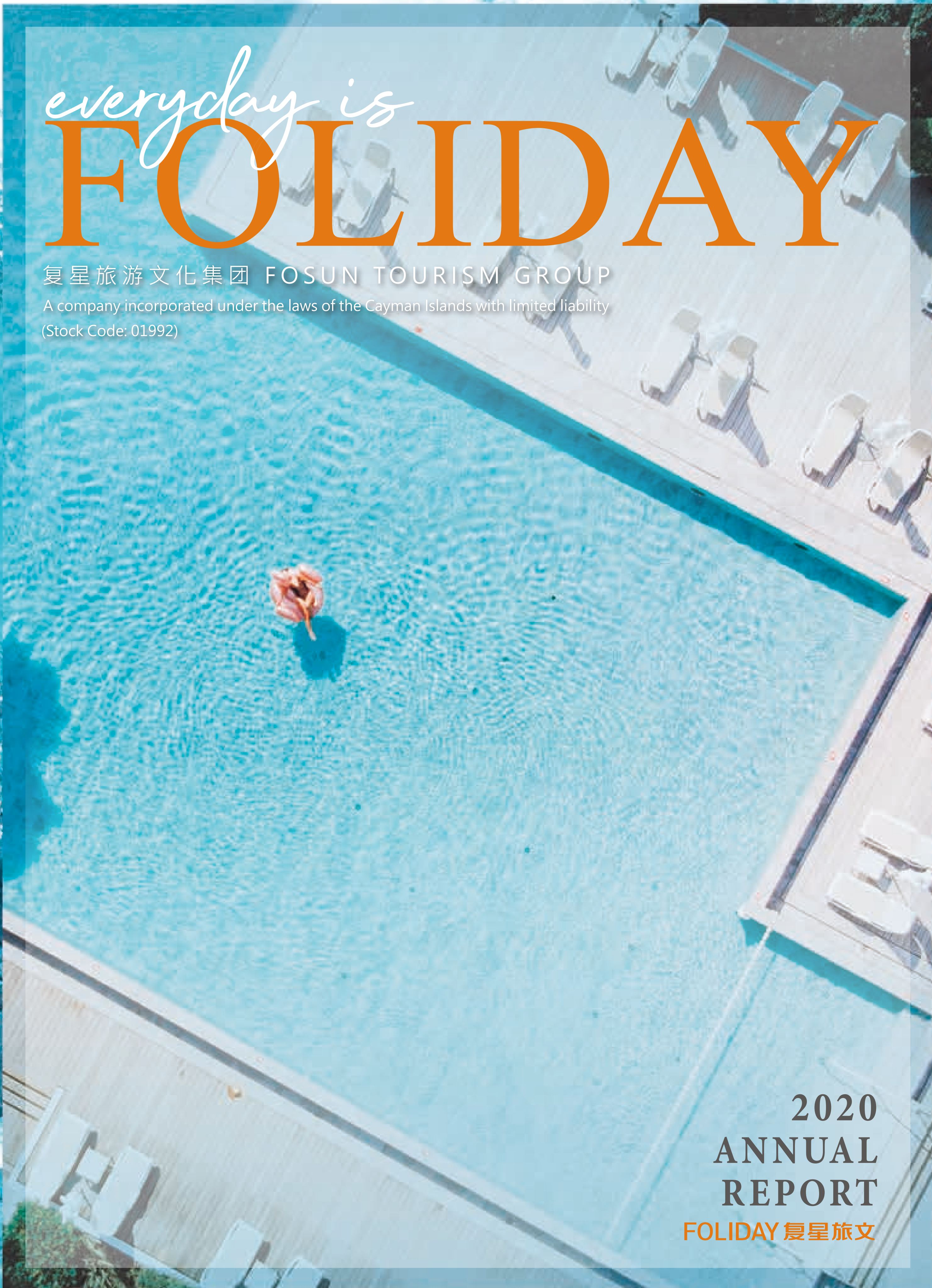


everyday is

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)

2020
ANNUAL
REPORT

FOLIDAY 复星旅文

CONTENTS

FINANCIAL SUMMARY

	For the years ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	**7,060,257**	17,337,169
Resort and destination operations	**5,656,003**	11,260,192
Tourism-related property sales and construction services	**468,872**	3,493,780
Tourism and leisure services and solutions	**935,382**	2,583,197
Gross profit	**2,164,602**	5,538,725
Operating (loss)/profit	**(1,675,918)**	2,071,225
(Loss)/profit before income tax	**(2,581,000)**	1,274,740
(Loss)/profit for the year	**(2,802,350)**	576,293
(Loss)/profit attributable to equity holders of the Company	**(2,568,073)**	608,722
Adjusted EBITDA	**193,809**	3,729,362
Adjusted net (loss)/profit	**(2,762,108)**	644,440
(Loss)/earnings per share — basic (in RMB)	**(2.08)**	0.49
(Loss)/earnings per share — diluted (in RMB)	**(2.08)**	0.49

Club Med Joyview
Anji, China

LETTER TO SHAREHOLDERS

Qian Jiannong
Chairman
Fosun Tourism Group

In 2020, the global tourism industry suffered unprecedented public health crisis. The outbreak of Novel Coronavirus Pneumonia Pandemic (COVID-19) has spread across various countries and regions. The extensive public health measures and travel restrictions have deeply hit the global tourism industry. According to the latest UN World Tourism Organization, the international tourist arrivals decreased by 1 billion or 74%, with revenues from international tourism dropped by 76.5% year-on-year. In 2020, the business volume of the Group's tourism operation decreased by 53.2% year-on-year to RMB6,947.7 million. Adjusted EBITDA of the Group's tourism operation decreased by 94.8% from RMB3,729.4 million in 2019 to RMB193.8 million in 2020. Loss attributable to equity holders was RMB2,568.1 million in 2020, compared with profit attributable to equity holders of RMB608.7 million in 2019.

In 2020, some of our Club Med resorts around the world had to be closed for certain period of time due to the COVID-19, which resulted in the reduction in the capacity of Club Med resorts in 2020. The business volume of our Club Med resorts decreased by 58.4% year-on-year to RMB5.61 billion as compared with that in 2019, and the adjusted EBITDA amounted to negative RMB327.2 million. From February to March 2020, Atlantis Sanya

had to temporarily close certain operating facilities in light of China's pandemic prevention policies. The number of visitors at Atlantis Sanya decreased from approximately 5.2 million in 2019 to approximately 4.6 million in 2020. The business volume of Atlantis Sanya in 2020 was RMB1,226.7 million, decreased by 6.5% as compared with that in 2019.

However, we believe that the pandemic not only brings challenges but also implies a concentrated test for the execution and agility of teams and organizations. The Group strives to maintain a healthy financial position and control its operating and headquarters costs. In 2020, Atlantis CMBS of RMB6.8 billion was successfully issued and Club Med obtained EUR180 million government-guaranteed loans, and another EUR70 million government-guaranteed loans were obtained in January 2021. At the end of 2020, the Group's cash and bank balance increased by RMB2.43 billion compared with that at the end of 2019, and the proportion of short-term debts dropped from 29.7%[1] at the end of 2019 to 16.4%[1]. In 2020, fixed cost savings of Club Med was EUR270 million, and the fixed cost of Club Med decreased by 41% in the ten months after the outbreak of the pandemic compared with that of the same period in 2019. Human resource expenses and capital expenditures of Club Med dropped by 34% and 35% in 2020 compared with that of 2019, respectively. Total operating cost of Atlantis Sanya decreased by RMB92.3 million in 2020, and human resource costs and energy costs in 2020 decreased by 17.0% and 17.8% compared with that of 2019, respectively.

2020 is a year of both challenges and opportunities. When the COVID-19 became under control in China, the reduction in the number of domestic tourists has been narrowing quarter by quarter. An explosive rebound in demand of travel appeared when the pandemic eased in the summer, we promoted the resumption and the recovery of business at a speed significantly faster than that of the industry. In the second half of 2020, thanks to its outstanding product strength and brand power, the business volume of Atlantis Sanya achieved growth much higher than the industry average and recorded an increase of 36.5% compared with that of the same period in last year. The adjusted EBITDA in 2020 rose to record high of RMB607.8 million compared with that in 2019. The quarterly performance of Club Med resorts in China also reached record high, the business volume increased by 35% in the fourth quarter of 2020 compared with that of the same period in 2019.

Following the success of Atlantis Sanya, the construction and presale of our two major comprehensive tourism destinations named "FOLIDAY Town" (復遊城) proceeded well in 2020. The international tourism center in Lijiang Foliday Town (麗江復遊城) opened in 2020, and Club Med Lijiang will open and operate in the second half of 2021.

Note:

1 Excluding the interest-bearing borrowings under the impact of IFRS 16.

The indoor ski resort "Alpes Snow World (阿爾卑斯雪世界)", a major IP in Taicang Foliday Town (太倉復遊城), has commenced construction in January 2021 and is expected to start operation in 2023.

We made visible progress in propelling digital construction in 2020. In July 2020, eight months after acquiring Thomas Cook brand which had a history of nearly 180 years, we relaunched the brand new "Thomas Cook Lifestyle Platform" in China with a digital, platform-based approach. As of 31 December 2020, the platform had 549,000 APP downloads, 250,000 monthly active users, and annual business volume of approximately RMB183.7 million. At the same time, Thomas Cook UK also started its trial operation as an Online Travel Agency ("OTA") in September 2020, which will further strengthen our channel building and tourism products diversification in Europe. From 1 January to 18 March 2021, Thomas Cook China and Thomas Cook UK achieved a cumulative Gross Merchandise Value ("GMV") of over RMB77.1 million.

The pandemic did not pause the development of our new resorts. We are actively planning new offline expansion paths of various existing brands to guarantee our leading market position post pandemic. By the end of 2023, we plan to open 16 new Club Med resorts, half of which will be located in China. We also plan to further expand Casa Cook, Cook's Club and other derivative brands around the world. As of 18 March 2021, we have signed 13 and 3 hotels that are operated in light-assets model along the Mediterranean Coast and China, respectively, and we plan to manage or franchise not less than 30 hotels worldwide by the end of 2023.

The economic recovery after the pandemic is a long-term topic with abundant new opportunities, the post-pandemic travel pattern is experiencing profound changes. First, the pandemic has stimulated the demand for leisure tourism, people need more sense of security and company, and tourists will increasingly trust travel providers that offer sound operational quality and hygiene measures. Club Med has implemented COVID-19 prevention policies issued by relevant government authorities and launched the "Safe Together" program, which becomes the essential criterion to secure customer trust and loyalty. Secondly, the tourism industry needs to adapt to last minute travel decision. For instance, numerous reservations in China were shortened from one month to three days before departure, making digital and flexible earnings management a key for operation. Besides, we found that the demand for short-term trips is booming, and people have become more interested in road trips. In

Club Med Les Villas de Finolhu, Maldives the meantime, Club Med Joyview and FOLIDAY Town will suitably fill in the shortage of short-term travel products. Thirdly, with the help of digitalization, we can carry out precise marketing and customer buildup. Compared with traditional OTA, Thomas Cook focuses more on developing family and young customers, unique popular tourism products and travel retail products to improve customer experience in comprehensive vacation service.

During the pandemic, we have identified consumer behavior changes in a profound manner by studying and analyzing the long-term trend and adopting quick adjustments in our operation. Thanks to our scarce and premium product competitiveness and brand awareness, precise user positioning, global operations, and the unique FOLIDAY ecosystem, we achieved further consolidation in terms of product competitiveness, brand portfolio, digitalization as well as the progress of new projects even under the impact of COVID-19. As for the balance sheet management, we strive to acquire sufficient liquidity to maintain a healthy financial position. The good news is that there are more than 380 million doses[1] of COVID-19 vaccine injections globally as of 17 March 2021. In the next two to three months, the progress of COVID-19 vaccination will be accelerated globally. Our business model is verified and will help us overcome the crisis and seize more opportunities after the crisis. I will work with my colleague and strive to turn crisis into a strong asset for future progress. We will continue and seek chance and motivation for the growth of the Company.

Finally, I would like to extend my sincere appreciation to our management team and employees for their contributions, commitment, also to thank our Board for their consistent support. We will continue to stick to our vision of "bring more happiness to global families", strive to promote the brand new FOLIDAY lifestyle, make "Everyday is FOLIDAY" come true as early as we can, and share returns from the innovative model of FOLIDAY with our shareholders.

Sincerely
Qian Jiannong
Chairman

23 March 2021

Note:

1 According to figures from Johns Hopkins University


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 RMB6,947.7 million for the year ended 31 December 2020 from RMB14,855.6 million for the year ended 31 December 2019, representing a year-on-year decrease of 53.2%. Our revenues decreased to RMB7,060.3 million for the year ended 31 December 2020 from RMB17,337.2 million for the year ended 31 December 2019. Gross profit decreased to RMB2,164.6 million for the year ended 31 December 2020 from RMB5,538.7 million for the year ended 31 December 2019. Adjusted EBITDA decreased to RMB193.8 million for the year ended 31 December 2020 from RMB3,729.4 million for the year ended 31 December 2019. Loss attributable to equity holders was RMB2,568.1 million for the year ended 31 December 2020, compared with profit attributable to equity holders of RMB608.7 million for the year ended 31 December 2019.

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 year ended 31 December 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 54.7%, at constant exchange rate, the business volume of Club Med reached RMB5,605.6 million for the year ended 31 December 2020, decreased by 58.4% on year-over-year basis. The business volume of EMEA, the Americas and Asia Pacific decreased by 58.4%, 51.8% and 65.0% for the year ended 31 December 2020, respectively, compared with that of last year. The adjusted EBITDA of resort operation decreased to negative RMB327.2 million for the year ended 31 December 2020, compared to RMB2,273.4 million for the year ended 31 December 2019.


