOLIDAY Town projects; and (C) income tax paid of RMB78.7 million.

Cash flows used in investing activities

For the six months ended 30 June 2020, our net cash used in investing activities of RMB785.8 million, primarily reflects (i) RMB524.8 million in purchases of property, plant, and equipment items, mainly for capital expenditures in tourism destination projects, upgrade or renovation of existing resorts, and investments in digital technology, (ii) increase in term deposit of RMB288.0 million, (iii) RMB118.6 million cash flow mainly generated from sell and lease back of Club Med resort Cap Skirring, and (iv) RMB71.5 million in purchases of intangible assets, mainly for investments in Thomas Cook brand, software and IT solutions.

Cash flows generated from financing activities

For the six months ended 30 June 2020, our net cash generated from financing activities of RMB5,626.8 million, primarily reflects proceeds from CMBS issuance of RMB6,807.4million, partially offset by (i) payment of lease liabilities of RMB544.8 million; (ii) interest payment of RMB107.4 million; (iii) net decreased of bank loans of RMB390.7 million, which mainly includes we aggregately obtained bank loans of RMB2,934.5 million and repaid RMB3,325.2 million; and (iv) redemption of convertible bonds and preference shares of RMB110.1 million.

Net current assets/(liabilities)

Our current assets consist principally of prepayments, deposits and other receivables; amounts due from related companies; financial assets at fair value through profit or loss; cash and cash equivalents; and properties under development and completed properties for sale. The key components of our current liabilities are accrued liabilities and other payables, contract liabilities, amounts due to related companies, trade payables, interest-bearing bank and other borrowings, and lease liabilities.

As of 30 June 2020, the total current assets was RMB12,327.7 million and the total current liabilities was RMB11,877.4 million. We changed the net current liabilities position of RMB3,725.7 million as at 31 December 2019 to net current assets of RMB450.3 million as at 30 June 2020 mainly due to our strong business model with sustainable financing mechanism, we successfully issued Atlantis CMBS in the first half year of 2020.

We believe we have sufficient resources such as cash and cash equivalents, cash flow generated from operations, and available banking facilities to fund our future business.

CONTINGENT LIABILITIES

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

The Group's contingent liabilities were RMB294.4 million as at 30 June 2020 comparing with RMB420.4 million as at 31 December 2019. Details of contingent liabilities are set out in note 17 to financial statements.

Exchange Rate Fluctuation

Currency fluctuation effects on transactions

The Group has resorts and commercial operations in over 40 countries and regions which are exposed to foreign exchange risk arising from various currency exposures. Major currencies for our commercial transaction included the Euro, U.S. dollar, British Pound, Hong Kong dollar and Canadian dollar. We were engaged in hedging transactions to limit the impact of changes in interest rates, indebtedness and the effects of changes in foreign exchange rates on commercial operation and to reduce our exposure to market volatility. During the first half year of 2020, unprecedented factors including the ongoing COVID-19 situation severely increased the volatility of the currencies. Euro significantly appreciated against a lot of currencies such as Brazilian Real, Dominican Pesos and Mexican Pesos, Indonesian Rupiah and British Pound, leading to foreign currency exchange losses. For the six months ended 30 June 2019 and 2020, we recorded foreign exchange gain of RMB24.2 million and loss of RMB66.9 million, respectively in other income and gains, net.

Currency fluctuation effects on translations

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

FINANCE POLICIES AND RISK MANAGEMENT

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

Market risk

CURRENCY RISK

We operate resorts all over the world and are exposed to the risk of fluctuations in foreign exchange rates. We have transactional currency exposures arising from the sales or purchases by operating entities and investing and financing activities by investment holding entities in currencies other than such entities' functional currencies. The major subsidiaries exposed to such currency risks use EUR or CNY as their functional currencies. We use forward currency contracts and currency swaps to hedge against the transaction currency risk arising from the future sales cash flows denominated in a currency other than the functional currency of the selling entities within our Group. The balances of the forward currency contracts and currency swaps vary with the levels of expected foreign currency transactions and changes in foreign exchange forward rates. We also use currency swaps to hedge against the currency risk on the fair value of intercompany financing denominated in a currency other than the functional currency of the borrowing entities within our Group. The hedge of the forward currency contracts and the currency swaps was assessed to be effective as of 30 June 2020.

INTEREST RATE RISK

Our exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates. Our policy is to manage interest cost using a mix of fixed and variable rate debts. At 30 June 2020 and 31 December 2019, approximately 62.9% and 20.5% of the Group's interest-bearing borrowings bore interest at fixed rates after hedging, respectively.

We also carried out hedging activities by entering into interest rate swap on certain variable rate debts. In interest rate swaps, we receive interest at variable rates and pay interest at fixed rates. The interest rate swaps are designated as hedging instruments in respect of forecast future interest expenses on interest-floating borrowings to which we have firm commitments. The balances of the interest rate swaps vary with the terms, principal amount of the interest-floating borrowings and changes in variable rates which are generally based on the Europe Interbank Offered Rate. In addition, we have entered into interest rate swaptions to manage interest rate exposures on borrowings. These interest rate swaptions are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging interest rate derivatives were charged to the consolidated statement of profit or loss.

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

Credit risk

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

As at 30 June 2020 and 31 December 2019, all restricted cash and cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

Liquidity risk

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

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

Hedging measures

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

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

USE OF NET PROCEEDS FROM LISTING

In 2018, with an Offer Price of HK$15.6 per Share, we have raised net proceeds of approximately HK$3,269.9 million from the Global Offering dated on 14 December 2018, after deducting part of the underwriting commissions and listing expenses paid in connection with the Global Offering before the Over-allotment Option exercised. As stated in the Prospectus, the intended uses of the IPO Proceeds are set out as follows:

- approximately 19% of the net proceeds, is expected to be used to expand our existing business. A majority of this portion of the net proceeds is expected to be used for: (i) further developing our resort business through renovating resorts, upgrading resort facilities, extending the capacities of our existing resorts, resort maintenance and the opening of new resorts; and (ii) developing our digital technology infrastructure including management systems, digital solutions and applications for our resorts business to improve customer experience; and the remaining net proceeds is expected to be used for: (iii) enhancing our FOLIDAY branding and promoting other brands in our business, and expanding our FOLIDAY platform to increase user base, developing broader distribution network and further promoting precise and targeted sales and marketing activities; and (iv) developing our kid learning and playing business as well as cultural events, performing arts and live entertainment business;

- approximately 52% of the net proceeds, is expected to be used for (i) the development of the Lijiang Project and Taicang Project, including acquisition of additional land use right, designing, planning, construction and procurement of construction materials; and (ii) exploring new tourism destinations with valuable resources, especially those favored by Chinese customers, through cooperation with our various strategic business partners. 28% of this portion of the net proceeds is expected to be used for the development of Lijiang Project, and 72% of this portion of the net proceeds is expected to be used for the development of Taicang Project;

- approximately 26% of the net proceeds, is expected to be used to repay part of our outstanding bank loans. The Company obtained a bank loan in the amount of HK$2 billion in June 2018, repayable at the end of loan tenor: up to 12 months of the first drawdown or one month after the Listing Date, whichever is earlier. Interest is charged at the Hong Kong Interbank Offered Rate plus 1.4% to 2.5% per annum. The Company primarily use the proceeds of this loan to finance our land acquisition for the Taicang Project; and

- approximately 3% of the net proceeds, is expected to be used for working capital and general corporate purposes.