HERBJØRG
WASSMO

Club Med Sanya, China

Club Med Punta Cana, Dominican Republic

Club Med Joyview Anji, China

	For the year ended 31 December	
	2020	2019[1]
Business Volume by customer booking locations (RMB Millions)		
EMEA	**3,564.9**	8,566.9
Americas	**1,185.4**	2,458.6
Asia Pacific	**855.3**	2,442.5
Total	**5,605.6**	13,468.0

The following table sets out the capacity of resorts by type of resorts and by locations for the year ended 31 December 2020, respectively:

Type of resorts	For the year ended 31 December	
	2020	2019[1]
	'000	'000
Capacity		
Mountain	**1,372**	2,264
Sun	**3,548**	9,338
Club Med Joyview	**660**	722
Total	**5,580**	12,324
4&5 Trident %	**91.0%**	85.0%
Capacities of resorts by locations		
EMEA	**2,284**	5,628
Americas	**1,391**	3,363
Asia Pacific	**1,905**	3,333
Total	**5,580**	12,324

1 At constant exchange rate.

Certain key information with respect to our resort business in the period of January to June and July to December 2020 is set out below:

	January-June		July-December		For the year ended 31 December	
	2020[1]	2019[1]	**2020**[2]	2019[2]	**2020**[3]	2019[3]
Business Volume (RMB Millions)	**3,908.2**	7,017.3	**1,634.0**	6,336.9	**5,605.6**	13,468.0
Capacity of Resorts (in thousands)	**3,054**	6,219	**2,526**	6,106	**5,580**	12,324
Occupancy Rate by Bed	**62.0%**	65.1%	**56.3%**	63.6%	**59.4%**	64.4%
Average Daily Bed Rate (RMB)	**1,644**	1,405	**1,085**	1,282	**1,423**	1,356
Revenue per Bed (RMB)	**1,045**	915	**587**	829	**847**	880

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, as a result of popularity in both ski and sun resorts. The significant and pervasive impact of COVID-19 began in late March 2020. We had to temporarily close most resorts from late March till June 2020. As the pandemic became gradually under control since June, we started reopening certain resorts. In July and August, capacity of Club Med reached 40.6% of that of the same period in 2019, with the occupancy rate achieved 69.4%[4]. Starting from September, tightening travel restrictions due to the second wave COVID-19 disrupted the positive momentum we noted in July and August, sales and operations in certain countries was significantly impacted. The mountain resorts in French Alps were not able to be opened in December due to pandemic prevention measures in France and Italy. In December 2020, the capacity of Club Med resorts has recovered to 37.9% of that of the same period in 2019. As of 31 December 2020, 23 resorts are open globally. Meanwhile, in China where COVID-19 was well under control, we experienced record-high performances. Business Volume of Club Med resorts in China grew by 35.3%[5] in the fourth quarter of 2020 compared with that of the same period in 2019.

1 At average constant exchange rate for the six months ended 30 June 2020.
2 At average constant exchange rate for the six months ended 31 December 2020.
3 At average constant exchange rate for the twelve months ended 31 December 2020.
4 The 69.4% occupancy rate is based on limited capacity in certain regions due to requirements of social distance and sanitary measure.
5 Including onsite sales.

Club Med Cefalù, Italy

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. We provided equipment and supplies for prevention of COVID-19 in the resorts and working spaces with flexible working environment and hours for employees. We launched "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. We added two experts (US and China) to our Scientific Committee, who make recommendations to the sanitary measures for the whole group;

— Develop customer care programs to reschedule and cancel travel services for customers in accordance with relevant regulations. Through adequate communication with our customers, many of them decided to postpone their travel plans, as of 31 December 2020, we hold future travel credit equivalent to approximately RMB968.1 million, which will contribute to the bounce back of our business volume in post-pandemic period. In summer 2020, the overall satisfaction rate in our Global Review Index increased by 1% and reached 91%;

— 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. Human resources costs decreased by 34.1% in 2020 vs 2019. Club Med also negotiated with resorts owners to reduce rents and obtained RMB319.5 million rental reductions. During the Reporting Period, our global fixed cost saving was RMB2,123.4 million, the fixed cost in 2020 decreased by 31.9% compared to that in 2019, and the fixed cost in the 10 months ended 31 December 2020, which were directly impacted by COVID-19, decreased by 41.1% compared to the same period of 2019;

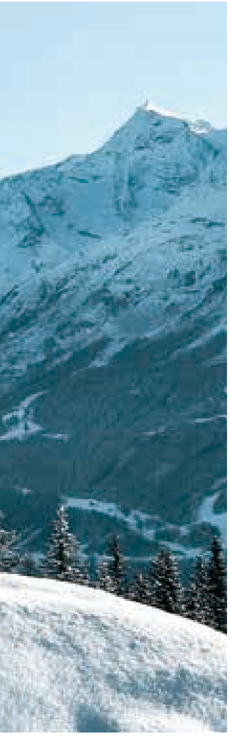

Club Med Cancún Yucatán, Mexico

— Cancel and postpone certain capital expenditure. Our capital expenditure of resort business for the year ended 31 December 2020 was approximately RMB446.2 million, decreased by approximately 35.0% compared with that of last year. The capital expenditure decreased by approximately 69.5% in the second quarter of 2020 compared with the same period of 2019;

— Actively evaluate resort opening schedule considering the travel restriction policies and implement various online marketing and precise marketing projects to optimize the customer traffic conversion and bookings for opened resorts.

The COVID-19 and the public health and epidemic prevention measures adopted by various countries are still ongoing and the recovery timeline of our resort operation worldwide in the first half of 2021 remains uncertain. However, as anti-COVID-19 vaccine being gradually injected around the world and thus prevent the COVID-19 from spreading, we prepare ourselves for business rebound in the second half of 2021. As of 18 March 2021, we have 18 resorts re-opened globally, which represents approximately 36.7% of the resort capacity for the same period of 2019. During the Spring Festival of 2021 (from 7 February to 22 February), Club Med Joyview Beijing Yanqing Resort was fully occupied for ten nights and Club Med Joyview Anji Resort achieved an average occupancy rate of approximately 80% for the seven days from 12 February to 18 February. We are seeing positive booking momentum in sourcing markets with good vaccination progress such as UK.

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 French beach resort La Palmyre Atlantique had accomplished the renovation and extension project and reopened in July 2020, and most renovation and extension work of Brazilian resort Trancoso was also accomplished in 2020. The new resort La Rosière completed the construction works and opening preparation on schedule in December 2020 and will start operation in June 2021. Besides, four new resorts including the Exclusive Collection Seychelles resort, Quebec Charlevoix resort, Club Med Lijiang and Tangshan resorts in China are under construction and will open in 2021. We plan to open 16 new resorts worldwide by the end of 2023, of which eight resorts are in China. We also plan to renovate and extend capacity in more than 10 resorts worldwide in order to maintain our upscale strategy by the end of 2023.




Club Med
CARE MASK
Club Med
CARE MASK

The resorts that we operated as of 31 December 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	BODRUM	502	Seasonal	242	4	Turkey	1995	Sun	Managed
6	CAP SKIRRING	415	Seasonal	205	4	Senegal	1973	Sun	Leased
7	CEFALU	645	Permanent	322	5	Italy	2018	Sun	Leased
8	CERVINIA	456	Seasonal	199	4	Italy	2001	Mountain	Leased
9	CLUB MED 2	377	Permanent	184	5	CM2	1992	Sun	Owned
10	DA BALAIA	798	Seasonal	389	4	Portugal	1986	Sun	Leased
11	DJERBA LA DOUCE	1,070	Seasonal	520	3	Tunisia	1975	Sun	Leased
12	GRAND MASSIF CHALETS	78	Bi-seasonal	37	5	France	2019	Mountain	Leased
13	GRAND MASSIF SAMOENS MORILLON	941	Bi-seasonal	420	4	France	2017	Mountain	Leased
14	GREGOLIMANO	974	Seasonal	460	4	Greece	1978	Sun	Owned
15	KAMARINA	1,632	Seasonal	686	3	Italy	1981	Sun	Leased
16	KEMER	939	Seasonal	463	3	Turkey	1977	Sun	Owned
17	LA PALMYRE ATLANTIQUE	1,169	Seasonal	404	4	France	2003	Sun	Leased
18	LA PLAGNE 2100	587	Seasonal	339	4	France	1990	Mountain	Leased
19	LA POINTE AUX CANONNIERS	873	Permanent	393	4	Mauritius	1973	Sun	Leased
20	LA ROSIERE	877	Bi-seasonal	395	4	France	2020	Mountain	Leased
21	LES ARCS PANORAMA	965	Bi-seasonal	433	4+5	France	2018	Mountain	Leased
22	L'ALPE D'HUEZ LA SARENNE	996	Bi-seasonal	450	4	France	1985	Mountain	Leased
23	MARRAKECH LA PALMERAIE	869	Permanent	356	4+5	Morocco	2004	Sun	Leased
24	OPIO EN PROVENCE	910	Seasonal	429	4	France	1989	Sun	Leased
25	PALMIYE	1,777	Seasonal	722	4	Turkey	1988	Sun	Managed

No.	Name of Resort	Number of Beds	Duration[(1)]	Number of Rooms	Trident[(2)]	Location	Year of opening[(3)]	Type	Operating Model[(4)]
26	PEISEY-VALLANDRY	730	Bi-seasonal	281	4	France	2005	Mountain	Leased
27	PRAGELATO	701	Bi-seasonal	273	4	Italy	2012	Mountain	Leased
28	SAINT-MORITZ ROI SOLEIL	584	Seasonal	304	4	Switzerland	1963	Mountain	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	415	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	IXTAPA PACIFIC	793	Permanent	296	4	Mexico	1981	Sun	Owned
4	LA CARAVELLE	830	Permanent	378	4	France (Guadeloupe)	1974	Sun	Leased
5	LAKE PARADISE	968	Permanent	377	4	Brazil	2016	Sun	Leased
6	LES BOUCANIERS	646	Permanent	291	4	France (Martinique)	1969	Sun	Owned
7	MICHES	882	Permanent	335	5	Dominican Republic	2019	Sun	Leased
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	634	Permanent	255	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 BEIJING YANQING	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 31 December 2020:

EMEA: 37

Americas: 12

Asia and Pacific: 16

CASA COOK AND COOK'S CLUB

We have acquired the hotel brands of Casa Cook and Cook's Club from Thomas Cook Group plc and its subsidiaries (collectively referred as "Thomas Cook") upon its liquidation to further expand our resort and hotel portfolio globally. Casa Cook is an award-winning boutique hotel brand that focuses on design aesthetics and high-quality dining to create comfortable and happy experience for guests. Cook's Club is a leisure hotel concept designed for a new generation of travelers who pursue fun, lively holiday atmosphere in hotels that have modern and stylish design. Upon acquiring relevant brands, we are actively developing projects in different regions. As of 18 March 2021, we have entered into franchise agreements with 13 hotels along the Mediterranean Coast, and we also entered three new hotel agreements in China. We plan to further expand Casa Cook, Cook's Club and other derivative brands (if any) worldwide, with a view to achieve a global presence of not less than 30 hotels by the end of 2023.

Casa Cook Samos, Greece

TOURISM DESTINATIONS

ATLANTIS SANYA[1]

The business volume of Atlantis Sanya for the twelve months ended 31 December 2020 was RMB1,226.7 million, decreased by 6.5% compared with that of 2019, with room revenue and other operating revenue decreased by 1.7% and 12.2% respectively, which was mainly due to the outbreak of COVID-19 in the first half of 2020 and thus resulted in a significant decrease in the number of visitors. The number of visitors visiting Atlantis Sanya decreased from approximately 5.2 million in 2019 to approximately 4.6 million in 2020. However, the adjusted EBITDA of Atlantis Sanya in 2020 was RMB607.8 million, representing an increase of 7.6% compared with that 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.

Aquaventure Waterpark, Atlantis Sanya

	Six months ended 30 June		Six months ended 31 December		Twelve months ended 31 December	
	2020	2019	**2020**	2019	**2020**	2019
Business Volume (RMB'000)	**331,339.8**	656,034.4	**895,398.7**	656,025.5	**1,226,738.5**	1,312,059.9
Room Revenue (RMB'000)	**186,928.4**	349,302.7	**512,746.1**	362,782.8	**699,674.5**	712,085.5
Other Operating Revenue (RMB'000)[1]	**144,411.4**	306,731.7	**382,652.6**	293,242.7	**527,064.0**	599,974.4
Occupancy Rate by Room	**45.1%**	62.0%	**89.7%**	75.0%	**67.5%**	68.5%
Average Daily Rate by Room (RMB)	**1,732.3**	2,371.0	**2,364.3**	2,001.8	**2,154.3**	2,167.3
RevPar by Room (RMB)	**781.6**	1,469.0	**2,120.7**	1,500.5	**1,454.9**	1,485.0

The operation of Atlantis Sanya was significantly impacted by the outbreak of the pandemic in 2020. When the COVID-19 outbreak in China in the first half of 2020, we had to close certain facilities temporarily according to the relevant government policies between February and March. However, benefiting from the outstanding product power and the recovery of demands, the business volume of Atlantis Sanya for the six months ended 31 December 2020 (the "second half of 2020") showed growth against the circumstances, with the business volume increased by 36.5% in the second half of 2020 compared with the same period of last year, of which the room revenue increased by 41.3% and other operating revenue increased by 30.5%. The average daily rate per room increased by 18.1%, and the occupancy rate increased by 14.7 percentage points to 89.7% in the second half of 2020 compared to the same period of that in 2019. To diversify its recreational offerings, Atlantis Sanya added the night session in the Waterpark from July to September 2020, which has driven the overall admission tickets income of the Waterpark in 2020 to increase by 35% compared with that of the same period in 2019. From 26 December 2020 to 31 March 2021, Atlantis Sanya cooperated with Shanghai Yu Garden Lantern Festival to organize the Atlantis Sanya Yu Garden Lantern Carnival, which diversifies its product offerings and boosts the evening economy in Sanya as well.

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. compared with that of the same period in 2019.

Atlantis Sanya

Aquaventure Waterpark, Atlantis Sanya

Aquaventure Waterpark, Atlantis Sanya


Aquaventure Waterpark, Atlantis Sanya

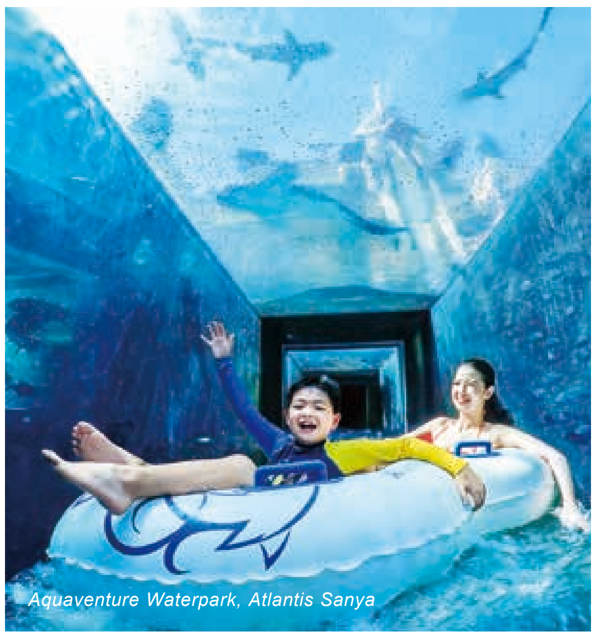
With the gradual control of COVID-19 in China since mid-March 2020, Atlantis Sanya has performed various marketing and promotion activities to rebound its business, including but not limited to flash sales promotion, charter flight campaign, public health topic marketing promotion, online live streaming in cooperation with Ctrip, Fosun Family Day on 15 May 2020, live broadcasting by top KOLs, posts by travel and parenting self-media, and the live broadcasting in cooperation with Alipay countdown party. Besides, benefiting from the popularity of top celebrities, popular variety shows and TV series, the publicity of Atlantis Sanya was expanded and increased. Seven variety shows and TV series were shot in Atlantis Sanya in 2020.

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 twelve months ended 31 December 2020 decreased by RMB92.3 million compared with that in 2019, and human resource costs and energy costs decreased by approximately 17.0% and 17.8%, respectively.

During the Spring Festival of 2021, the government encouraged people to stay put. Even in such context, Atlantis Sanya received nearly 301,000 visitors during the 16-day period from 11 to 26 February 2021 (from New Year's Eve to Lantern Festival), with an average occupancy rate of 86%. In particular, Atlantis Sanya recorded an average occupancy rate of over 90% from 18 to 25 February 2021.

For the twelve months ended 31 December 2020, we delivered 27 units of Tang Residence and recognized an amount of RMB434.2 million as revenue. As of 31 December 2020, we still have one apartment and eight villas available to be sold or delivered. For the apartments and villas sold, approximately 189 apartments and 11 villas were managed by us as accommodation facilities under Albion brand as of 31 December 2020.

The Lost Chambers Aquarium, Atlantis Sanya



Aquaventure Waterpark, Atlantis Sanya

FOLIDAY TOWN[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

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

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.

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.

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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. The project was planned to include saleable vacations inns and residence with total GFA of over 237,000 square meters, certain portions of which had obtained approval from the regulatory authority. The saleable vacation inns and residence will be designed as low-rise detached houses with low density targeting high-end customers and low-rise courtyard houses targeting mid-to-high-end customers, and the product is defined as "the vacation house at the foot of the snow mountains". We have started construction of Club Med Resort and international tourism center in 2019. The international tourism center has commenced operation in 2020, while Club Med Lijiang resort will be opened in the second half of 2021. We have started construction of saleable vacations inns and residence in the first half of 2020. The project has been completed in stages since late 2020, and is expected to achieve full completion from 2022 to the end of 2023. As of 31 December 2020, the total cost incurred for the Lijiang FOLIDAY Town was approximately RMB1,095.8 million. As of 31 December 2020, a project development loan amounted to RMB1,300 million was granted to Lijiang FOLIDAY Town, of which RMB444 million has already been used in the project. In July 2020, we have obtained the presale permit of saleable vacation inns and residence with approximately 28,000 square meters and started the presale activities at the end of November 2020.

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

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 domain 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 of saleable units have been opened to customers since the end of 2019. The construction of the indoor ski resort "Alpes Snow World" has started in January 2021, which includes five ski slopes and seven "Magic Carpets" serving as conveyor belts, aiming to create an customer experience close to real snow. As for the ski practicing and training courses, we will establish

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.

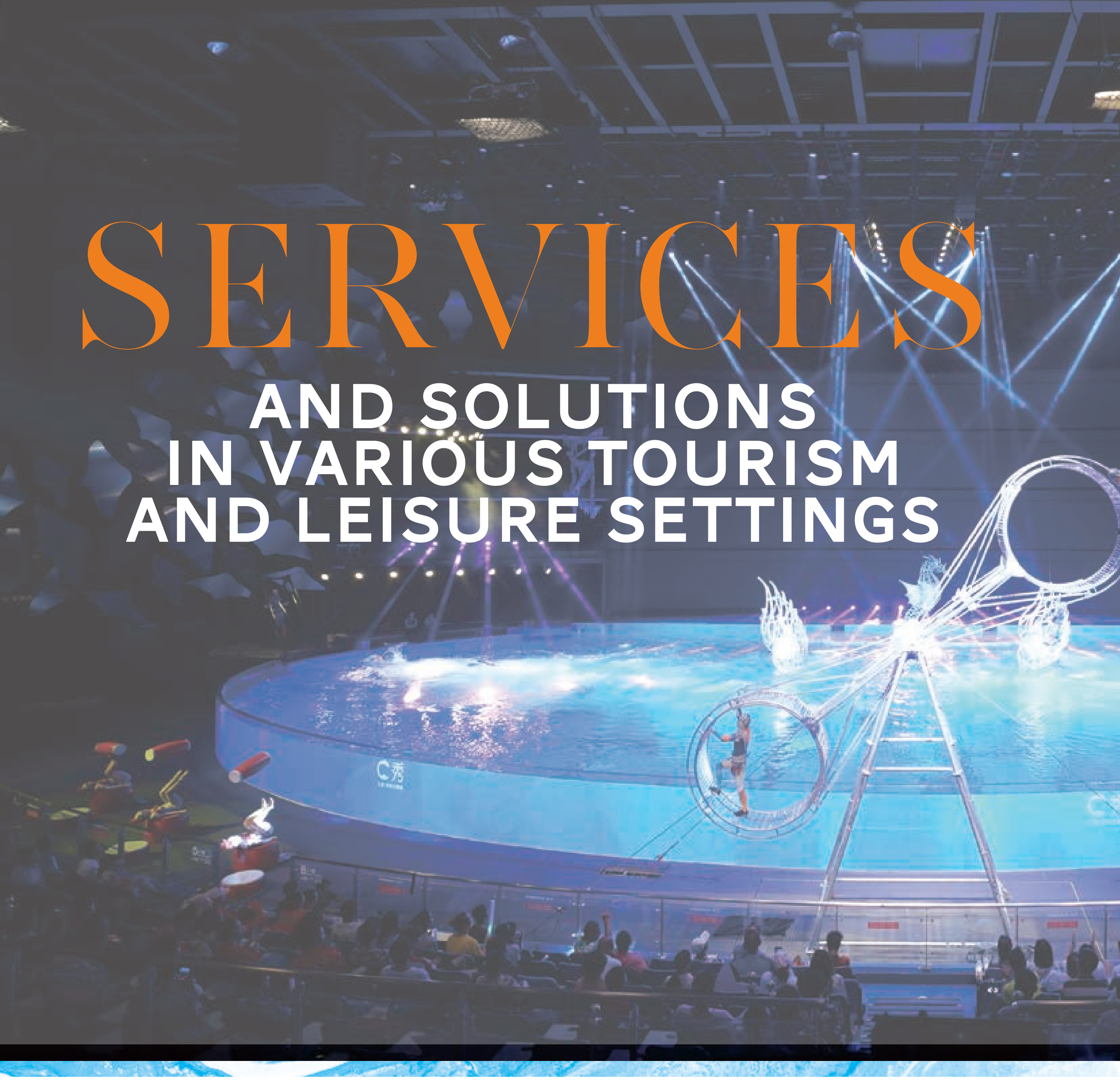
two ski schools for all ages with professional ski lessons of the European system offered by CDA and Club Med. The construction of Taicang FOLIDAY Town is expected to be completed in stages starting from 2021 and achieve full completion in the following three to four years. As of 31 December 2020, the total cost incurred in the Taicang Project was approximately RMB3,244.3 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 51,000 square meters that represent 434 sets of saleable units have started. 250 sets of saleable units were presold as of 31 December 2020, and 389 sets of saleable units were presold as of 18 March 2021.

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.

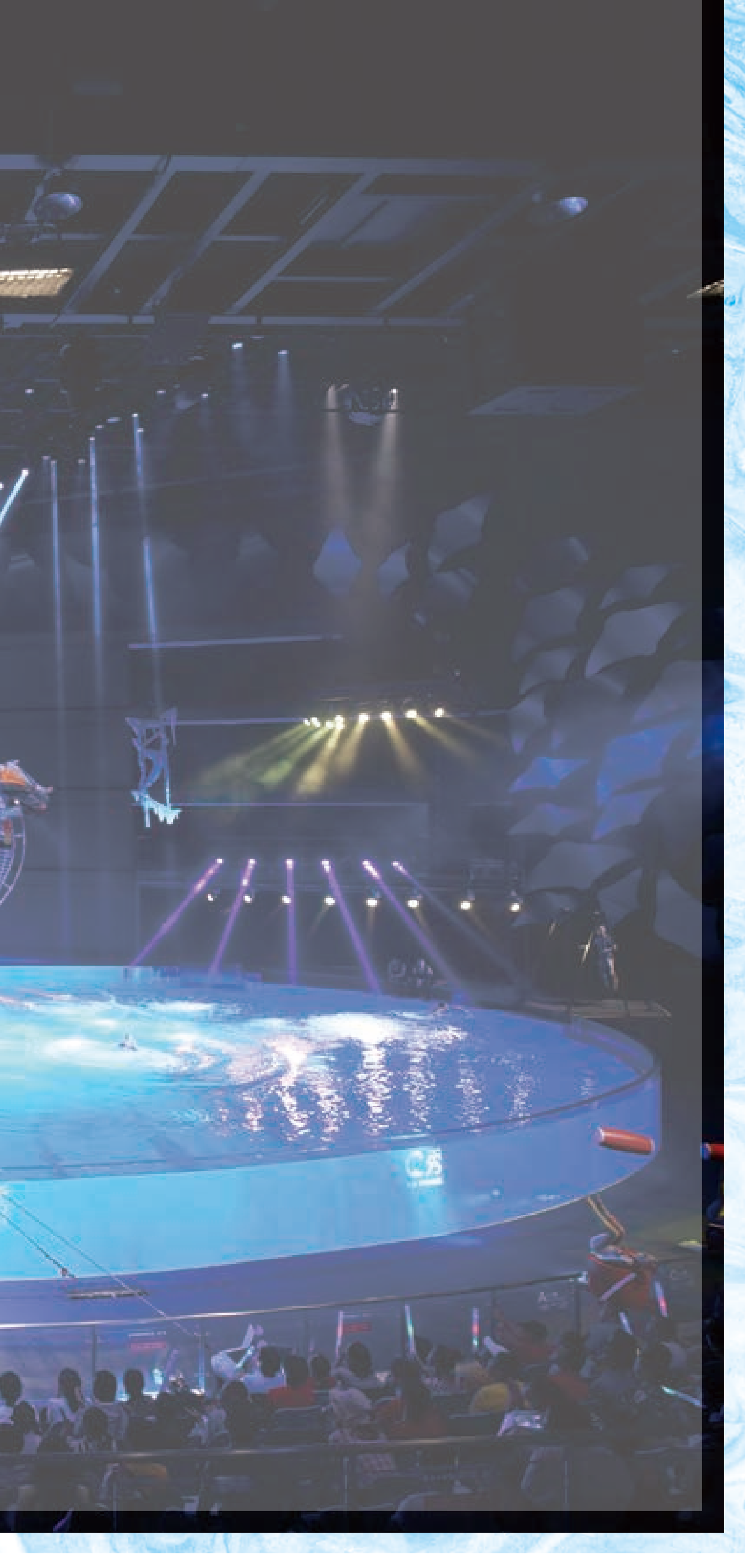
ALBION

Our Albion brand manages and operates tourism destinations and vacation residences in many parts of China such as Zhejiang, Hainan, Guangdong, Chongqing, etc. In 2020, the revenue of Albion grew by 34%, and the revenue of vacation residences sector grew by 57.4% year-on-year. In 2020, Albion had one new resort under management and operation, one new scenic spot operation service output project, and the number of rooms under management reached nearly 800. The Albion brand has been highly recognized in Chinese tourism industry, winning more than 20 awards from industry media and platforms such as Jinlv and Meisu.

Chongqing Albion Gold Buddha Mountian Resort, China



SERVICES AND SOLUTIONS IN VARIOUS TOURISM AND LEISURE SETTINGS



Entertainment, other tourism and culture related services

Our entertainment, other tourism and culture related services have also been significantly impacted by COVID-19 outbreak. The resident Show C in Atlantis Sanya has resumed performance since April 2020 and has restored growth since May 2020 by over 60% from May to December compared with the same period of last year, mainly benefited from the growth of income generated from merchandise products and VIP tickets. Our international learning and playing club, Miniversity, has extended its business to include the “Discovery Series” activities that focus on outdoor camp learning and playing, and more summer & winter camping activities. In 2020, Miniversity held 241 “Discovery Series” activities in total. We have three indoor ski simulation centers under the brand Foryou Ski, two in Shanghai and one in Atlantis Sanya as of 31 December 2020. 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. Originated in 1841, Thomas Cook 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 achieved business volume of greater than RMB183.7 million with around 549,000 APP downloads and 250,000 monthly active users as of 31 December 2020. The platform achieved 752,000 APP downloads and 372,000 monthly active users as of 18 March 2021. And the total GMV reached RMB41.2 million from 1 January 2021 to 18 March 2021.

On 16 September 2020, the brand-new Thomas Cook online travel agent was soft launched in UK, which aims to further strengthen our channel connection in European market and diversify the tourism products offered by us, and thus further construct our Thomas Cook lifestyle platform. On 22 February 2021, the UK government announced to relieve the lockdown and Thomas Cook UK achieved 600% week-on-week increase in transaction volume in that week and 91% month-on-month increase in revenue in February. From 1 January to 18 March 2021, Thomas Cook China and Thomas Cook UK achieved a cumulative GMV of nearly RMB77.1 million.

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 31 December 2020, Foryou Club has accumulated approximately 6.1 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 31 December 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. 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. In April 2021, the Tourism Destination Management Company of Thomas Cook in Sanya will launch the relevant local services including one-day tour of Atlantis Sanya and its comprehensive entertainment facilities, transportation, MICE[1] and inbound tour to provide our customers with a full range of holiday options and more convenient travel services. 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 in 2019 of above RMB1,000.