In 2018, approximately 26% of the net proceeds, or approximately HK$850.0 million, was used to repay part of our outstanding bank loan which was obtained in June 2018 in the amount of HK$2 billion. This loan was repayable at the end of loan tenor: up to 12 months of the first drawdown or one month after the Listing Date, whichever is earlier. Interest is charged at the Hong Kong Interbank Offered Rate plus 1.4% to 2.5% per annum. Other than the net IPO proceeds, we used the cash generated from operations to repay the rest of the outstanding bank loan. Except repayment of our outstanding loan, we haven't used the rest part of the net proceeds in 2018.

In 2019, (A) approximately 19% of the net proceeds was used to expand our existing business, including: (i) approximately RMB331.1million (HK$376.2 million) was used to further develop our resort business through renovating resorts, upgrading resort facilities, extending the capacities of our existing resorts, resort maintenance, opening of new resorts and developing digital technology infrastructure to implement our Happy digital strategy. Details of the resort capital expenditure are set out in page 10 and 11; (ii) approximately RMB116.2 million (HK$132.0 million) was used to further develop our tourism and leisure services and solutions, including platform for family-focused tourism and leisure, member loyalty programs, intelligent middle office platform, Miniversity, the resident Show C and Foryou Ski; (iii) approximately RMB99.5 million (HK$113.0 million), was used to acquire Thomas Cook's right, title and interest in trademark, domain names, software application, social media accounts, licenses related to the brand and hotel brands of Casa Cook and Cooks Club, to further increase user base and develop broader distribution network leveraging the extensive brand awareness and profound influence of Thomas Cook brand.

(B) approximately 12% and 7% of the net proceeds, or approximately HK$381.5 million and HK$240.2 million, were used for the construction of the Taicang Project and Lijiang Project respectively, for payment of designing, planning, construction and procurement of construction materials.

(C) approximately 3% of the net proceeds was used for working capital and general corporate purposes, including: (i) approximately HK$57.1 million was used for IPO related corporate expenses; (ii) the rest of HK$41.0 million was used for headquarter payroll and related general corporate expenses payment.

In the first half of 2020, approximately 7% and 3% of the net proceeds, or approximately HK$227.9 million and HK$98.4 million, were used for the construction of the Taicang Project and Lijiang Project respectively, for payment of designing, planning, construction and procurement of construction materials.

As of 30 June 2020, approximately 23% of the IPO proceeds, or approximately HK$752.7 million net proceeds has not been utilized. The rest of the net proceeds is expected to be used in second half of 2020 and 2021 for (i) the development of the Lijiang Project and Taicang Project, including designing, planning, construction and procurement of construction materials; and (ii) exploring new tourism destinations with valuable resources, especially those favored by Chinese customers, through cooperation with our various strategic business partners.

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道 1 號
中信大廈 22 樓

Tel 電話 : +852 2846 9888
Fax 傳真 : +852 2868 4432
ey.com

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

Introduction

We have reviewed the interim financial information set out on pages 54 to 83, which comprises the condensed consolidated statement of financial position of Fosun Tourism Group (the "Company") and its subsidiaries (the "Group") as at 30 June 2020 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
25 August 2020

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
REVENUE	4	**4,527,829**	9,062,701
Cost of revenue		**(3,056,105)**	(6,047,030)
Gross profit		**1,471,724**	3,015,671
Other (expenses)/income and gains, net	5	**(618,205)**	3,446
Selling and marketing expenses		**(788,329)**	(1,203,422)
General and administrative expenses		**(542,450)**	(613,684)
Operating (loss)/profit		**(477,260)**	1,202,011
Finance costs	6	**(425,030)**	(385,522)
Share of profits and losses of:			
Associates		**(4,761)**	2,792
(LOSS)/PROFIT BEFORE INCOME TAX	7	**(907,051)**	819,281
Income tax expense	8	**(90,113)**	(316,843)
(LOSS)/PROFIT FOR THE PERIOD		**(997,164)**	502,438
Attributable to:			
Equity holders of the Company		**(898,704)**	490,019
Non-controlling interests		**(98,460)**	12,419
		(997,164)	502,438
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic			
— For (loss)/profit for the period (RMB)	10	**(0.73)**	0.40
Diluted			
— For (loss)/profit for the period (RMB)	10	**(0.73)**	0.39

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(LOSS)/PROFIT FOR THE PERIOD	**(997,164)**	502,438
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	**(8,903)**	3,977
Reclassification adjustments for losses/(gains) included in the consolidated statement of profit or loss	**42,902**	(31,299)
	33,999	(27,322)
Exchange differences on translation of foreign operations	**(426,021)**	7,547
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(392,022)**	(19,775)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to employee benefits	**(4,327)**	(29,524)
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**—**	(308,689)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(4,327)**	(338,213)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(396,349)**	(357,988)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(1,393,513)**	144,450
Attributable to:		
Equity holders of the Company	**(1,215,069)**	105,717
Non-controlling interests	**(178,444)**	38,733
	(1,393,513)	144,450

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

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

continued/...

30 June 2020

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	13	**1,921,474**	2,038,170
Contract liabilities		**276,821**	1,175,498
Trade payables	14	**1,515,253**	1,708,988
Accrued liabilities and other payables		**4,557,623**	5,518,933
Tax payable		**772,443**	913,437
Lease liabilities		**856,460**	864,353
Due to related companies		**1,896,861**	66,546
Derivative financial instruments		**80,514**	99,706
Total current liabilities		**11,877,449**	12,385,631
NET CURRENT ASSETS/(LIABILITIES)		**450,289**	(3,725,652)
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,793,886**	24,417,272
NON-CURRENT LIABILITIES			
Convertible redeemable preferred shares		**46,144**	85,323
Convertible bonds		**93,463**	172,735
Interest-bearing bank and other borrowings	13	**11,252,115**	4,518,769
Lease liabilities		**8,157,936**	8,240,290
Deferred income		**112,024**	113,521
Due to related companies		**—**	1,821,347
Other long-term payables		**446,041**	432,514
Deferred tax liabilities		**554,276**	602,897
Total non-current liabilities		**20,661,999**	15,987,396
Net assets		**7,131,887**	8,429,876
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**183**	183
Shares held for the share-based payment schemes		**(3,004)**	(3,004)
Reserves		**6,889,925**	8,132,384
		6,887,104	8,129,563
Non-controlling interests		**244,783**	300,313
Total equity		**7,131,887**	8,429,876

Qian Jiannong
Director

Wang Wenping
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

		Attributable to equity holders of the Company										
	Notes	Issued share capital RMB'000	Shares held for the share-based payment schemes RMB'000	Share premium* RMB'000	Fair value reserve* RMB'000	Capital and other reserve* RMB'000	Merger reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020 (audited)		183	(3,004)	11,168,210	(1,279,918)	(810,611)	(159,274)	(405,568)	(380,455)	8,129,563	300,313	8,429,876
Loss for the period		–	–	–	–	–	–	–	(898,704)	(898,704)	(98,460)	(997,164)
Exchange differences on translation of foreign operations		–	–	–	–	–	–	(344,079)	–	(344,079)	(81,942)	(426,021)
Cash flow hedges, net of tax		–	–	–	–	31,756	–	–	–	31,756	2,243	33,999
Actuarial reserve relating to employee benefits, net of tax		–	–	–	–	(4,042)	–	–	–	(4,042)	(285)	(4,327)
Total comprehensive income/(loss) for the period		–	–	–	–	27,714	–	(344,079)	(898,704)	(1,215,069)	(178,444)	(1,393,513)
2019 final dividend declared		–	–	(22,562)	–	–	–	–	–	(22,562)	–	(22,562)
Dividends paid to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	(823)	(823)
Equity-settled share-based payments	(i)	–	–	–	–	20,450	–	–	–	20,450	–	20,450
Acquisition of additional interests in subsidiaries		–	–	–	(3,280)	(36,032)	–	(6,269)	–	(45,581)	45,390	(191)
Reclassification of non-controlling interests to liabilities as if the acquisition has taken place due to put options granted to non-controlling shareholders of a subsidiary		–	–	–	–	20,303	–	–	–	20,303	78,347	98,650
At 30 June 2020 (unaudited)		183	(3,004)	11,145,648	(1,283,198)	(778,176)	(159,274)	(755,916)	(1,279,159)	6,887,104	244,783	7,131,887

* These reserve accounts comprise the consolidated other reserves of RMB6,889,925,000 in the interim condensed consolidated statement of financial position.