1 Meetings, Incentives, Conferencing & Exhibitions.

AWARDS RECEIVED BY THE GROUP IN 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 (France)	Employer Brand	Club Med Brand
2nd prize in the ranking of preferred companies for students and young graduates in the Hotel and Catering Industry	Harris Interactive & Epoka Agency	Club Med Brand
The Strongest Brand thanks to its "quality and premium services" (L'Echo Touristique)	French Tourism Industry	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
Selected 2nd Tripadvisors Travelers' Choice Top 10 All-inclusive resorts Asia	Tripadvisors	Club Med Sanya Resort
Premium Selected Family Fun Resort of the year	The media Zaker in China	Club Med Guilin
Tripadvisors Travelers' Choice Best of the Best resort in Asia	TripAdvisor	Club Med Guilin
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
"2020 Best of the Best" label that rewards the top 1% reviewed hotels in the World	TripAdvisor	Club Med Tomamu
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
One of the 5 brand new "must-stay" hotels in the mountains	Le Figaro Magazine	Club Med La Rosière
Silver Award of Mobile Service	Mobile d'Or (France)	Club Med APP

Award/Recognition	Award Issuing Authority	Brand/Resort/Entity/Tourism Destination Receiving Award
MICE Hotel of the Year in Greater China	MICE Trend	Atlantis Sanya
Wedding Hotel of the Year in Greater China	MICE Trend	Atlantis Sanya
2020 The Best Revenue during Golden Week 2020	Ctrip	Atlantis Sanya
The Best Catering Hotel	The 4th Star Awards 2020	Atlantis Sanya
2020 The Best Operation Award during Pandemic	Meituan	Atlantis Sanya
The Best Catering Hotel	The 4th Star Awards 2020	Atlantis Sanya
Favorite Wedding Hotel for Couples	The 24th Tianya-Haijiao International Wedding Festival	Atlantis Sanya
2020 China Wedding Destination	2020 Golden Vane Awards	Atlantis Sanya
2020 China Destination Wedding Hotel Recognition Award	2020 Golden Vane Awards	Atlantis Sanya
2020 Chinese Must Experience Hotel	C trip	Atlantis Sanya
2020 Most Recommended Award	C trip	Atlantis Sanya
Top 10 Influential Hotel of the Year	C trip	Atlantis Sanya
Hotels with High Media Attention	Meadin Hotel Competitiveness Index	Atlantis Sanya
Hotels with Guests' Great Favorites	Meadin Hotel Competitiveness Index	Atlantis Sanya
Top 10 Operating Competitiveness Hotel in Sanya	Meadin Hotel Competitiveness Index	Atlantis Sanya
Top 100 High End Hotels with High Operating Competitiveness in China	Meadin Hotel Competitiveness Index	Atlantis Sanya
2020/2021 the Most Landmark Hotel	MAG	Atlantis Sanya
2020/2021 Best MICE Hotel	MAG	Atlantis Sanya
2020 Best Wedding Hotel	Voyage	Atlantis Sanya
2020 Best Honeymoon Hotel	Hotel Wedding	Atlantis Sanya
2020 The Youzi Wedding Awards	Youzi Wedding.Com	Atlantis Sanya
2020 Ctrip Awards-The Best Resort	Ctrip	Atlantis Sanya
2019–2020 Top 30 Most Influential Hotel Brand	Meadin Academy	Atlantis Sanya
2020 Top Star Family Hotel	Caibeike	Atlantis Sanya
Travelers' Choice Best of the Best	Tripadvisor	Atlantis Sanya
Top 10 Parent-Child Hotel	Trip.com Group BOSS's Channel	Atlantis Sanya
Top 10 Glamorous Hotels of China	15th China Hotel Starlight Awards	Atlantis Sanya
The Best Resort Destination in Year 2020	Credibility Golden List by China KOL	Atlantis Sanya
LEED GOLD	US Green Building Council	Atlantis Sanya

Award/Recognition	Award Issuing Authority	Brand/Resort/Entity/Tourism Destination Receiving Award
Annual Gourmet Landmark	2019–2020 Restaurant Review-China Feast Restaurant Awards	Atlantis Sanya
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 Awards 2019	Atlantis Sanya
Certificate of Green Building Label	Chinese Society For Urban Studies	Atlantis Sanya
2020 the Outstanding Social Media Famous Tourist Attraction	Asia Attractions Gold Crown	Aquaventure Waterpark, Atlantis Sanya
2020 China's most popular cultural destination	CAAPA	Aquaventure Waterpark, Atlantis Sanya
The Best Western Cuisine and Wine Restaurant	The Best Restaurant Awards	Bread Street Kitchen & Bar, Atlantis Sanya
Most Recommended Bar	2019–2020 Restaurant Review-China Feast Restaurant Awards	Bread Street Kitchen & Bar, Atlantis Sanya
2019-2020 the Most Recommend Restaurant	China CITIC Bank	Bread Street Kitchen & Bar, Atlantis Sanya
Best Western Restaurant of the Year	Hotel Discovery	Bread Street Kitchen & Bar, Atlantis Sanya
2019-2020 the Most Recommend Restaurant	China CITIC Bank	Crab, Atlantis Sanya
China Scuba Diving Industry Recognition Award	PADI	Dive Team of the Lost Chambers Aquarium, Atlantis Sanya
The Buffet Hotel of the Year	First Journey	Kaleidoscope, Atlantis Sanya
Top Japanese Restaurant of the Year	Target	Netsu, Atlantis Sanya
Best Special Restaurant of the Year	Target	Ossiano Underwater Restaurant & Bar, Atlantis Sanya
The Best Hotel Restaurant	The Best Restaurant Awards	Ossiano Underwater Restaurant & Bar, Atlantis Sanya
Best Western Restaurant	2019–2020 Restaurant Review-China Feast Restaurant Awards	Ossiano Underwater Restaurant & Bar, Atlantis Sanya
2020 Special Chinese Restaurant	2020 Enjoyable Travel Awards	Tang Chinese Restaurant, Atlantis Sanya
Chinese Restaurant of the Year in Greater China 2020	Platinum Traveler	Tang Chinese Restaurant, Atlantis Sanya
Best Chinese Restaurant	2019–2020 Restaurant Review-China Feast Restaurant Awards	Tang Chinese Restaurant, Atlantis Sanya

Award/Recognition	Award Issuing Authority	Brand Receiving Award
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
Best listed company in Greater China — Most Innovative Hotal Brand	Jointly Organised by China Tourism Academy and China Tourism Association	Fosun Tourism Group
Most Innovative Hotel Brand	Gelonghui	Fosun Tourism Group
Best Cultural Tourism Industry Group	AHF Asia Hotel & Tourism Forum Annual Meeting & 15th China Hotel Starlight Award Ceremony	Fosun Tourism Group
2020 Golden Culture and Tourism Award — Top 20 Shanghai Online New Culture and Tourism Group	Interface News	Fosun Tourism Group
2020 Golden Bauhinia Awards-Best Listed Company of New Economy	Ta Kung Pao China Securities Golden Bauhinia Award	Fosun Tourism Group

SELECTED ITEMS OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
REVENUE	**7,060,257**	17,337,169
Cost of revenue	**(4,895,655)**	(11,798,444)
Gross profit	**2,164,602**	5,538,725
Other (expenses)/income and gains, net	**(1,365,168)**	(37,221)
Selling and marketing expenses	**(1,368,119)**	(2,230,897)
General and administrative expenses	**(1,107,233)**	(1,199,382)
Operating (loss)/profit	**(1,675,918)**	2,071,255
Finance costs	**(895,444)**	(800,886)
Share of (losses)/profits of:		
Associates	**(9,638)**	4,401
(LOSS)/PROFIT BEFORE TAX	**(2,581,000)**	1,274,740
Income tax expenses	**(221,350)**	(698,447)
(LOSS)/PROFIT FOR THE YEAR	**(2,802,350)**	576,293
Attributable to:		
Equity holders of the Company[1]	**(2,568,073)**	608,722
Non-controlling interests	**(234,277)**	(32,429)
	(2,802,350)	576,293

1 Loss attributable to equity holders of the Company for the year ended 31 December 2020 included RMB2,259.5 million loss arising from tourism operation and RMB308.6 million loss arising from property development and sales. Profit attributable to equity holders of the Company for the year ended 31 December 2019 included RMB173.4 million profit arising from tourism operation and RMB435.3 million profit arising from property development and sales.

REVENUE

Our revenue decreased by 59.3%, from RMB17,337.2 million for the year ended 31 December 2019 to RMB7,060.3 million for the year ended 31 December 2020. The outbreak of COVID-19 since January 2020 has caused various countries to take extensive public health measures such as city lockdowns and travel restrictions, which have significantly and negatively impacted our tourism operation. Meanwhile, revenue arising from tourism-related property sales revenue decreased by 86.6% mainly due to the planning adjustment of construction and delivery cycles.

Revenue by business function and business segment

	For the year ended 31 December			
	2020		2019	
	RMB'000	%	RMB'000	%
Resorts and destination operations	**5,742,617**	**81.3%**	11,413,388	65.8%
— Resorts	**4,435,792**	**62.8%**	10,045,083	57.9%
— Tourism destinations	**1,306,825**	**18.5%**	1,368,305	7.9%
Tourism-related property sales and construction services	**468,872**	**6.7%**	3,493,780	20.2%
— Resorts	**34,645**	**0.5%**	79,079	0.5%
— Tourism destinations	**434,227**	**6.2%**	3,414,701	19.7%
Tourism and leisure services and solutions	**946,805**	**13.4%**	2,592,089	15.0%
— Resorts	**795,132**	**11.3%**	2,388,538	13.8%
— Services and solutions in various tourism and leisure settings	**151,673**	**2.1%**	203,551	1.2%
Eliminations	**(98,037)**	**(1.4%)**	(162,088)	(1.0%)
Total revenue from contracts with customers	**7,060,257**	**100.0%**	17,337,169	100.0%

Resorts and Destination Operations: Resort and destination operation revenue decreased by 49.7% from RMB11,413.4 million in the year ended 31 December 2019 to RMB5,742.6 million in the year ended 31 December 2020.

Resort revenue decreased by 55.8% year-over-year, reflecting the sharp decrease of the resort capacity by 54.7% and occupancy rate[1] decreased by 5.0 percentage points due to the COVID-19 public health prevention measures and travel restrictions, partially offset by the Average Daily Bed Rate increase of 4.9%.

Tourism destination operation revenue mainly includes operation revenue of Atlantis Sanya and Albion. Operation revenue of Atlantis Sanya slightly decreased by 6.5% from RMB1,312.1 million in the year ended 31 December 2019 to RMB1,226.7 million in the year ended 31 December 2020. The operation revenue for the six months ended 30 June 2020 decreased by RMB324.7 million compared with same period of last year with the Occupancy Rate decreased by 16.9 percentage points and Average Daily Rate decreased by 27.0%, respectively. With the gradual control of COVID-19 outbreak in China, outstanding product strength and brand power, we experienced significant improvement in demand driven by domestic leisure travel, therefore the operation revenue from July to December 2020 increased by 36.5% compared with the same period of last year, benefited from Occupancy Rate increased by 14.7 percentage points and Average Daily Rate increased by 18.1%. Meanwhile, even under the impact of the COVID-19, operation revenue of Albion increased by 34.0% 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 31 December 2020, we operated approximately 189 apartments and 11 villas.

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

Tourism-related property sales and construction services: Revenue decreased by 86.6% to RMB468.9 million, as we delivered 204 Tang Residence units in 2019 and only delivered 27 units in 2020. As of 31 December 2020, we still had one apartment and eight villas 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 saleable vacation units for Taicang in July 2020 and Lijiang in November 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 63.5% year-over-year, mainly due to the decrease in resort transportation service which was impacted by COVID-19 and related public health prevention measures and travel restrictions.

Cost of revenue by business function

	For the year ended 31 December			
	2020		2019	
	RMB'000	%	RMB'000	%
Resorts and destination operations	**4,131,184**	**84.4%**	7,794,992	66.1%
Tourism-related property sales and construction services	**4,816**	**0.1%**	1,920,788	16.3%
Tourism and leisure services and solutions	**852,083**	**17.4%**	2,240,008	19.0%
Eliminations	**(92,428)**	**(1.9%)**	(157,344)	(1.4%)
Total	**4,895,655**	**100.0%**	11,798,444	100.0%

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

	For the year ended 31 December			
	2020		2019	
	Gross Profit RMB'000	GP Margin %	Gross Profit RMB'000	GP Margin %
Resorts and destination operations	**1,611,433**	**28.1%**	3,618,396	31.7%
Tourism-related property sales and construction services	**464,056**	**99.0%**	1,572,992	45.0%
Tourism and leisure services and solutions	**94,722**	**10.0%**	352,081	13.6%
Eliminations	**(5,609)**	**N/A**	(4,744)	N/A
Total	**2,164,602**	**30.7%**	5,538,725	31.9%

Cost of revenue, gross profit and GP Margin by business function: Cost of revenue decreased by 58.5% from RMB11,798.4 million in 2019 to RMB4,895.7 million in 2020 year-over-year, which was in line with revenue decrease, 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 costs, cancellation and reduction of various variable costs and expenses, etc. to mitigate the COVID-19 impact on our operation.

Gross profit in 2020 decreased by 60.9% and gross profit margin slightly decreased from 31.9% to 30.7% year-over-year. Excluding the exceptional costs related to COVID-19, gross profit for resort and destination operations contributed gross profit of RMB1,611.4 million, decreased by 55.5% compared with same period of last year. Gross profit margin of resort and destination operation decreased by 3.6 percentage points to 28.1% in 2020, as certain relative fixed operation costs have not been reduced in the same percentage with the decrease in business volume.

Other (expenses)/income and gains, net

We incurred a net loss of RMB1,365.2 million in 2020 comparing with a net loss of RMB37.2 million in the same period of last year. Net loss in 2020 was mainly due to recorded exceptional costs amounted to RMB1,235.8 million (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 38.7% year-over-year to RMB1,368.1 million for the year ended 31 December 2020, mainly due to (i) commission on sales for resorts and destination operation and property sales decreased by 57.0% year-over-year to RMB260.8 million in 2020 (2019: RMB606.4 million), which was in line with the decreased revenue of tourism operation and tourism-related property sales, (ii) Employee costs decreased by RMB183.0 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 expense

General and administrative expenses decreased by RMB92.1 million to RMB1,107.2 million in 2020. The change was primarily due to (i) employee costs decreased by RMB46.7 million, as a result of cost saving policies, (ii) land use taxes and other taxes expenses decreased by RMB25.7 million mainly due to government support policies for COVID-19, (iii) decrease in share-based payment expenses, IT expenses, outsourcing services expenses, travel expenses and other expenses compared with same period of last year.

Operating profit/(loss) by segment

Our operating loss was RMB1,675.9 million in 2020, comparing with the operating profit of RMB2,071.2 million year-over-year.

	For the year ended 31 December			
	2020		2019	
	RMB'000	**%**	RMB'000	%
Resorts	**(2,042,023)**	**121.8%**	643,049	31.0%
Tourism destinations	**644,231**	**(38.4%)**	1,656,201	80.0%
Services and solutions in various tourism and leisure settings	**(140,189)**	**8.4%**	(63,676)	(3.1%)
Eliminations and unallocated expenses	**(137,937)**	**8.2%**	(164,349)	(7.9%)
Total	**(1,675,918)**	**100.0%**	2,071,225	100.0%

Resorts business incurred an operating loss of RMB2,042.0 million in 2020 compared with an operating profit of RMB643.0 million 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 incurred an operating loss of RMB761.1 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 RMB1,012.0 million to RMB644.2 million in 2020, mainly due to (i) operating profit contributed by delivery of Tang Residence decreased by RMB1,034.7 million mainly due to changes in delivery cycle, partially offset by operation of Atlantis Sanya contributed incremental operating profit of RMB50.2 million in 2020, which was benefited from our effective cost saving actions.

Services and solutions in various tourism and leisure settings: Operating loss in 2020 was RMB140.2 million compared with RMB63.7 million in 2019, mainly due to the impact of COVID-19 on our operation.

Finance costs

Finance costs net of capitalized interest increased from RMB800.9 million in 2019 to RMB895.4 million in 2020. The increase of RMB94.6 million is primarily attributable to the increase in indebtedness. Our indebtedness balance as of 31 December 2020 increased by approximately RMB7,201.1 million compared with the balance as of 31 December 2019. The interest rates of borrowings in 2020 were approximately between 0.5% to 5.94%, as compared with approximately between 2.75% and 7.37% for the same period of last year.