Notes:

(i) The expenses recognized for the share-based payments amounted to RMB20,450,000 and were credited to capital and other reserve during the six months ended 30 June 2020.

		Attributable to equity holders of the Company										
	Notes	Issued share capital RMB'000	Share premium* RMB'000	Statutory surplus reserve* RMB'000	Fair value reserve* RMB'000	Capital and other reserve* RMB'000	Merger reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2019 (audited)		174	11,086,016	7,384	(768,932)	(762,504)	(159,274)	(369,263)	(996,561)	8,037,040	278,158	8,315,198
Profit for the period		—	—	—	—	—	—	—	490,019	490,019	12,419	502,438
Net changes in fair value of equity investments measured at fair value through other comprehensive income		—	—	—	(303,349)	—	—	—	—	(303,349)	(5,340)	(308,689)
Exchange differences on translation of foreign operations		—	—	—	—	—	—	(31,799)	—	(31,799)	39,346	7,547
Cash flow hedges, net of tax		—	—	—	—	(23,625)	—	—	—	(23,625)	(3,697)	(27,322)
Actuarial reserve relating to employee benefits, net of tax		—	—	—	—	(25,529)	—	—	—	(25,529)	(3,995)	(29,524)
Total comprehensive income for the period		—	—	—	(303,349)	(49,154)	—	(31,799)	490,019	105,717	38,733	144,450
Issue of shares	(i)	8	137,188	—	—	—	—	—	—	137,196	—	137,196
Dividends paid to non-controlling shareholders of subsidiaries		—	—	—	—	—	—	—	—	—	(15,350)	(15,350)
Equity-settled share-based payments	(ii)	—	575	—	—	36,521	—	—	—	37,096	—	37,096
Acquisition of additional interests in subsidiaries		—	—	—	—	(807)	—	—	—	(807)	457	(350)
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of a subsidiary		—	—	—	—	(66,933)	—	—	—	(66,933)	10,625	(56,308)
At 30 June 2019 (unaudited)		182	11,223,779	7,384	(1,072,281)	(842,877)	(159,274)	(401,062)	(506,542)	8,249,309	312,623	8,561,932

* These reserve accounts comprise the consolidated other reserves of RMB8,249,127,000 in the interim condensed consolidated statement of financial position.

Notes:

(i) On 4 January 2019, the Company issued and allotted 10,332,600 shares at HKD15.60 per share due to the partial exercise of the over-allotment option. An amount of RMB8,000 was credited as issued and fully paid share capital and the remaining amount of RMB137,188,000 was credited to share premium.

(ii) According to the share option scheme of the Company, 51,210 shares were issued at the exercise price of HKD8.43 per share due to the exercise of the share option during the six months ended 30 June 2019. An amount of RMB575,000 was credited to share premium and an amount of RMB205,000 was transferred out from capital and other reserve.

The expenses recognized for the share-based payments amounted to RMB36,726,000 and were credited to capital and other reserve during the six months ended 30 June 2019.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in)/generated from operations	**(646,910)**	1,603,470
Income tax paid	**(78,687)**	(255,627)
NET CASH FLOWS (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**(725,597)**	1,347,843
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	**(524,794)**	(430,292)
Purchase of intangible assets	**(71,535)**	(137,597)
Prepayment for the addition of right-of-use assets	**(36,370)**	—
Purchase of investments designated at fair value through profit or loss	**(700,240)**	(226,451)
Proceeds from disposal of investments designated at fair value through profit or loss	**711,978**	—
Increased in restricted cash	**(288,000)**	—
Acquisition of a subsidiary (note 15(a))	**(602)**	—
Disposal of a subsidiary (note 15(b))	**118,649**	—
Proceeds from disposal of items of property, plant and equipment	**4,267**	3,345
Purchase of equity interests in an associate	**(11,152)**	(24,002)
Interest received	**12,021**	7,321
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(785,778)**	(807,676)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares due to the exercise of the over-allotment option	**—**	137,672
Payment of listing expenses of the initial public offering	**—**	(26,112)
Proceeds from issue of shares of the Company due to the exercise of the share options	**—**	370
New bank and other borrowings	**9,741,851**	451,794
Repayment of bank and other borrowings	**(3,325,212)**	(516,912)
Redemption of convertible bonds	**(69,488)**	—
Redemption of convertible redeemable preferred shares	**(40,591)**	—
Acquisition of additional interests in subsidiaries	**(191)**	(350)
Principal portion of lease payments	**(544,750)**	(563,733)
Funding provided to related companies	**(15,470)**	(24,692)
Dividends paid to non-controlling shareholders of subsidiaries	**(12,023)**	(15,350)
Interest paid	**(107,350)**	(142,093)
NET CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES	**5,626,776**	(699,406)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**4,115,401**	(159,239)
Net foreign exchange differences	**10,875**	(504)
Cash and cash equivalents at beginning of the period	**2,128,677**	1,874,998
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**6,254,953**	1,715,255

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

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

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

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

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

(b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any significant impact on the financial position and performance of the Group.

(c) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

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

(d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group’s interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

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

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

(b) The tourism destinations segment which comprises principally the development, management and operation of tourism resources and tourism vacation facilities and facilities directly and indirectly supporting tourism; and

(c) The services and solutions in various tourism and leisure settings segment which comprises principally the development and promotion of cultural events, performing arts, live entertainment and culture-related services and the operation of online and offline tourism and leisure products and solution platforms.

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

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

Six months ended 30 June 2020

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

3. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2019

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

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

Geographical information

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

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

4. REVENUE

An analysis of revenue is as follows:

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

(i) Disaggregated revenue information from contracts with customers

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

For the period ended 30 June 2020

Segments	Resorts RMB'000 (Unaudited)	Tourism destinations RMB'000 (Unaudited)	Services and solutions in various tourism and leisure settings RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services					
Resorts and destination operation	3,131,887	363,576	—	(41,268)	3,454,195
Tourism-related property sales and construction services	8,759	366,785	—	—	375,544
Tourism and leisure services and solutions	639,758	—	61,596	(3,264)	698,090
	3,780,404	730,361	61,596	(44,532)	4,527,829
Intersegment sales	(7,641)	(33,627)	(3,264)	44,532	—
Total revenue from contracts with customers	3,772,763	696,734	58,332	—	4,527,829
Timing of revenue recognition					
Goods transferred at a point in time	—	366,785	1,508	(7)	368,286
Services transferred over time	3,780,404	363,576	60,088	(44,525)	4,159,543
	3,780,404	730,361	61,596	(44,532)	4,527,829
Intersegment sales	(7,641)	(33,627)	(3,264)	44,532	—
Total revenue from contracts with customers	3,772,763	696,734	58,332	—	4,527,829

4. REVENUE *(continued)*

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

For the period ended 30 June 2019

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

5. OTHER (EXPENSES)/INCOME AND GAINS, NET

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

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Interest income	**12,992**	7,321
Government grants	**18,964**	18,896
Others	**8,622**	17,212
	40,578	43,429
Gains		
Gain on disposal of a subsidiary	**34,735**	—
Gain on disposal of items of property, plant and equipment	**—**	1,438
Gain on rent concessions as a result of COVID-19 pandemic	**61,909**	—
Gain on settlement of liabilities	**12,655**	—
Gain on the fair value change of investments measured at fair value through profit or loss	**5,739**	3,290
Gain on reversal of provisions relating to:		
— *Resort closure costs*	**—**	*2,555*
— *Litigation claims*	***4,286***	*7,037*
Exchange gain, net	**—**	24,197
	119,324	38,517
Other income and gains	**159,902**	81,946
Other expenses		
Exceptional costs due to COVID-19 pandemic*	**(634,815)**	—
Compensation costs relating to employees	**(26,022)**	(20,409)
Provision for resort closure costs	**(26,335)**	(545)
Provision for litigation, including tax related	**(4,988)**	(23,328)
Impairment losses on:		
— *Intangible assets*	**—**	*(5,140)*
— *Property, plant and equipment*	***(12,425)***	*(1,148)*
Exchange loss, net	**(66,939)**	—
Others	**(6,583)**	(27,930)
Other expenses	**(778,107)**	(78,500)
Other (expenses)/income and gains, net	**(618,205)**	3,446

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

6. FINANCE COSTS

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

7. (LOSS)/PROFIT BEFORE INCOME TAX

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

		For the six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
	Notes	**(Unaudited)**	(Unaudited)
Cost of revenue		**3,056,105**	6,047,030
Depreciation of property, plant and equipment	11	**378,679**	354,709
Amortisation of intangible assets		**68,296**	55,042
Depreciation of right-of-use assets		**569,838**	513,243
Impairment of financial and contract assets and other assets:			
(Reversal)/provision for impairment of trade receivables		***(256)***	*4,861*
(Reversal)/provision for impairment of financial assets included in prepayments, other receivables and other assets		***(416)***	*154*
Write-down of inventories to net realisable value		**1,717**	1,625
Provision for impairment of items of property, plant and equipment	5	**12,425**	1,148
Provision for impairment of intangible assets	5	**—**	5,140
Fair value gain on financial assets at fair value through profit or loss	5	**(5,739)**	(3,290)
Fair value loss on derivative instruments, net		**—**	23
Exchange loss/(gain), net	5	**66,939**	(24,197)
Gain on rent concessions as a result of			
COVID-19 pandemic	5	**(61,909)**	—
Gain on disposal of items of property, plant and equipment	5	**—**	(1,438)
Gain on disposal of a subsidiary	5	**(34,735)**	—
Gain on settlement of liabilities	5	**(12,655)**	—

8. INCOME TAX

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

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

Notes:

(1) The provision for income tax of Club Med Holding ("CMH") and its subsidiaries incorporated in France for the six months ended 30 June 2020 was based on a rate of 32.02% (six months ended 30 June 2019: 34.43%).

(2) The provision for Mainland China current income tax is based on the statutory rate of 25% (six months ended 30 June 2019: 25%) of the assessable profits for the six months ended 30 June 2020 of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008.

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

9. DIVIDENDS

	For the six months ended 30 June **2020** **RMB'000** **(Unaudited)**	 2019 RMB'000 (Unaudited)
Final declared — HKD0.02 per ordinary share (2019: nil)	**22,236**	—
Interim — Nil (Six months ended 30 June 2019: HKD0.07 per ordinary share)	**—**	77,435
	22,236	77,435

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

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

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

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

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

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

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic and diluted (loss)/earnings per share calculations	**(898,704)**	490,019

	Number of shares	
	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	**1,235,045,383**	1,233,020,372
Effect of dilution — weighted average number of ordinary shares:		
— Share ownership plan	**919,198**	1,864,963
— Share option scheme	**225,892**	6,057,161
Weighted average number of ordinary shares used in the calculation of diluted (loss)/earnings per share	**1,236,190,473**	1,240,942,496
Basic (loss)/earnings per share (RMB)	**(0.73)**	0.40
Diluted (loss)/earnings per share (RMB)	**(0.73)**	0.39

11. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Carrying value at beginning of the period (audited)	10,623,796	10,084,874
Additions	185,909	441,135
Acquisition of a subsidiary (note 15(a))	5,133	—
Disposals	(4,267)	(1,907)
Disposals of a subsidiary (note 15(b))	(80,701)	—
Depreciation charge for the period (note 7)	(378,679)	(354,709)
Impairment charge for the period (note 5)	(12,425)	(1,148)
Exchange alignment	(312,138)	35,647
Carrying value at end of the period (unaudited)	10,026,628	10,203,892

As at 30 June 2020, the Group's property, plant and equipment with a net carrying value of RMB3,666,240,000 (31 December 2019: 4,820,161,000) were pledged as security for interest-bearing bank and other borrowings as set out in note 13 to the interim condensed consolidated financial information.

12. TRADE RECEIVABLES

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

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

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Bank loans:			
Secured	(a)	**3,973,374**	4,566,115
Unsecured		**2,321,394**	1,990,824
		6,294,768	6,556,939
Other borrowings:			
Commercial mortgage — backed security	(b)	**6,878,821**	—
Total		**13,173,589**	6,556,939
Repayable:			
Within one year		**1,921,474**	2,038,170
In the second year		**1,053,851**	857,353
In the third to fifth years, inclusive		**3,465,748**	3,037,307
Over five years		**6,732,516**	624,109
		13,173,589	6,556,939
Portion classified as current liabilities		**1,921,474**	2,038,170
Non-current portion		**11,252,115**	4,518,769

Notes:

(a) Certain of the Group's bank loans are secured by the pledges of assets with carrying values at the end of the Reporting Period as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Pledge of assets:		
Right-of-use assets — land	**64,163**	810,735
Property, plant and equipment	**142,914**	4,820,161
Properties under development	**285,057**	—
Completed properties for sale	**—**	37,152
Total	**492,134**	5,668,048

Apart from the above, certain interest-bearing bank borrowings are secured by investments in subsidiaries as at 30 June 2020.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes: *(continued)*

(b) In March 2020, the Group issued asset-backed securities which were backed by the Atlantis Sanya hotel and water park as mortgage, and the 100% equity interest in Hainan Atlantis Business and Tourism Development Co., Ltd. and operating revenue of Atlantis Sanya as pledge. The securities of the prioritized level of RMB6,800 million was subscribed by various third party investors with coupon rates of 5% and the securities of the subordinated level of RMB201 million was subscribed by a subsidiary of the Group. The principal and interest of the prioritized level shall be repaid semi-annually in 48 installments in 24 years. The coupon rates of the securities of the prioritized level are subject to adjustments by the Group and the holders have the rights, at their option, to require the Group to redeem at an interval of every three years within the terms of the securities. The fund raised by the Group from the third party investors was recorded as other borrowings as at the end of the Reporting Period.