Income Tax Expense

Income tax expenses decreased by RMB477.1 million from RMB698.4 million in 2019 to RMB221.4 million in 2020. The income tax expense for the year ended 31 December 2020 primarily comprises of PRC land appreciation tax ("LAT") amounted to RMB198.4 million recorded with sales of tourism-related property sales.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. Details of income tax expenses are set out in page 171.

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 year ended 31 December	
	2020	2019
	RMB'000	RMB'000
(Loss)/income before income tax	**(2,581,000)**	1,274,740
Adjustment:		
Depreciation	**1,897,893**	1,825,941
Amortization	**139,582**	117,438
Finance costs	**895,444**	800,886
Land appreciation tax	**(198,352)**	(357,790)
EBITDA (unaudited)	**153,567**	3,661,215
Add:		
Equity-settled share-based payments	**40,242**	68,147
Adjusted EBITDA (unaudited)	**193,809**	3,729,362
Arising from tourism operation[(1)]	**114,319**	2,743,959
Arising from property development and sales[(1)]	**79,490**	985,403

(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 RMB3,729.4 million in 2019 to RMB193.8 million in 2020.

Adjusted EBITDA arising from tourism operation decreased to RMB114.3 million in 2020 from RMB2,744.0 million in 2019. The adjusted EBITDA of resorts operation was negative RMB327.2 million in 2020, comparing with adjusted EBITDA of RMB2,273.4 million in 2019, 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 RMB357.8 million, represented the decline of 84.9% year-over-year. Adjusted EBITDA of Atlantis Sanya in 2020 increased to RMB607.8 million from RMB564.8 million in 2019.

The adjusted EBITDA of tourism-related property sales in 2020 was RMB145.0 million before net off unallocated expenses, mainly arising from the delivery of Tang Residence units.

Adjusted negative EBITDA of services and solutions in various tourism and leisure settings increased from RMB56.6 million in 2019 to RMB126.5 million in 2020.

1 Non-recurring operating items 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.

Adjusted Net Profit

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Net Profit	**(2,802,350)**	576,293
Add:		
Equity-settled share-based payments	**40,242**	68,147
Adjusted Net Profit	**(2,762,108)**	644,440

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 year ended 31 December 2019 and 2020 was RMB1,294.3 million and RMB1,102.7 million, respectively. The capital expenditure incurred in 2019 mainly related to capital expenditures in tourism destination projects, upgrade or renovation of existing resorts, and investments in digital technology. For the year ended 31 December 2020, our capital expenditure for resorts decreased by approximately RMB240.5 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 RMB35.8 million mainly due to the construction progress of Taicang and Lijiang FOLIDAY Town projects. We will keep balance for short term saving and long term efficiency and flexibility, to enable our business operate effectively going forward.

Indebtedness, Liquidity and Financial Resources of the Group

Our Group funds our investments and operations principally with cash generated from our operations, bank and other borrowings, funds raised from the capital market, related party borrowings 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 31 December 2020, the indebtedness of the Group was RMB23,120.7 million, excluding the adoption impact of IFRS 16, which increased lease liabilities of RMB9,767.6 million, the indebtedness without IFRS 16 adoption was RMB13,353.1 million, representing an increase from RMB6,815.0 million as at 31 December 2019.

As at 31 December 2020, indebtedness excluding lease liabilities of the Group over one year accounted for 83.6% of the total indebtedness, as opposed to 70.1% as at 31 December 2019. As at 31 December 2019, cash and bank balances increased by 113.8% to RMB4,571.2 million as compared with RMB2,138.4 million as at 31 December 2019, reflecting our improved financing structure. Our undrawn banking facilities at the end of 2020 amounted to RMB4,248.6 million in total.

The original denomination of the Group's indebtedness excluding lease liabilities as well as cash and bank balances by currencies, equivalent in RMB, as at 31 December 2020, is summarized as follows:

The total debt excluding lease liabilities

	For the year ended 31 December 2020 RMB'000	%
EUR	**5,243,108**	39.3%
RMB	**7,688,184**	57.5%
USD	**421,835**	3.2%

Cash and bank balances

	For the year ended 31 December 2020 RMB'000	%
RMB	**3,666,130**	80.2%
EUR	**304,534**	6.7%
BRL	**202,833**	4.4%
HKD	**107,550**	2.4%
USD	**109,763**	2.4%
Others	**180,439**	3.9%

Our liquidity as of 31 December 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 RMB1,444.5 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.

— In 2020, we have obtained RMB2,870.0 million long-term loan facilities in aggregate related to Taicang project, which will help the project balance its capital expenditure by pre-sale proceeds and the long-term loan.

— In January 2021, Club Med obtained second trench long term loan amounted to Euro 70.0 million (equivalent of RMB561.8 million) from banks which was guaranteed by French Republic ("French State Guaranteed Loan")，with the same term as the first trench.

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 covenant relaxation amendments during the Reporting Period and up to the date of this report.

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

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

As of 31 December 2020, the total amount of interest-bearing bank and other borrowings was RMB13,341.1 million, within which RMB2,187.9 million was repayable within one year. Our undrawn banking facilities at the end of 2020 amounted to RMB4,248.6 million in total.

Outstanding interest-bearing bank and other borrowings classified by year of maturity as at 31 December 2020 are as follows: 16.4% of the outstanding borrowings is within one year, 6.7% of that is in the second year and 76.9% of that is in the third to fifth year, including 49.4% 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 RMB38,686.6 million as of 31 December 2020, and our total liabilities increased from RMB28,373.0 million as of 31 December 2019 to RMB33,342.7 million as of 31 December 2020. We changed the net current liabilities position of RMB3,725.7 million as of 31 December 2019 to net current assets of RMB225.6 million as of 31 December 2020.

Our current ratio improved from 0.7 as of 31 December 2019 to 1.0 as of 31 December 2020 as we have obtained long term financings including other borrowings related to Atlantis CMBS, French State Guaranteed Loan and Taicang Lijiang long term loans to improve our liquidity in 2020.

Our gearing ratio[1] slightly increased from 37.4% as of 31 December 2019 to 47.9% as of 31 December 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 bank balances.

1. Excluding the impact of IFRS 16, gearing ratio would be 29.6% and 16.9% as of 31 December 2020 and 31 December 2019, respectively.

Pledged Assets

As at 31 December 2020, the Group had pledged assets of RMB5,427.1 million (31 December 2019: RMB5,668.0 million) for bank borrowings. Details of pledged assets are set out in note 30 to financial statements.

Cash flow

As of 31 December 2020, we had cash and bank balances of approximately RMB4,571.2 million. The following table sets out our cash flows for the periods indicated:

	2020 RMB'000	2019 RMB'000
Net cash flows (used in)/generated from operating activities[1]	**(1,860,079)**	2,316,624
Net cash flows used in investing activities[2]	**(983,669)**	(1,520,123)
Net cash flows generated from/(used in) financing activities	**5,276,439**	(828,818)
Cash and balances at end of the year	**4,571,249**	2,138,367
Analysis of balances of cash and cash equivalents		
Cash and bank balances at end of the year	**4,571,249**	2,138,367
Less: Pledged bank balances	**5,720**	9,526
Time deposits with original maturity of more than three months	**1,626,919**	164
Restricted pre-sale proceeds	**130,256**	—
Cash and cash equivalents at end of the year	**2,808,354**	2,128,677

1. Excluding outflow of pledged bank balances and restricted pre-sale proceeds
2. Excluding outflow of time deposits with original maturity of more than three months. Because the Group can free use the time deposits if we waived the interest income receivable related to the deposits.

Cash flows used in operating activities

Our net cash used in operating activities of RMB1,860.1 million for the year ended 31 December 2020, reflects our loss before income tax of RMB2,581.0 million, as adjusted by (A) the adding back of certain non-cash or non-operating items such as depreciation and amortization of RMB2,037.5 million and interest expenses of RMB895.4 million, offset by excluding gain on rental concession of RMB319.5 million; (B) changes in working capital including (i) a decrease in contract liabilities of RMB548.0 million and decrease in other payables and accruals of RMB266.3 million, mainly reflecting the decrease of advances from customers due to the decrease of business volume of tourism operation, (ii) a net impact of the increase in property under development and completed properties for sale of RMB346.9 million, mainly due to the construction progress of Taicang and Lijiang Foliday Town, and (C) income tax paid of RMB810.6 million.

Cash flows used in investing activities

For the year ended 31 December 2020, our net cash used in investing activities of RMB983.7 million, primarily reflects (i) RMB953.3 million in purchases of property, plant, and equipment items, mainly for capital expenditures in tourism destination projects and upgrade or renovation of existing resorts, (ii) RMB149.5 million payment for additions of intangible assets, mainly for investments in Thomas Cook lifestyle platform, software and IT solutions for tourism operation, which partially offset by (iii) RMB118.6 million received from disposal of certain resorts.

Cash flows used in financing activities

For the year ended 31 December 2020, our net cash generated from financing activities of RMB5,276.4 million, primarily reflects (i) net increase of bank loans and other borrowings of RMB6,664.3 million, which mainly includes we aggregately obtained bank loans and Atlantis CMBS of RMB10,264.7 million and repaid RMB3,600.4 million; partially offset by (ii) payment of lease liabilities of RMB991.8 million, (iii) interest payment of RMB206.4 million, and (iv) Redemption of convertible bonds and preference shares of RMB110.2 million.

Net current assets/(liabilities)

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

As of 31 December 2020, the total current assets was RMB10,597.3 million and the total current liabilities was RMB10,371.7 million. Our net current assets were RMB225.6 million as at 31 December 2020. We had cash and bank balances of RMB4,571.2 million, undrawn banking facilities of RMB4,248.6 million, and interest-bearing bank and other borrowings within one year of RMB2,187.9 million. We believe we have sufficient resources such as cash and bank balances, available banking facilities and positive free cash flow generated from operations after the pandemic 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 RMB265.4 million as at 31 December 2020 comparing with RMB420.4 million as at 31 December 2019. Details of contingent liabilities are set out in note 45 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. In 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 Mauritian Rupee, British Pound, Turkish Lira, U.S. Dollar and assimilated, leading to foreign currency exchange losses. For the years ended 31 December 2019 and 2020, we recorded foreign exchange gain of RMB38.9 million and loss of RMB102.3 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 RMB28.1 million and a loss of RMB531.9 million for the year ended 31 December 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, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risks. 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. More details are set out in note 49 to financial statements.

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 were assessed to be effective as of 31 December 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 31 December 2020 and 31 December 2019, approximately 53.3% 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 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 and principal amount of the interest-floating borrowings and changes in variable rates which are generally based on the Europe Interbank Offered Rate. Changes in the fair value of non-hedging interest rate derivatives were charged to the consolidated statement of profit or loss.

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

Credit risk

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

As at 31 December 2020 and 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, convertible redeemable preferred shares and lease liabilities. 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. More details are set out in note 28 to financial statements. 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.

FIVE-YEAR STATISTICS

Year	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Group Business Volume	**6,947,698**	14,595,046	13,399,105	11,832,354	11,433,907
Resort Business Volume	**5,605,566**	13,205,612	12,633,429	11,699,365	10,873,234
Revenue	**7,060,257**	17,337,169	16,269,819	11,799,394	10,782,975
Gross profit	**2,164,602**	5,538,725	5,276,048	2,830,349	2,540,798
Operating profit/(loss)	**(1,675,918)**	2,071,225	1,741,835	73,389	63,130
Profit/(Loss) for the year	**(2,802,350)**	576,293	389,121	(294,996)	(472,557)
Profit/(loss) attributable to equity holders of the Company	**(2,568,073)**	608,722	308,441	(196,502)	(350,212)
EBITDA	**153,567**	3,661,215	1,912,672	746,313	630,278
Adjusted EBITDA	**193,809**	3,729,362	2,073,038	746,313	630,278
Adjusted net profit/(loss)	**(2,762,108)**	644,440	579,677	(189,095)	(223,082)
Total equity	**5,343,886**	8,429,876	8,315,198	4,547,489	1,165,773
Equity attributable to owners of the parent	**5,126,194**	8,129,563	8,037,040	4,617,490	1,050,130
Indebtedness	**23,120,716**	15,919,640	6,000,015	7,474,913	6,481,227
Indebtedness excluding lease liabilities	**13,353,127**	6,814,997	5,919,996	7,388,612	6,456,888
Cash and bank balances	**4,571,249**	2,138,367	2,162,789	1,630,173	1,597,682
Property, plant and equipment	**9,913,468**	10,623,796	10,153,134	9,712,461	8,031,696
Intangible assets	**2,836,417**	2,756,705	2,624,720	2,525,089	2,320,371
Property under development	**2,454,716**	1,937,842	2,170,618	2,920,158	1,709,717
Prepaid land lease payments	**—**	—	1,339,883	832,732	845,645
Contract liabilities	**626,237**	1,175,498	4,434,605	6,573,325	1,719,908
Current ratio	**1.0**	0.7	0.7	0.8	0.7
Gearing ratio	**47.9%**	37.4%	13.0%	19.9%	24.9%
Adjusted EBITDA margin	**2.7%**	21.5%	12.7%	6.3%	5.8%

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Company considers that having Mr. Qian Jiannong acting as both the Chairman and Chief Executive Officer 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.

A. THE BOARD

a) Responsibilities

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

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

b) Delegation of Management Function

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

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

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

On a monthly basis, the senior management provides the Directors with operational and financial reports of the Group's performance, position and prospects. The Board considered the monthly reports given by the senior management to the Directors are sufficient to enable the Directors to discharge their duties. All Directors are kept informed of and duly briefed of major changes and information that may affect the Group's businesses in a timely manner.

c) Board Composition

The Board currently comprises the following Directors:

Executive Directors
Mr. Qian Jiannong *(Chairman and Chief Executive Officer)*
Mr. Henri Giscard d'Estaing *(Vice Chairman and Deputy Chief Executive Officer)*
Mr. Wang Wenping *(Vice President and Chief Financial Officer)*
Mr. Xu Bingbin *(Executive President and Co-Chief Financial Officer)*

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

Mr. Wang Can resigned as non-executive Director on 21 January 2020. Mr. Xu Bingbin has been appointed as executive Director with effect from 15 March 2021.

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

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

The independent non-executive Directors bring a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in Board meetings, and serving on Board committees, all independent non-executive Directors have made various positive contributions to the development of the Company.

d) Appointment and Re-election of Directors

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

Each of Mr. Qian Jiannong and Mr. Wang Wenping, being executive Directors, entered into a service contract with the Company on 19 November 2018, Mr. Henri Giscard d'Estaing, being executive Director, entered into a service contract with the Company on 4 September 2018, for an initial term of three years commencing from the Listing Date. Mr. Xu Bingbin, being executive Director, entered into a service contract with the Company on 15 March 2021, for an initial term of three years commencing therefrom.

Each of Dr. Allan Zeman, Mr. Guo Yongqing and Ms. Katherine Rong Xin, being independent non-executive Directors, entered into a letter of appointment with the Company on 19 November 2018. Each letter of appointment is for an initial term of three years commencing from the Listing Date.

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

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

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

e) Continuous Professional Development of Directors

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

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

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

	Training Matters	
Name of Directors	Legal and Regulatory	Corporate Governance
Executive Directors		
Mr. Qian Jiannong	✓	✓
Mr. Henri Giscard d'Estaing	✓	✓
Mr. Wang Wenping	✓	✓
Non-Executive Director		
Mr. Wang Can [(1)]	N/A	N/A
Independent Non-Executive Directors		
Dr. Allan Zeman	✓	✓
Mr. Guo Yongqing	✓	✓
Ms. Katherine Rong Xin	✓	✓

Note:

(1) Mr. Wang Can resigned as non-executive Director on 21 January 2020.

f) Board Meetings

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

g) Practice and Conduct of Board Meetings

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

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

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

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

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

h) Directors and Officers Liability Insurance

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

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Reporting Period, the posts of Chairman and Chief Executive Officer are held by Mr. Qian Jiannong and Mr. Henri Giscard d'Estaing held the posts of Vice Chairman and Deputy Chief Executive Officer. With the assistance of the Vice Chairman and Deputy Chief Executive Officer, the segregation ensures a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business operations. Their respective responsibilities are clearly established and set out in writing.

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

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

C. BOARD COMMITTEES

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

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

Audit Committee

The Audit Committee comprises three members, namely Mr. Guo Yongqing (Chairman), Dr. Allan Zeman and Ms. Katherine Rong Xin. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

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

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

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

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

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

Remuneration Committee

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

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

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

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

Nomination Committee

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

The main duties of the Nomination Committee include the following:

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

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

The Nomination Committee held one meeting during the Reporting Period to review the structure, size, composition and diversity of the Board, the independence of the independent non-executive Directors and make recommendations to the Board in relation to the re-appointment of retiring Directors at the 2020 annual general meeting. The attendance records of each member of the Nomination Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

Strategy Committee

The Strategy Committee comprises three members, including two executive Directors, namely Mr. Qian Jiannong (Chairman) and Mr. Henri Giscard d'Estaing and one independent non-executive Director, namely Dr. Allan Zeman.

The main duties of the Strategy Committee include the following:

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

The Strategy Committee held one meeting during the Reporting Period to review the strategy and highlights of the Group in 2019 and to discuss the strategy of the Group for 2020 to 2022. The attendance records of each member of the Strategy Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

Environmental, Social and Governance Committee

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

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

- To review, formulate and adopt the vision, objectives and strategies of the environmental, social and governance ("ESG") of the Group;

- To supervise, review, evaluate and report back to the Board on the ESG performance; and

- To identify, assess and manage important issues related to ESG.

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

Board Diversity Policy

The Company recognizes and embraces the benefit of having a diverse board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage and achieving long-term sustainable growth for the Group. According to the board diversity policy of the Company, all Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board. The said elements have substantially been included in the current Board composition.

D. ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

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

	Attendance/Number of Meetings						
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Strategy Committee	Environmental, Social and Governance Committee	Annual General Meeting
Executive Directors							
Qian Jiannong	4/4	—	—	1/1	1/1	—	1/1
Henri Giscard d'Estaing	4/4	—	—	—	1/1	—	1/1
Wang Wenping	4/4	—	2/2	—	—	2/2	1/1
Non-Executive Director							
Wang Can[1]	—	—	—	—	—	—	—
Independent Non-Executive Directors							
Allan Zeman[2]	4/4	1/2	—	1/1	1/1	—	1/1
Guo Yongqing	4/4	2/2	2/2	—	—	2/2	1/1
Katherine Rong Xin	4/4	2/2	2/2	1/1	—	2/2	1/1

Note:

(1) Mr. Wang Can resigned as non-executive Director on 21 January 2020.

(2) Dr. Allan Zeman was appointed as member of the Audit Committee with effect from 20 April 2020.

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

E. MODEL CODE FOR SECURITIES TRANSACTIONS

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

F. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

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

G. EXTERNAL AUDITORS A D AUDITORS' REMUNERATION

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

During the Reporting Period, the remuneration paid to Ernst & Young, the external auditors of the Company, in respect of professional audit services, amounted to RMB3.9 million and no significant non-audit services were provided by Ernst & Young to the Company.

H. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for evaluating, determining and managing the nature and extent of the risks it is willing to take rather than eliminate risks of failure in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees the management in the design, implementation and monitoring of the risk management and internal control systems efficiently, and the management provides a confirmation to the Board on the effectiveness of these systems. The Company identifies, evaluates and monitors significant risks faced by the Company and builds up its risk management and internal control system, taking into consideration (i) the findings of internal audits and issues revealed during operation and management, (ii) audit findings of external auditors to achieve the goal of risk control, (iii) the changes, since the last review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment; (iv) the scope and quality of management's ongoing monitoring of risks and of the internal control systems and the work of the internal audit function, (v) the extent and frequency of communication of monitoring results to the Board or the Audit Committee which enables it to assess control of the Company and the effectiveness of risk management; (vi) significant control failings or weaknesses that have been identified during the period as well as the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and (vii) the effectiveness of the Company's processes for financial reporting and regulatory compliance. Such significant risks include decision-making risks of operation, financial control risks, and the risks arising from changes in business environment. Furthermore, procedures including preclearance on dealing in the Shares, notification of regular blackout and securities dealing restrictions to relevant Directors and employees and dissemination of information on a need-to-know basis have been implemented by the Group to help ensure proper handling of inside information within the Group. The Company reviewed the risk management and internal control systems of the Company on a regular and ad hoc basis.

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

During the Reporting Period, the Board has reviewed the effectiveness of the risk management and internal control system of the Group. The Company continued to improve the standardization and systematic development of the internal control system, covering the functions of financial control, operational control, compliance control and risk management. The risk management department of the Company has carried out independent internal control audits in respect of significant risk areas and has reported to the Directors regularly in respect of the effectiveness of the risk management and internal control system and significant risks. The boards of directors of the subsidiaries have submitted evaluation reports to the Company on the effectiveness of the risk management and internal control systems. The Company considers that its risk management and internal control system are effective and adequate.

I. COMPANY SECRETARY

Ms. Leung Ching Ching has been the Company Secretary of the Company since 28 June 2019. Ms. Leung Ching Ching is a Senior Manager of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Wang Wenping (executive Director, the chief financial officer and vice president) has been designated as the primary contact person at the Company which would work and communicate with Ms. Leung Ching Ching on the Company's corporate governance and secretarial and administrative matters.

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

J. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies.

The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions. The Group delivers its most updated information through announcements made on the Stock Exchange's website, communication with analysts, meetings with investors, maintenance of the website of the Company concerning investor relations, dissemination of investor's newsletter and public forum.

The general meetings of the Company provide a forum for communication between the Board and the Shareholders. The Chairman as well as the chairman of the Audit Committee, Remuneration Committee, Nomination Committee, Strategy Committee and ESG Committee and, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at general meetings.

There are no changes in the Memorandum and Articles of Association during the Reporting Period. The up-to-date version of the Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website.

The Company endeavors to distribute material information about the Group to the public. To promote effective communication, the Company maintains a website at www.fosunholiday.com, where information and updates on the Company's business developments and operations, financial information and other information are available to the public.

A shareholders' communication policy for enhancement of the corporate governance had been established and the Board had reviewed the shareholders' communication policy during the Reporting Period.

K. DIVIDEND POLICY

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

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

- operations;
- earnings;
- financial condition;
- cash requirements and availability;
- capital expenditure;
- future development requirements;
- business conditions and strategies;
- interests of shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

L. SHAREHOLDER RIGHTS

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

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll, except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Poll results announcement will be posted on the websites of the Company and the Stock Exchange in the manner prescribed by the Listing Rules.

Procedures for Shareholders to Convene an Extraordinary General Meeting

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

Procedures for Putting Forward Proposals at General Meeting

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

Putting Forward Enquiry/Requisition to the Board

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

Contact Details

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are updated as of 1 April 2021.

Qian Jiannong

Henri Giscard d' Estaing

EXECUTIVE DIRECTORS

Mr. Qian Jiannong (錢建農), aged 59, was appointed as chief executive officer of the Group since the establishment of commercial business department in October 2009, and was appointed as the chairman of the Board on 30 September 2016 and re-designated as an executive Director on 17 August 2018. Mr. Qian is responsible for formulating business strategies and overall management of the Group. Mr. Qian has over 20 years of experience in the tourism and retail industries. He joined the Group in October 2009 and was primarily responsible for developing and implementing Fosun International's strategies, operation and management of business activities in the tourism sector. He has since led the Group in accomplishing a series of investments in the tourism industry, such as Club Med, Vigor and Thomas Cook. Mr. Qian currently serves as a global partner and a senior vice president of Fosun International, solely responsible for the operation of the Group. He has also been a director of Club Med since 2010 and Club Med Holding since February 2015. He was a director of Shanghai Yuyuan Tourist Mart Co., Ltd. from June 2010 to December 2013. Mr. Qian has been a director of Hainan Atlantis since May 2013 and primarily responsible for overall business direction of Hainan Atlantis. He was also a non-executive director of Folli Follie from May 2011 to June 2018. Mr. Qian served as a director of Grupo Osborne, S.A. from June 2014 to November 2016. From September 2006 to August 2009, Mr. Qian also served as the chief executive officer and the executive director of Nepstar Chain Drugstore Ltd. (中國海王星辰連鎖藥店股份有限公司).

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

Mr. Henri Giscard d'Estaing, aged 64, is the deputy chief executive officer of the Group since June 2018, an executive Director and the vice chairman of the Board since August 2018. He has also served as the president and director of Club Med Holding and president of Club Med Invest and also Club Med since March 2015 and December 2002, respectively. Mr. Giscard d'Estaing joined Club Med in July 1997 and successively served in various roles in Club Med. In addition, Mr. Giscard d'Estaing is also a global partner of Fosun International, which demonstrates the importance of the Group's business within the Fosun International Group. Prior to joining Club Med, Mr. Giscard d'Estaing served as the head of development, chief executive officer of Danone's British subsidiary HP Food Lea and Perrins, chief executive officer of Evian-Badoit and an associate director in Cofremca. Mr. Giscard d'Estaing has also been a member of the advisory board of BOAO Forum for Asia since April 2018 and the deputy chairman of World Tourism Alliance (WTA) since its establishment in 2017. Mr. Giscard d'Estaing was an observer of Casino, Guichard-Perrachon (Euronext Paris: CO) and has been a member of the supervisory board of Randstad N.V. (Euronext Amsterdam: RAND) since April 2008.

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

Mr. Wang Wenping, aged 43, was appointed as a director on 2 August 2018 and re-designated as an executive Director on 17 August 2018. He became the vice president and chief financial officer when he joined the Group on 24 April 2017, responsible for formulating business plans, strategies and major decisions of the Group and overseeing the financial management of the Group. Mr. Wang has over 20 years of working experience in the auditing and finance industries. Before joining the Group, he served as the executive director, chief financial officer and company secretary at Something Big Technology Holdings Limited from January 2014 to April 2017. From July 2000 to December 2013, he worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP, where he last served as a senior audit manager.

Mr. Wang has been a non-practicing member of the Shanghai Institute of Certified Public Accountants since June 2015, and was also a practicing member from November 2002 to April 2015. Mr. Wang received a bachelor's degree majoring in accounting from Xiamen University in July 2000 and received an executive master of business administration degree from China Europe International Business School in November 2018.

Mr. Xu Bingbin, aged 40, has joined the Group since November 2009 and currently serves as executive president and co-chief financial officer of the Company and primarily responsible for overall investor relations, driving strategy planning and implementation of Club Med and supervising the development of overseas business. Mr. Xu has held various positions in the Group including a director of Club Med SAS, a director of Thomas Cook Tourism (UK) Company Limited[1] and a director of Kuyi International Travel Agency (Shanghai) Co., Ltd.. In addition, Mr. Xu has served as a director of Vigor Kobo Co., Ltd. (Taipei Exchange stock code: 2733) since 2012. Prior to joining the Group, Mr. Xu served as an assistant general manager of China International Economic Consultants Co., Ltd. Shanghai Branch, CITIC Group from March 2006 to October 2009, where he was mainly responsible for merger and acquisitions, investment and strategy consulting.

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

1 Such company was incorporated in 2019 for the purpose of expansion of overseas business after the acquisition of brand of Thomas Cook in November 2019.

Allan
Zeman

Guo
Yongqing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Allan Zeman, aged 72, an independent non-executive Director since November 2018. Dr. Zeman has been the chairman of Lan Kwai Fong Group, an independent non-executive director of Sino Land Company Limited (Stock Exchange: 00083), Tsim Sha Tsui Properties Limited (Stock Exchange: 00247), Global Brands Group Holding Limited (Stock Exchange: 00787) and Television Broadcasts Limited (Stock Exchange: 00511). Dr. Zeman has also been a non-executive chairman and an independent non-executive director of Wynn Macau, Limited (Stock Exchange: 01128) and a non-executive director of Pacific Century Premium Developments Limited (Stock Exchange: 00432) and its independent non-executive director during the period from July 2006 to March 2018.

Dr. Zeman has been the chairman of Ocean Park from 2003 to 2014 and member of the board of West Kowloon Cultural District Authority from 2008 to 2016, and currently an honorary advisor of the Ocean Park and chairman of commercial letting panel of the West Kowloon Cultural District Authority since December 2016.

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

Dr. Zeman was awarded an Honorary Doctorate of Laws Degree from the University of Western Ontario, Canada in June 2004. In November 2012, he was also awarded Honorary Doctorate Degrees of Business Administration from City University of Hong Kong and the University of Science and Technology of Hong Kong. In November 2019, Dr. Zeman was awarded Honorary Doctorate Degrees of Business Administration from The Open University of Hong Kong.

Mr. Guo Yongqing, aged 46, an independent non-executive Director since November 2018. Mr. Guo has been a professor of accounting in Shanghai National Accounting Institute and Huangshan Tourism Development Co., Ltd. (Shanghai Stock Exchange: 600054 and 900942). Mr. Guo has also been an independent non-executive director of Tianjin Capital Environmental Protection Group Company Limited (Shanghai Stock Exchange: 600874 and Stock Exchange: 1065).

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

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

Katherine Rong Xin

Ms. Katherine Rong Xin, aged 57, an independent non-executive Director since November 2018. Ms. Xin has been Professor of Management and Associate Dean at the China Europe International Business School. Ms. Xin served as an independent director in Shanghai Blossom Hill Hotel Management Co. Ltd., a company mainly engaged in boutique hotel management in China under the Blossom Hill brand, from March 2012 to April 2017.