The pledged assets with carrying values at the end of the Reporting Period are as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Pledge of assets:		
Right-of-use assets — land	799,624	—
Property, plant and equipment	3,523,326	—
Total	4,322,950	—

(c) Certain of the Group's bank loans bear interest at rates ranging from 0.50% to 5.94% per annum (31 December 2019: from 2.75% to 7.37%).

14. TRADE PAYABLES

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

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

15. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of a subsidiary

On 18 April 2020, the Group completed the acquisition of the 49% equity interests in Kuyi International Travel Agency (Shanghai) Co., Ltd ("Kuyi"), a former joint venture of the Group with 51% equity interests. Kuyi was engaged in the provision of tourism services. The acquisition was made as part of the Group's strategy to further develop its business of services and solutions in various tourism and leisure settings. The purchase consideration for the acquisition was in the form of cash with GBP300,000 (equivalent to RMB2,652,000).

The fair values of the identifiable assets and liabilities of Kuyi acquired during the Reporting Period were as follows:

	Fair value recognized on acquisition RMB'000
Property, plant and equipment (note 11)	5,133
Right-of-use assets	10,009
Intangible assets	10,167
Trade receivables	8,638
Prepayments, deposits and other receivables	22,496
Restricted cash	360
Cash and cash equivalents	2,050
Due from related companies	684
Trade payables	(5,194)
Accrued liabilities and other payables	(19,140)
Lease liabilities	(10,009)
Due to related companies	(93,159)
	(67,965)
Total identifiable net assets at fair value	(67,965)
Non-controlling interests	—
Total net assets acquired	(67,965)
Goodwill on acquisition	70,617
	2,652
Satisfied by:	
Cash	2,652
Investments in joint venture	—
	2,652

The fair values of the trade receivables and prepayments, deposits and other receivables as at the dates of acquisition approximate to their gross contractual amounts. None of these receivables are expected to be uncollectible.

None of the goodwill recognized is expected to be deductible for income tax purposes.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

15. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(continued)

(a) Acquisition of a subsidiary *(continued)*

An analysis of the cash flows in respect of the acquisition of Kuyi is as follows:

	RMB'000
Consideration settled by cash	(2,652)
Cash and cash equivalents acquired	2,050
Net outflow of cash and cash equivalents included in cash flows from investing activities	(602)

(b) Disposal of a subsidiary

On 27 January 2020, the Group completed the disposal of its 100% equity interests in a subsidiary, Société Immobiliére et de Gestion Hôteliére du Cap Skirring ("SIGHC") at a consideration of EUR16,238,000 (equivalent to RMB124,058,000). SIGHC was engaged in the operation of Cap Skirring Resort in the Republic of Senegal. The Group then entered into a lease contract with the buyer for the lease back of the assets of Cap Skirring Resort on a 12-year term and continued to operate the resort. The Group measured the right-of-use assets arising from the leaseback for the proportion that relates to the right of use retained by the Group and recognized the amount of the gain that relates to the rights transferred to the buyer.

The total net assets disposed of in respect of the disposal of the subsidiary during the Reporting Period were as follows:

	RMB'000
Property, plant and equipment (note 11)	80,701
Trade receivables	1,169
Prepayments, deposits and other receivables	726
Trade payables	(244)
Accrued liabilities and other payables	(4,451)
Deferred tax liabilities	(7,762)
	70,139
Portion relating to the right of use retained in the leaseback	19,184
Gain on disposal of a subsidiary (note 5)	34,735
	124,058
Satisfied by:	
Cash	118,649
Prepayments, deposits and other receivables	5,409
	124,058

An analysis of the cash flows in respect of the disposal of SIGHC is as follows:

	RMB'000
Cash consideration	118,649
Cash and cash equivalents disposed of	—
Net outflow of cash and cash equivalents included in cash flows from investing activities	118,649

16. COMMITMENTS

The Group had the following capital commitments at the end of the Reporting Period:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Contracted, but not provided	2,560,883	1,714,840

17. CONTINGENT LIABILITIES

The Group had the following contingent liabilities:

	Note	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Guarantees given related to			
— qualified buyers' mortgage loans	(i)	274,180	418,395
— interest-bearing loans of a related company		20,181	—
— others		—	2,009
		294,361	420,404

Note:

(i) The Group provided guarantees in favour of their customers in respect of mortgage loans provided by banks to these customers for their purchases of the Group's developed properties where the underlying real estate certificates can only be provided to the banks in a time delayed manner due to administrative procedures in the People's Republic of China. These guarantees provided by the Group will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the outstanding principal together with the accrued interest and penalties and therefore no provision has been made in the financial statements for the guarantees.

18. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	Notes	For the six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
The holding company:			
Service expense	(i)	**210**	—
Associates:			
Bank loan guarantees provided	(ii)	**20,181**	18,594
Service expense	(i)	**2,059**	—
A joint venture:			
Interest expense	(iii)	**—**	180
Service income	(iv)	**—**	1,827
Other related parties:			
Service income	(iv)	**40,117**	56,339
Service expense	(i)	**2,167**	7,824
Purchase of products	(v)	**21,696**	875
Acquisition of right-of-use assets	(vi)	**11,455**	—

Notes:

(i) The directors consider that the service charge for the service provided by the related parties was determined based on prices available to third party customers.

(ii) The bank loans were guaranteed to the related companies free of charge.

(iii) The directors consider that the applicable interest rates were determined in accordance with the prevailing market borrowing rates.

(iv) The directors consider that the revenue for services provided to the related parties were determined based on prices available to third party customers.

(v) The directors consider that the purchases were undertaken on commercial terms similar to those offered by unrelated suppliers in the ordinary course of business of the relevant companies.

(vi) In March 2020, the group entered into a three-year lease in respect of certain leasehold property from a related party. The amount of rent payable by the group under the lease is RMB343,000 per month, which was determined with reference to amounts charged to third parties. At the commencement date, the group recognised a right-of-use asset of RMB11,455,000.

18. RELATED PARTY TRANSACTIONS *(continued)*

(b) Outstanding balances with related parties:

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Due from related companies:			
The holding company	(i)	**1,855,780**	1,821,347
Associates	(ii)	**3,216**	2,542
A joint venture		**—**	76,247
Other related companies	(iii)	**8,634**	18,456
Total		**1,867,630**	1,918,592
Due to related companies:			
The holding company	(iv)	**25,968**	676
Associates		**—**	845
Joint ventures		**—**	814
Other related companies	(v)	**1,870,893**	1,885,558
Total		**1,896,861**	1,887,893
Lease liabilities:			
Associates	(vi)	**114,062**	116,154
Other related companies	(vi)	**39,360**	18,700
Total		**153,422**	134,854

Notes:

(i) As at 30 June 2020, the Group had an outstanding balance due from its ultimate holding company of RMB1,855,780,000 (31 December 2019: RMB1,821,347,000) as at the end of the Reporting Period. The balance due from the holding company was non-trade in nature, unsecured, interest-free and repayable in November 2020. The balance mainly arose from the unpaid subscription price for the shares of the Company issued to the Controlling Shareholder.

(ii) As at 30 June 2020, the Group had a balance due from its associate companies of RMB3,216,000 (31 December 2019: RMB2,542,000) as at the end of the Reporting Period. The balances were non-trade in nature, unsecured, interest-free and repayable on demand.