Ms. Xin was awarded Chinese Most Cited Researchers by Elsevier, a global provider of scientific, technical, and medical information, for six consecutive years from 2014 to 2019.

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

SENIOR MANAGEMENT

Mr. Michel Wolfovski, aged 63, is the chief financial officer and the deputy chief executive officer of Club Med. Mr. Wolfovski joined Club Med in March 1998, and is primarily responsible for overseeing the operation, management and financial matters of Club Med, and moreover is the supervisor of Club Med's business in North and South America and operations in Europe-Africa. Prior to joining Club Med, he successively served as an auditor at the Lagardère Group, the head of management control and accounting at Matra Manurhin Défense, vice president financial management at Fairchild Space and Defense Corporation in the U.S., and management finance Director at the Matra Communication group. Before that, Mr. Wolfovski served as an auditor at Ernst & Young. Mr. Wolfovski is the member of the French Institute of Certified Public Accountants. Mr. Wolfovski received his master's degree from Le Havre Business School, France, in July 1982.

Mr. Cao Ming Long, aged 56, is the co-president of the Group and president of the tourism destination development management center of the Group and a global partner of Fosun International. Mr. Cao joined our Group in 2013, and is primarily responsible for overseeing the construction, operation and development of the tourism destination of the Group. He has over 19 years of working experience in the real estate and tourism industries. Prior to joining our Group, Mr. Cao served as the chief operating officer of China real property division of Tuan Sing Group. Prior to that, Mr. Cao worked at WBL Properties (China) (Private) Ltd. (formerly known as Weames Development (Private) Ltd. — China property division) where he served as the deputy general manager. Prior to that, Mr. Cao worked as the operation director/ deputy managing director in Asia Food and Properties Co., Ltd. China Division. Mr. Cao obtained a bachelor's degree in medicine from the Second Military Medical University in July 1989, and obtained a master's degree in business administration from University of Leicester in July 1999.

Mr. Guo Qing, aged 47, is the co-president of the Group and the president of the tourism destination business development and operation management center of the Group since 11 January 2020. Before joining the Group, Mr. Guo has over 22 years of professional experience in real estate development industry in China, including real estate development, asset management and property management. Mr. Guo served several positions within Fosun International Limited and its subsidiaries. Prior to that, Mr. Guo worked for Shui On Management (Shanghai) Co., Ltd. as an executive director and served as a managing director of Shanghai Feng Cheng Property Management Co., Ltd. Mr. Guo graduated from Shanghai Tongji University with a bachelor degree in urban planning.

Ms. Wang Yuenan, aged 45, is the vice president and general manager of Service & Solution department of our group since 28 February 2020. Prior to this, Ms. Wang Yuenan was the vice president and general manager of the human resources department of our Group since she joined our Group in April 2017. Ms. Wang has over 20 years of working experience cross functional and business functions in various industry. Prior to joining our Group, she served as a human resources director of China, and meanwhile taking the dual role as human resources leader of Asia Pacific and India of at Trane Air Conditioning System (China) Co., Ltd. Prior to that, Ms. Wang worked as human resources director of Grundfos Pumps (Shanghai) Co., Ltd. She also worked at Mondelez Shanghai Food Corporate Management Co., Ltd. where she last served as the national human resources manager. Prior to that, Ms. Wang served as APAC organization development and learning leader in the Specialty Materials Business Group of Honeywell (China) Co., Ltd. Ms. Wang obtained a bachelor's degree in economics from the East China Normal University in July 1997, and obtained a master's certificate in applied psychology from East China Normal University in June 2005. She also completed the Chief Human Resource Officer Executive Education Program held by Shanghai Jiao Tong University in April 2015.

Ms. Fang Weijin, aged 36, is the vice president and general manager of the human resources department of the Group. Ms. Fang joined the Group in November 2020. She is primarily responsible for human resource strategic planning, organization design and development, talent recruitment, leadership development and mechanism innovation. Ms. Fang served as Head of Fosun International Talent Development, senior human resources partner, executive principal of Fosun University, general manager of the staff ecology BD department and co-chief human resources officer of the Intelligent Technology Business Group.

COMPANY SECRETARY

Ms. Leung Ching Ching, aged 40, has been the company secretary of the Company since June 2019. Ms. Leung is a Senior Manager of Corporate Services of Tricor Services Limited ("Tricor"). Ms. Leung graduated from The Chinese University of Hong Kong and admitted to the Degree of Bachelor of Social Science in December 2003. She also received a Master of Arts in Professional Accounting and Information System from City University of Hong Kong in November 2006. Ms. Leung has over 16 years of experience in the corporate secretarial field and a fellow of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW OF THE GROUP IN 2020

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

RESULTS AND DIVIDEND

The Group's loss for the Reporting Period and the state of affairs of the Group for the Reporting Period are set out in the financial statements and the accompanying notes of this annual report.

The Board does not recommend the payment of any final dividend for the Reporting Period (the year ended 31 December 2019: HK$0.02 per Share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 May 2021 (Friday) to 20 May 2021 (Thursday), both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the annual general meeting of the Company on 20 May 2021 (Thursday) (the "AGM"), all share transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 13 May 2021 (Thursday).

SUMMARY FINANCIAL INFORMATION

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

PROPERTY, PLANT AND EQUIPMENT

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

ISSUED SHARES AND DEBENTURES

Details of movements in the Shares during the Reporting Period are set out in note 38 to the financial statements.

The commercial mortgage backed securities were issued in March 2020 amounting to RMB6.8 billion, with mortgage of underlying assets of Atlantis Sanya hotels and Waterpark and equity interest of Hainan Atlantis and pledge of operating revenue of Atlantis Sanya. For details of reason for making the issue, the classes of debentures issued, the number of debentures issued and the consideration received by us for the issue, please see the Company's announcement dated 22 March 2020 and note 30(b) to the financial statements.

Details of movements in the debentures of the Group during the Reporting Period are set out in notes 34 and 35 to the financial statements.

SUBSIDIARIES

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

BORROWINGS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

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

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on 29 December 2017 and the shareholders of Fosun International approved the said scheme on 23 February 2018. The following detailed information in relation to the Pre-IPO Share Option Scheme is set out in the circular of Fosun International dated 1 February 2018 (the "2018 Circular") and note 40 to the financial statements. Unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the 2018 Circular. The major terms of the Pre-IPO Share Option Scheme are as follows:

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

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

3) The total number of the Shares which may be issued upon exercise of all options (the "Pre-IPO Option(s)") to granted under the Pre-IPO Share Option Scheme and other share option schemes of the Company shall not exceed 10% of the number of the relevant class of the Shares in issue as of the adoption date of the Pre-IPO Share Option Scheme on 29 December 2017 (being 100,000,000 Shares). 30,738,997 and 13,816,520 Pre-IPO Options were granted on 23 February 2018 and 19 November 2018, respectively. No further Pre-IPO Options have or will be granted under the Pre-IPO Share Option Scheme subsequent to the above grant dates. As of 31 December 2020, the number of underlying Shares pursuant to the outstanding Pre-IPO Options (excluding those lapsed/cancelled/expired) amounts to 38,258,333 Shares, representing approximately 3.10% of the issued Shares as of 31 December 2020.

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

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

6) The subscription price for the grant of Pre-IPO Options shall be determined by the Board or the duly authorized committee thereof from time to time.

7) The exercise prices of the Pre-IPO Options in the amount of 30,738,997 granted on 23 February 2018, and those in the amount of 13,816,520 granted on 19 November 2018, under the Pre-IPO Share Option Scheme are HK$8.43 per Share and the offer price of the global offering of HK$15.60 per Share, respectively.

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

9) Subject to the termination provisions under the Pre-IPO Share Option Scheme, under no circumstance shall the life of the Pre-IPO Share Option Scheme be more than 10 years from its adoption date. No further Pre-IPO Options shall be granted after the date immediately preceding the date of listing of the Shares on the Stock Exchange, but the provision of the Pre-IPO Share Option Scheme shall remain in full force and effect in all other respects.

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

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

Name of Grantee	Date of grant of the Pre-IPO Options	Number of the Pre-IPO Options: As of 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period	As of 31 December 2020	Vesting period of the Pre-IPO Options	Exercise price of the Pre-IPO 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 Grantees	23 February 2018 and 19 November 2018	21,975,252	—	—	5,063,544	16,911,708	28 December 2018 to 28 December 2021(2) and 18 November 2019 to 18 November 2022(3)	8.43 and 15.60
Total		**43,321,877**	**—**			**38,258,333**		

Notes:

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

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

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

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

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

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

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

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

Details of the Pre-IPO Share Ownership Plan and the Pre-IPO Free Share Award Plan are set out in note 40 to the financial statements.

2019 SHARE OPTION SCHEME

The Company adopted the 2019 Share Option Scheme on 19 August 2019 and the shareholders of Fosun International and the Company approved the said scheme on 30 October 2019 and 27 November 2019, respectively. The following detailed information in relation to the 2019 Share Option Scheme is set out in the circular of the Company dated 7 November 2019 (the "2019 Circular") and note 40 to the financial statements. Unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the 2019 Circular. The major terms of the 2019 Share Option Scheme are as follows:

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

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

3) The maximum number of the Shares which may be issued in respect of which options (the "Post-IPO Option(s)") may be granted under the 2019 Share Option Scheme shall not exceed 5.0% of the Shares in issue on the adoption date of the 2019 Share Option Scheme (representing 61,752,269 Shares), and, when aggregated with the maximum number of Shares which may be issued in respect of any options to be granted under any other share option scheme of the Company shall not exceed 10.0% of the Shares in issue on the adoption date of the 2019 Share Option Scheme. As of 31 December 2020, the number of underlying Shares pursuant to the outstanding Post-IPO Options (excluding those lapsed/cancelled/expired) amounts to 4,434,000 Shares, representing approximately 0.36% of the issued Shares as of 31 December 2020.

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

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

6) The subscription price per Share under the 2019 Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant in respect of such Post-IPO Option, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant in respect of such Post-IPO Option; and (iii) the nominal value of a Share.

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

8) For the following details, the conditions that must be met before the Company issues any shares, the conditions that must be met before a third party may require the Company to issue any shares, and any monetary or other consideration that the Company has received or will receive under the agreement, please refer to the 2019 Circular.

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

		Number of the Post-IPO Options						
Name of Grantee	Date of grant of the Post-IPO Options	As of 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period	As of 31 December 2020	Vesting period of the Post-IPO Options	Exercise price of the Post-IPO Options per Share (HKD)
Qian Jiannong	28 August 2020[1]	Nil	500,000	—	—	500,000	1 July 2021 to 1 July 2024[2]	8.37
Wang Wenping	28 August 2020[1]	Nil	320,000	—	—	320,000	1 July 2021 to 1 July 2024[2]	8.37
Other Grantees	28 August 2020[1]	Nil	4,159,000	—	545,000	3,614,000	1 July 2021 to 1 July 2024[2]	8.37
Total		Nil	4,979,000	—	545,000	4,434,000		

Notes:

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

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

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

2019 SHARE AWARD PLAN

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

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

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

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

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

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

		Number of the share units						
Name of Grantee	Date of grant of the share units	As of 1 January 2020	Granted during the Reporting Period	Vested during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period	As of 31 December 2020	Vesting period of the share units	Consideration of share units granted per unit (HKD)
Qian Jiannong	28 August 2020[1]	Nil	250,000	—	—	250,000	1 July 2021 to 1 July 2023[2]	Nil
Henri Giscard d'Estaing	28 August 2020[1]	Nil	286,667	—	—	286,667	1 July 2021 to 1 July 2023[2]	Nil
Wang Wenping	28 August 2020[1]	Nil	132,000	—	—	132,000	1 July 2021 to 1 July 2023[2]	Nil
Other Grantees	28 August 2020[1]	Nil	2,052,222	—	222,333	1,829,889	1 July 2021 to 1 July 2023[2]	Nil
Total		**Nil**	**2,720,889**	**—**	**222,333**	**2,498,556**		

Notes:

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

2. The share units, being granted to such grantee(s) on 28 August 2020 shall be vested according to the following schedule:

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

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the Consolidated Statement of Changes in Equity of this annual report and details of movements in the reserves of the Company during the Reporting Period are set out in note 39 to the financial statements.

As of 31 December 2020, the Company's reserves available for distribution amounted to RMB5,129 million.

MAJOR CUSTOMERS AND SUPPLIERS

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

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

DIRECTORS

During the Reporting Period and up to 23 March 2021, the Directors were:

Executive Directors

Mr. Qian Jiannong *(Chairman and Chief Executive Officer)*
Mr. Henri Giscard d'Estaing *(Vice Chairman and Deputy Chief Executive Officer)*
Mr. Wang Wenping *(Vice President and Chief Financial Officer)*
Mr. Xu Bingbin *(Executive President and Co-Chief Financial Officer)*[(1)]

Non-executive Director

Mr. Wang Can [(2)]

Independent Non-executive Directors

Dr. Allan Zeman
Mr. Guo Yongqing
Ms. Katherine Rong Xin

Note:

(1) Mr. Xu Bingbin has been appointed as an executive Director with effect from 15 March 2021.

(2) Mr. Wang Can resigned as non-executive Director with effect from 21 January 2020.

According to Article 109 of the Articles, Mr. Qian Jiannong and Mr. Henri Giscard d'Estaing shall retire by rotation at the AGM. According to Article 113 of the Articles, Mr. Xu Bingbin as additional member of the Board shall hold office only until the following general meeting of the Company. All of the above three Directors, being eligible, will offer themselves for re-election at the same meeting.

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Qian Jiannong, Mr. Henri Giscard d'Estaing and Mr. Wang Wenping, as an executive Director, has entered into a service contract with the Company on 19 November 2018, 4 September 2018 and 19 November 2018, respectively, for an initial term of three years commencing from the Listing Date. Mr. Xu Bingbin, as an executive Director, has entered into a service contract with the Company on 15 March 2021 for an initial term of three years commencing therefrom. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

Each of Dr. Allan Zeman, Mr. Guo Yongqing and Ms. Katherine Rong Xin, as an independent non-executive Director, has entered into a letter of appointment with the Company on 19 November 2018, respectively. Each letter of appointment is for an initial term of three years commencing from the Listing Date. The letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

DIRECTORS AND SENIOR MANAGEMENT REMUNERATION

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

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

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

	Number of senior management
RMB0 to RMB1,000,000	1
RMB1,000,001 to RMB2,000,000	2
RMB2,000,001 to RMB4,000,000	1
RMB4,000,001 to RMB6,000,000	2
RMB6,000,001 to RMB8,000,000	—
RMB8,000,001 to RMB10,000,000	—
RMB10,000,001 to RMB12,000,000	—
	6

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of 31 December 2020, none of the Directors nor their respective associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

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

As of 31 December 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 SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

a) Interests in the Shares

Name of Director/Chief executive	Nature of interests	Number of Shares/ underlying shares interested	Approximate percentage in relevant class of shares
Qian Jiannong	Beneficial owner	22,350,804	1.81%
Henri Giscard d'Estaing	Beneficial owner	1,136,897	0.09%
Wang Wenping	Beneficial owner	2,198,625	0.18%

b) Interests in associated corporation

Name of Director/Chief executive	Name of associated corporation	Nature of interests	Number of Shares/ underlying shares interested	Approximate percentage in relevant class of shares/
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)	0.56%

Notes:

(1) The calculation is based on the total number of 8,424,756,424 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 31 December 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 71.74% equity interest in Fosun International, and is therefore deemed to be interested in the Shares directly held by Fosun International.