(iii) As at 30 June 2020, the balances due from other related companies of RMB1,009,000 (31 December 2019: RMB1,009,000) were non-trade in nature, unsecured, interest-free and repayable on demand.

As at 30 June 2020, the balances due from other related companies with the amount of RMB7,625,000 (31 December 2019: RMB17,447,000) were trade in nature, unsecured, interest-free and repayable on demand.

(iv) As at 30 June 2020, the balance due to its ultimate holding company with the amount of RMB25,968,000 (31 December 2019: RMB676,000) was non-trade in nature, unsecured, interest-free and repayable on demand.

(v) As at 30 June 2020, the balances due to other related companies include an amount of RMB10,475,000 (31 December 2019: RMB60,133,000) which was trade in nature, unsecured, interest-free and repayable on demand.

The remaining balances amounting to RMB1,860,418,000 (31 December 2019: RMB1,825,425,000) are non-trade in nature, unsecured, interest-free and repayable on demand.

(vi) Certain subsidiaries of the Group entered into rental agreements with related parties. The amounts of lease liabilities by the Group to the related parties under the leases were determined with reference to the amounts charged by the third parties.

18. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel of the Company:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	**15,429**	17,856
Post-employment benefits	**1,045**	2,533
Equity-settled share option expense	**9,329**	18,496
Total compensation paid to key management personnel	**25,803**	38,885

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	As at 30 June 2020		As at 31 December 2019	
	Carrying amounts	**Fair values**	Carrying amounts	Fair values
	RMB'000	**RMB'000**	RMB'000	RMB'000
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Financial assets				
Financial assets at fair value through profit or loss	**453,672**	**453,672**	451,910	451,910
Financial assets included in prepayments, other receivables and other assets (non-current portion)	**296,866**	**339,067**	290,955	343,143
Derivative financial instruments	**40,656**	**40,656**	31,042	31,042
	791,194	**833,395**	773,907	826,095
Financial liabilities				
Interest-bearing bank and other borrowings (non-current portion)	**11,252,115**	**11,268,235**	4,518,769	4,429,467
Convertible redeemable preferred shares	**46,144**	**53,129**	85,323	95,221
Convertible bonds	**93,463**	**107,607**	172,735	192,901
Put options granted to non-controlling shareholders of a subsidiary included in accrued liabilities and other payables	**35,196**	**35,196**	133,846	133,846
Due to related companies (non-current portion)	**—**	**—**	1,821,347	1,821,347
Derivative financial instruments	**80,514**	**80,514**	99,706	99,706
	11,507,432	**11,544,681**	6,831,726	6,772,488

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, the current portion of financial assets included in prepayments, other receivables and other assets, amounts due from related companies, trade payables, financial liabilities included in accrued liabilities and other payables other than put options granted to non-controlling shareholders of a subsidiary, amounts due to related companies, and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of amounts due from related companies and interest-bearing bank and other borrowings, convertible redeemable preferred shares, and convertible bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank and other borrowings as at 30 June 2020 was assessed to be insignificant.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments include forward currency contracts, foreign currency swaps, interest rate swaps and swaptions. As at 30 June 2020, the fair values of the forward currency contracts, foreign currency swaps, interest rate swaps and swaptions were measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties and interest rate curves. The carrying amounts of the forward currency contracts, foreign currency swaps, interest rate swaps and swaptions are the same as their fair values.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments and unlisted wealth management products issued by an asset management company that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

For Level 3 financial assets, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, income approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as the discount rate and long-term growth rate. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial assets in Level 3.

Significant unobservable valuation input for the put options granted to non-controlling shareholders of a subsidiary included in accrued liabilities and other payables of RMB35,196,000 (31 December 2019: RMB133,846,000) is the EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) of CMH. The increase in EBITDA of CMH will lead to an increase in the liability of put options granted to non-controlling shareholders of a subsidiary included in accrued liabilities and other payables.

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Financial assets at fair value through profit or loss	—	424,770	28,902	453,672
Derivative financial instruments	—	40,656	—	40,656
	—	465,426	28,902	494,328

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Financial assets at fair value through profit or loss	—	423,432	28,478	451,910
Derivative financial instruments	—	31,042	—	31,042
	—	454,474	28,478	482,952

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Liabilities measured at fair value:

As at 30 June 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Put options granted to non-controlling shareholders of a subsidiary included in accrued liabilities and other payables	—	—	35,196	35,196
Derivative financial instruments	—	80,514	—	80,514
	—	80,514	35,196	115,710

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Put options granted to non-controlling shareholders of a subsidiary included in accrued liabilities and other payables	—	—	133,846	133,846
Derivative financial instruments	—	99,706	—	99,706
	—	99,706	133,846	233,552

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

The movements in fair value measurements within Level 3 during the Reporting Period are as follows:

Assets measured at fair value:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At 1 January	**28,478**	62,645
Addition	**240**	—
Total losses recognised in other comprehensive income	**—**	(39,445)
Exchange alignment	**184**	(1,109)
At 30 June	**28,902**	22,091

Liabilities measured at fair value:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At 1 January	**133,846**	191,962
Addition	**—**	56,308
Decrease	**(98,650)**	—
At 30 June	**35,196**	248,270

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

20. EVENTS AFTER THE REPORTING PERIOD

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

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 25 August 2020.

RECENT DEVELOPMENT OF THE COMPANY

Recent development of the Company is set out in note 20 to financial statements and the “Business Overview” in this interim report.

FORWARD-LOOKING STATEMENTS

This report 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.

INTERIM DIVIDEND

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

PRE-IPO SHARE OPTION SCHEME

The Company adopted a Pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) on 29 December 2017 and the shareholders of Fosun International approved the said scheme on 23 February 2018. The following detailed information in relation to the Pre-IPO Share Option Scheme is set out in the circular of Fosun International dated 1 February 2018 (the “Circular”). Unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the Circular.

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

On 14 December 2018, the Shares were listed and traded on the Main Board of the Stock Exchange, since then, no further options have been or will be granted under the Pre-IPO Share Option Scheme. As of the end of the Reporting Period, 41,878,487 effective options were outstanding.

The following table discloses movements in the outstanding options under the Pre-IPO Share Option Scheme during the Reporting Period.

Name of Grantee	Date of grant of the options	As of 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Number of the options Expired/ lapsed/ cancelled during the Reporting Period	As of 30 June 2020	Exercise period of the options	Exercise price of the options per Share (HKD)
Qian Jiannong	23 February 2018	20,000,000	–	–	–	20,000,000	22 February 2019 to 22 February 2026[1]	8.43
Wang Wenping	23 February 2018	536,625	–	–	–	536,625	28 December 2018 to 28 December 2021[2]	8.43
	19 November 2018	810,000	–	–	–	810,000	18 November 2019 to 18 November 2022[3]	15.60
Other Employees	23 February 2018	9,793,532	–	–	844,190	8,949,342	28 December 2018 to 28 December 2021[2]	8.43
	19 November 2018	12,181,720	–	–	599,200	11,582,520	18 November 2019 to 18 November 2022[3]	15.60
Total		43,321,877	–	–	1,443,390	41,878,487		

Notes:

1. The options, being granted to Mr. Qian Jiannong on 23 February 2018 shall be vested according to the following period:

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

2. The options, being granted to Mr. Wang Wenping and other employees on 23 February 2018 shall be vested according to the following period:

Percentage of options to be vested	Vesting Date
25%	28 December 2018
25%	28 December 2019
25%	28 December 2020
25%	28 December 2021

3. The options, being granted to Mr. Wang Wenping and other employees on 19 November 2018 shall be vested according to the following period:

Percentage of options to be vested	Vesting Date
25%	18 November 2019
25%	18 November 2020
25%	18 November 2021
25%	18 November 2022

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

2019 SHARE OPTION SCHEME

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

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

As of the end of the Reporting Period, no options have been granted or agreed to be granted under the 2019 Share Option Scheme.

HUMAN RESOURCES

As of 30 June 2020, the Group had approximately 10,138 employees.

To fully implement the Group's core cultural values and entrepreneurship among employees, the Company has promoted over 20 new partners for the first time, which brought new momentum to the development of the Group.

In the first half of 2020, as guided by our cultural values, the human resources department of the Company actively promoted organizational upgrade and talent attraction, reinforced the construction of talent echelon, and obtained primary achievements in the digitalization of talent management.

We constantly optimized our ability in talent attraction and strived to build an excellent talent recruitment team. We aimed at promoting the integration of talents and systems among companies within the Group by focusing on the construction of talent echelon, the consolidation of the talent pool, as well as the improvement of organizational efficiency. Besides, we paid attention to high-potential talents with outstanding performance and offer them more development opportunities. We also improved the overall incentive framework of the Group based on various features of respective businesses, explored the implementation of the incentive mechanism for business operations, while continuously optimized and enhanced the effect and efficiency of various incentive mechanisms.

Fulfillment of Our Commitment to Employees

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

Employee Care

The Group focused on creating a sound corporate atmosphere and enhancing the sense of belonging among employees, we constantly optimized, innovated, and strengthened the establishment of a comprehensive and diversified benefit system. Upholding the Group's cultural values, we not only reflected our care and service to employees at work but towards their families. In June 2020, the Group organized the family day activity which presented an opportunity to the families of our employees to have a better understanding of the Group, and employees will also feel more comfortable working in the Company.

The Group attaches great importance to employees' health management, constantly strengthens the promotion and investment of employees' health management as well as introducing an innovative model on health management. In addition to the annual physical examination covering all employees, we also encouraged employees to participate in fitness activities such as Tai Chi and jogging, and promoted workplace exercises, organized health lectures that strengthened employees' health awareness. Meanwhile, the comprehensive supplementary commercial insurance, travel insurance, and internship insurance were also offered to employees.

In early 2020, the Company implemented measures including the postponement of work resumption and work from home to best safeguard employees' health during the outbreak of the COVID-19. Upon the resumption of work and production, we also implemented staggered working hours according to national policy, conducted real-time disinfection on company shuttle buses and body temperature measurement in the lobby. Sufficient pandemic prevention supplies including alcohol and sanitizer were available in offices, and free facial masks were regularly provided to all employees.

Employee Services

The Group has established the Human Resources Shared Services Center (HRSSC) to provide centralized, professional, and standardized services to our globalized operations. Through the optimization of the human resources platform, the shared services can also achieve autonomization, servitization and ecologization, and employee satisfaction will improve.

During the Reporting Period, the Group also further optimized and innovated the orientation process by achieving online hiring and issuing employment offer. We displayed employee remuneration and benefits and human resources related policies and announced in the Group's intranet and mobile application platform. We distributed employee benefits through a mobile application platform and provide convenient services such as online recharging and payment for meals through the platform. Meanwhile, we have established a specialized employee service position to help staffs obtain various certificates, such as employment permits/residence permits for overseas staff, talent introduction/residence permits for employees from other provinces as well as college graduate settle-in, which saved employees' time and energy on obtaining certificates and was also in line with the action of talent introduction.

Employee Cultivation and Development

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

In the first half of 2020, the Group has set up Fosun Tourism Group University. In accordance with the development strategy and human resources planning requirements of the Group and taking into account the characteristics of its own development, we have established talent development and professional talent training programs for different talents. According to different development goals, we plan development paths for them. We further design training courses and CXO training course in accordance with the quality, capabilities and occupational requirements to help employees grow rapidly.

Meanwhile, the Group also built an anytime — anywhere — and — unobstructed online learning platform for our employees by opening and launching regularly training courses for different business segments.

Employment and Labour Standards

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

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

Employee Incentive

In line with strategic priorities and specific business needs, based on a large number of internal and external benchmarks, the Group has consistently implemented the incentive principles of value creation, performance orientation, profit and loss sharing, and clear reward and punishment, and continuously established and optimized the multi-level and full-coverage remuneration and incentive system. It includes employee recognition programs, bonus program for operation business, and various mid-to-long-term incentive systems to promote the concept of “sharing profits and risk”. At the same time, the Group’s member enterprises are empowered to drive business growth and achieve team success by effective incentives measures.

HR Intelligent Innovation

The human resources division of the Group keeps pace with the times and uses various intelligent innovative technologies in the practice of human resources management. We set up the human resources system and process, to systematize and standardize the information, data and process of human resources; we are committed to the basic integration of the mechanism, talent and data within the Group as a whole by using various internet technologies. We leveraged human resources efficiency by optimizing system processing and thus reducing repetitive labour.

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

As of 30 June 2020, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in the Shares

Name of Director/ Chief executive	Nature of interests	Number of Shares/ underlying Shares interested	Approximate percentage in relevant class of Shares
Qian Jiannong	Beneficial owner	21,600,804	1.75%
Henri Giscard d'Estaing	Beneficial owner	850,230	0.07%
Wang Wenping	Beneficial owner	1,746,625	0.14%

(ii) Interests in associated corporation

Name of Director/ Chief executive	Name of associated corporation	Nature of interests	Number of shares/ underlying shares interested	Approximate percentage in relevant class of shares
Qian Jiannong	Fosun International	Beneficial owner	9,655,000	0.11%(1)
Henri Giscard d'Estaing	Fosun International	Beneficial owner	3,100,000	0.04%(1)
	Club Med Holding	Beneficial owner	375,000(2)	0.0044%

Notes:

(1) The calculation is based on the total number of 8,502,702,244 shares of Fosun International in issue as of the end of the Reporting Period.

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

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

As of 30 June 2020, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholder	Nature of interests	Number of Shares/ underlying Shares interested	Approximate percentage in relevant class of Shares
Fosun International	Beneficial owner	1,000,000,002	80.97%
FHL[(1)]	Beneficial owner	15,389,930	1.25%
	Interest in controlled corporation	1,000,000,002	80.97%
FIHL[(2)]	Interest in controlled corporation	1,015,389,932	82.21%
Guo Guangchang[(3)]	Interest in controlled corporation	1,015,389,932	82.21%

Notes:

(1) FHL holds approximately 71.09% equity interest in Fosun International, and is therefore deemed to be interested in the Shares directly held by Fosun International.

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

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

Save as disclosed above, so far as was known to the Directors, as of 30 June 2020, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CHANGES IN DIRECTORS' INFORMATION

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

(1) Change in the significant positions held within the Group

Name of Director	Date of change	Original position	Current position
Allan Zeman	20 April 2020	Independent Non-executive Director	Independent Non-executive Director and member of the Audit Committee

(2) Changes in other directorships held in public companies the securities of which are listed on any securities market in Hong Kong or overseas

Name of Director	Date of change	Original position	Current position
Henri Giscard d'Estaing	18 June 2020	Member of the Supervisory Board of Randstad N.V. (Euronext Amsterdam stock code RAND)	–

(3) Changes in Directors' remuneration with effect during the Reporting Period

Name of Director	Date of changes	Remuneration	Target performance related bonus[1]
Henri Giscard d'Estaing	1 April 2020	EUR666,522[2]	N/A
	1 May 2020	N/A	EUR370,290[3]

Notes:

(1) To be determined based on internal appraisal of various performance indicators.

(2) Due to the COVID-19 pandemic, base salary has been reduced by 20% for the six months from April to September in 2020 comparing with the same period of last year.

(3) Due to the COVID-19 pandemic, target performance related bonus has been reduced by 58.33%.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

REVIEW OF INTERIM RESULTS

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

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

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

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

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Subsequent to the Reporting Period, on 25 August 2020, the Company granted share options and share units to certain Directors and employees (the "25 August Grant"). According to paragraph A3 of Appendix 10 to the Listing Rules, a director must not deal in any securities of the listed issuer on any day on which its financial results are published, and the grant to a director of an option to subscribe or purchase his company's securities is regarded as a dealing by him if the exercise price of the option is fixed at the time of such grant. As the grant of such options and share units to the Directors was inadvertently made on the date of publication of the Company's interim results for the six months ended 30 June 2020, the 25 August Grant was cancelled upon the mutual consent of the relevant Directors and employees.

EXECUTIVE DIRECTORS

Qian Jiannong *(Chairman)*
Henri Giscard d'Estaing
Wang Wenping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Allan Zeman
Guo Yongqing
Katherine Rong Xin

AUDIT COMMITTEE

Guo Yongqing *(Chairman)*
Katherine Rong Xin
Allan Zeman [(1)]

REMUNERATION COMMITTEE

Katherine Rong Xin *(Chairman)*
Guo Yongqing
Wang Wenping

NOMINATION COMMITTEE

Qian Jiannong *(Chairman)*
Allan Zeman
Katherine Rong Xin

STRATEGY COMMITTEE

Qian Jiannong *(Chairman)*
Henri Giscard d'Estaing
Allan Zeman

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Guo Yongqing *(Chairman)*
Katherine Rong Xin
Wang Wenping

COMPANY SECRETARY

Leung Ching Ching

AUTHORIZED REPRESENTATIVES

Wang Wenping
Leung Ching Ching

AUDITORS

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

LEGAL ADVISERS

As to Hong Kong law

Paul Hastings
21-22/F, Bank of China Tower
1 Garden Road
Hong Kong

As to Cayman Islands law

Harney Westwood & Riegels
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Note:

(1) Dr. Allan Zeman has been appointed as a member of the Audit Committee of the Company with effect from 20 April 2020.

PRINCIPAL BANKERS

Bank of China Limited
China Construction Bank
The Hongkong and Shanghai Banking Corporation Limited
Bank of East Asia
Standard Chartered Bank (China) limited
Hang Seng Bank (China) Limited
Natixis Bank

REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 808 & 2101-06
ICBC Tower
3 Garden Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10204
Grand Cayman, KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

STOCK CODE

01992

WEBSITE

http://www.fosunholiday.com

ABBREVIATIONS

Albion brand	the brand under which we conduct operation and management of tourism destinations in China
Atlantis Sanya	our tourism destination on the Haitang Bay National Coast of Sanya, Hainan province, PRC
Audit Committee	the audit committee of the Board
Average Daily Bed Rate	the Business Volume divided by the total number of beds sold
Board	our board of Directors
C2M strategy	a customer-to-maker strategy that we implement to strengthen the attractiveness of our product line-up and increase our customized offerings based on our understanding of evolving customer preferences
Capacity of Resorts	the total number of beds available for sale over a period or year, i.e., the number of beds, multiplied by the number of days on which resorts are open
CG Code	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
China or PRC	the People's Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires, references in this report to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
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
Company or our Company	Fosun Tourism Group (formerly known as Fosun Tourism and Culture Group (Cayman) Company Limited), an exempted company with limited liability incorporated in the Cayman Islands on 30 September 2016
connected person(s)	has the meaning ascribed thereto under the Listing Rules
Controlling Shareholder(s)	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Fosun International, FHL, FIHL, and Mr. Guo Guangchang
Director(s)	the director(s) of the Company
EBITDA	earnings before interest, taxes, depreciation and amortization

Glossary

ECOLAB	Ecolab is the global leader in water, hygiene and infection prevention solutions and services
EMEA	Europe, Middle East, and Africa, which, for our purposes, also includes Turkey
Euro/EUR	the lawful currency of the European Union
FHL	Fosun Holdings Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by FIHL, and one of our Controlling Shareholders
FIHL	Fosun International Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability, and one of our Controlling Shareholders
FOLIDAY	our global ecosystem consisting of our commercially-interconnected businesses that offer a wide spectrum of tourism- and leisure-related services
Fosun Family Day	A series of events sponsored by Fosun International and its subsidiaries focusing on the theme of family life
Foryou Club	our membership system in China that manages and operates services and activities for members and customers under the FOLIDAY ecosystem
Fosun International	Fosun International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0656), and one of our Controlling Shareholders
Frost & Sullivan Report	an independent market research report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an Independent third party
GFA	gross floor area
Great Members	members of Club Med's Great Member loyalty program
Group, our Group, We or us	our Company and our subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company become the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)

Hainan Free Trade Port	According to the central deployment, Hainan Free Trade Port is to construct free trade zone and free trade port with Chinese characteristics. On 1 June 2020, the Central Committee of the Communist Party of China and the State Council issued "Overall Plan for the Construction of Hainan Free Trade Port", requesting all districts and departments to carry out conscientiously with practice
Happy Digital	Club Med's digitalization initiatives, through which we use digital solutions to improve our guests' and employees' experience while making the technology user-friendly and seamless
HK$ or HKD	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
IFRS	International Financial Reporting Standards
Independent third party(ies)	an individual or a company which, to the best of our Directors' knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
Kerzner	Kerzner International Limited, a company incorporated in The Commonwealth of the Bahamas, and its subsidiaries
Listing	the listing of the Shares on the Main Board
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Macau	the Macau Special Administrative Region of the PRC
Main Board	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
Miniversity	the brand for learning and playing club for children
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Novel Coronavirus Pneumonia or COVID-19	an acute infectious pneumonia, and its pathogen is a new type of coronavirus that has not been previously found

Glossary

Occupancy Rate by Bed	the ratio expressed as a percentage between the total number of beds sold and the total number of beds available for sale over a period or year
Occupancy Rate by Room	the total number of rooms sold divided by the total number of rooms available for sale
POSI Check	The POSI-Check audit solution is designed to formulate and monitor an effective response to communicable infections in hotels and restaurants around the world.
Reporting Period	1 January 2020 to 30 June 2020
RMB	the lawful currency of the PRC
Share(s)	ordinary share(s) in the share capital of our Company
Shareholder(s)	holder(s) of the Shares
Stock Exchange	The Stock Exchange of Hong Kong Limited
Tang Residence	the saleable residential vacation units in Atlantis Sanya
Thomas Cook	Thomas Cook Group plc, a company incorporated in England and Wales, the shares of which are listed on the London Stock Exchange (stock code: TCG)
Trident	the measurement unit used by Club Med to indicate the level of each Club Med resort, which is similar to “star” used for traditional hotel ratings
U.S.	the United States of America, its territories, possessions, and all areas subject to its jurisdiction
Waterpark	the Aquaventure Waterpark in Atlantis Sanya