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

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

Save as disclosed above, so far as was known to the Directors, as of 31 December 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.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

MANAGEMENT CONTRACTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Company entered into the following continuing connected transaction:

1) Office Property Lease and Management Services Framework Agreement

On 19 November 2018, the Company entered into a property lease and management services framework agreement with Fosun International (a controlling shareholder), (the "Office Property Lease and Management Services Framework Agreement"), pursuant to which the Remaining Fosun International Group agreed to lease properties, including but not limited to the properties of the Remaining Fosun International Group in Beijing and Shanghai, for office use and provide related property management services, where applicable, to the Group. The Office Property Lease and Management Services Framework Agreement is for a term commencing on the Listing Date until 31 December 2020 and is renewable for a term of three years upon mutual consents and subject to the requirements under the Listing Rules and other applicable laws and regulations. The annual cap for the Reporting Period is RMB17.2 million, while the actual transaction amount for the Reporting Period is approximately RMB3.85 million.

As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of the transactions contemplated under the Office Property Lease and Management Services Framework Agreement, on an annual basis, exceeds 0.1% but less than 5%, and they are on normal commercial terms, these transactions are subject to the reporting, annual review and announcement requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. For further details about the Office Property Lease and Management Services Framework Agreement, please refer to the Prospectus.

2) Provision of Resort Management Services to Hoshino Tomamu

SCM Corporation (a subsidiary of Club Med) entered into a management agreement covering Club Med Tomamu Resort with Hoshino Resort Tomamu Corporation (an associate of Fosun International, "Hoshino Tomamu") on 20 June 2016, as amended on 8 December 2017 (collectively, the "Tomamu Resort Management Agreement"), pursuant to which SCM Corporation, as the manager, agreed to provide management service for the Club Med Tomamu Resort. On 16 May 2017, Hoshino Tomamu, SCM Corporation and CMJ Management Corporation (a subsidiary of Club Med) entered into an assignment agreement pursuant to which SCM Corporation assigned all of its rights and obligations and contractual status under the Tomamu Resort Management Agreement to CMJ Management Corporation. Under the Tomamu Resort Management Agreement, Hoshino Tomamu is granted until the termination of such agreement a non-exclusive, non-assignable and non-transferrable license to use Club Med's names and trademarks as necessary for the resort's operation and promotion. On 20 June 2016, Club Med entered into a sales and marketing agreement with Hoshino Tomamu covering the same resort, as amended on 20 June 2016 (collectively, the "Tomamu Resort Sales and Marketing Agreement"), pursuant to which Club Med agreed to act as the exclusive and sole agent to promote, sell and market the Club Med Tomamu Resort as a Club Med product in accordance with the Club Med system.

Each of the Tomamu Resort Management Agreement and the Tomamu Resort Sales and Marketing Agreement has a term of ten years commencing from 1 December 2017, the soft opening date of Club Med Tomamu Resort. Under Club Med's management contract operating model, Club Med usually enters into a long-term management and sales and marketing agreement to ensure business stability and continuity because it is not in the interest of both the resort owner and resort manager to frequently change the resort managers or to enter into short-term management agreements which could result in disruptions to operations. It also takes time to find new places and properties that are suitable to be managed and marketed under the Club Med brand. As such, a longer duration gives Club Med longer term visibility on its costs of operations and allows Club Med to share the future growth of the resort and boost its revenue. Our Directors are of the view that entering into the Tomamu Resort Management Agreement and the Tomamu Resort Sales and Marketing Agreement for a period of more than three years is in line with normal business practice and is in the interests of the Company and the Shareholders as a whole. The joint sponsors agree with our Directors' view and concur that the more than three years' term is in line with normal business practice in compliance with Rule 14A.52 of the Listing Rules. The annual cap of Tomamu Resort Management Agreement and Tomamu Resort Sales and Marketing Agreement for the Reporting Period is RMB29.3 million and RMB137.8 million, respectively. The actual amount of Tomamu Resort Management Agreement and Tomamu Resort Sales and Marketing Agreement for the Reporting Period is approximately RMB3.72 million and RMB46.03 million, respectively.

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

3) Purchase of Steelwork Materials

On 21 April 2020, the Company (for itself and on behalf of the Group) entered into the steelwork material purchase framework agreement (the "Steelwork Material Purchase Framework Agreement") with Jiangsu NISCO's "Ready Rolled Steel" Trading Co., Ltd. (an associate of Fosun International, "Nangang Trading"), pursuant to which the Group shall purchase, and Nangang Trading shall sell, steelwork materials for the construction of the Taicang project. The Steelwork Material Purchase Framework Agreement is for a term commencing from the date of the Steelwork Material Purchase Framework Agreement to 31 December 2022. The annual cap for the estimated considerations payable by the Group to Nangang Trading for the Reporting Period is RMB30 million, while the actual amount of the considerations payable for Reporting Period is approximately RMB29.9 million. For details of the transaction, please refer to the announcement of the Company dated 21 April 2020.

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

4) Sales Agency Agreement

On 31 July 2020, Taicang Tourism Subsidiaries (being subsidiaries of the Company) and 上海策源房地產經紀有限公司 (Shanghai Resource Real Estate Brokerage Co., Ltd*) (an associate of Fosun International, "Shanghai Resource") entered into the sales agency agreement (the "Sales Agency Agreement"), pursuant to which Taicang Tourism Subsidiaries agreed to entrust Shanghai Resource to conduct marketing plan and be the non-exclusive on-site sales agent for the Taicang FOLIDAY Town Project for a term of three years, from 1 January 2020 to 31 December 2022. The annual cap for the estimated sales agency commission payable by the Group to Shanghai Resource for the Reporting Period is RMB25 million, while the actual amount of the considerations payable for Reporting Period is approximately RMB0.96 million. For details of the transaction, please refer to the announcement of the Company dated 31 July 2020.

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

The Company hereby confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules and has followed the set pricing policies and guidelines when determining the price and terms of the transactions during the Reporting Period for all abovementioned connected transactions during the Reporting Period.

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

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

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

2) on normal commercial terms or better; and

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

The auditors of the Company have performed the relevant procedures regarding the foregoing continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740, *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by Hong Kong Institute of Certified Public Accountants. The auditors have issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 93 and 95 of this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

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

* *For identification purposes only*

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

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

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

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

NON-COMPETITION UNDERTAKING

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

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

RELATED PARTY TRANSACTIONS

Related party transactions entered by the Group during the Reporting Period are disclosed in note 46 to the financial statements. During the Reporting Period, certain related party transactions constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the Reporting Period of the Group are set out in note 50 to the financial statements and the "Business Overview" in this annual report.

ENVIRONMENT POLICY AND THE PERFORMANCE

The Company actively fulfils social responsibility, protects and cares for the environment, makes good use and cherishes resources, adopts more environment-friendly design and technology, enhances the sense of environmental protection among employees, cooperative partners and customers, and strives to minimize the impact of the Company's businesses on the environment. Details are set out in the "Fosun Tourism Group 2020 Environmental, Social and Governance Report" that to be published in April 2021 on the Stock Exchange's website (www.hkexnews.hk).

RELATIONSHIP WITH ITS EMPLOYEES, CUSTOMERS, SUPPLIERS AND INVESTORS

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

The Company adopts a variety of ways to communicate with its employees, such as FOLIDAY Sharing Sessions (non-regular) and their performance review and feedback from management heads in different tiers. These communication channels allow the Company to understand its employees and at the same time to deliver the Company's strategies and culture to its employees, through which the latest information of the country, industries and enterprises is also shared with our employees, thus a diverse platform for learning and development is provided. Our employees are also encouraged to attend charitable activities for upholding the Group's value and brand. As of 31 December 2020, the employees of the Group come from six continents, with a total number of 12,949.

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

MAJOR RISKS AND RESPONSIVE MEASURES

With the growth of global operations, the Group further enhanced group-level risk management in the Reporting Period, and improved enterprise risk management system from the aspects of organizational structure, management policies and work flows. Nevertheless, the Group is fully aware of the risks and uncertainties in its operations, such as:

1. Strategic risk

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

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

2. Market risk

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

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

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

3. Financial risk

We undertake a wide range of financial risks, including currency risk, fair value interest rate risk and cash flow interest rate risk, credit risk and liquidity risk. We operate resorts all over the world and are exposed to the risk of fluctuations in foreign exchange rates. Our exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates. Our reporting currency is the RMB.

As we conduct our businesses worldwide, we receive foreign currency payments from our customers during our daily operations, and we have different bank borrowing balances in different currencies. The fluctuations in currency exchange rates may significantly decrease the RMB amount received from foreign currency revenues, and could have a significant impact on our indebtedness position. As a result, we are subject to fluctuations in currency exchange rates which may cause volatility in our results of operations and may make it difficult or impossible to compare our results of operations from period to period. We have entered into interest rates swap contracts to manage interest rate exposures on borrowings. 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.

4. Operational risk

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

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

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

Our information systems are designed to meet requirements for security, reliability, availability and traceability of information. We have implemented security systems to ensure that such data are protected and loss of such data, whether through hacking or other means, is avoided, so as to ensure the security of the information systems and the integrity of our data. We have also achieved automatic data deletion in clients' database, definition of global governance for clients' data protection in resorts, documentation of international data transfers between companies. Only employees with the professional necessity to access the customers' information are authorized with a limited access to such confidential information, and employees are forbidden from extracting from our information systems any data of a personal nature and in particular the data subject to privacy protection.

5. Compliance risk

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

The Group is well aware of the importance of compliance management to the development of the company and always regards environmental protection, occupational health, safe production and quality management (EHSQ) as an important part of fulfilling social responsibility, also we have established EHSQ department to manage environment, food safety and hygiene, occupational safety and health to ensure operations in compliance. The Group complies with the information disclosure requirements of the Hong Kong Stock Exchange and fulfills its disclosure obligations in a timely manner. We have established local legal teams in all regions of our business operations to handle legal matters of different jurisdictions. Where necessary, we also seek advice from external counsel. To improve efficiency of legal management, the legal teams confer periodically to share information such as best practices and insights into newly promulgated laws which have impact on our operations, and the local legal teams are required to promptly notify the central legal department of sensitive matters, including but not limited to material legal proceedings, significant projects and projects involving legal risks.

6. Reputational risk

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

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

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.

During the Reporting Period, the Group has utilized the residual amount of the net proceeds in accordance with the plan as stated in the Prospectus, of which:

Approximately 33% of the net proceeds, or approximately HK$1,079.1 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. No net proceeds was used for new tourism destinations in 2020 due to the impact of COVID-19.

As of 31 December 2020, all proceeds from the Global Offering have been fully utilized. Use of the IPO Proceeds are summarized as follows:

Approximately 19% of the net proceeds was used to (i) develop our resort business; (ii) develop our tourism and leisure services and solutions; and (iii) acquire Thomas Cook brand.

Approximately 52% of the net proceeds was used for payment of designing, planning, construction and procurement of construction materials in Taicang Project and Lijiang Project.

Approximately 26% of the net proceeds was used to repay part of the Group's outstanding bank loans.

Approximately 3% of the net proceeds was used for IPO related corporate expenses and headquarter payroll and related general corporate expenses payment.

DONATIONS

During the Reporting Period, the Group made donations of more than 70,000 masks and 30,000 other protective equipment.

FUTURE DEVELOPMENT OF THE GROUP

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

PERMITTED INDEMNITY PROVISION

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

PROFESSIONAL TAX ADVICE RECOMMENDED

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

AUDITORS

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

On Behalf of the Board
Fosun Tourism Group
Qian Jiannong
Chairman

23 March 2021

EY 安永

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

OPINION

We have audited the consolidated financial statements of Fosun Tourism Group (the "Company") and its subsidiaries (the "Group") set out on pages 109 to 245, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill	
The carrying value of goodwill in the consolidated financial statements amounted to RMB1,847,305,000 as at 31 December 2020. In accordance with IFRSs, the Group is required to perform impairment testing for goodwill at least on an annual basis. In performing the impairment test, the goodwill has been allocated to the corresponding subsidiaries acquired as the acquired subsidiaries are the only cash-generating units that can benefit from synergy of the acquisitions. The impairment test is based on the recoverable amounts of the acquired subsidiaries to which the goodwill is allocated. The recoverable amounts of the subsidiaries are the value in use using cash flow projections based on financial budgets covering a 5-year period. This matter was significant to our audit because the impairment test process was complex and involved significant judgements and estimates. The disclosures about impairment of goodwill are included in note 2.4 "Summary of Significant Accounting Policies", note 3 "Significant Accounting Judgements and Estimates" and note 17 "Goodwill", which specifically explain the key assumptions management used for the calculation of the recoverable amounts.	Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group, in particular, the discount rate and the growth rate beyond a 5-year period, with the assistance of internal valuation specialists. We paid attention to the forecasts used with respect to future revenues and operating results by comparing the forecasts with the historical performance and the business development plan of the acquired subsidiaries to which the goodwill is allocated. We also focused on the adequacy of the disclosures in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of the intangible assets with indefinite lives	
The carrying value of the intangible assets with indefinite lives in the consolidated financial statements amounted to RMB2,197,753,000 as at 31 December 2020. In accordance with IFRSs, the Group is required to perform impairment testing for indefinite-life intangible assets at least on an annual basis. The impairment test is based on the recoverable amount of the individual asset, which is its fair value less costs of disposal using the relief from royalty method. The saved royalty is calculated by multiplying royalty rate and forecasted revenue under the royalty. This matter was significant to our audit because the impairment test process was complex and involved significant judgements and estimates. The disclosures about impairment of indefinite-life intangible assets are included in note 2.4 "Summary of Significant Accounting Policies", note 3 "Significant Accounting Judgements and Estimates" and note 16 "Intangible Assets", which specifically explain the key assumptions management used for the calculation of the recoverable amounts.	Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group, in particular, the discount rate and the royalty rate of the individual asset, with the assistance of internal valuation specialists. We paid attention to the revenue forecasts used by comparing the forecasts with historical performance. We also focused on the adequacy of the disclosures in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and right-of-use assets	
The carrying value of property, plant and equipment and right-of-use assets in the consolidated financial statements amounted to RMB21,029,021,000 after deducting the impairment provision of RMB140,805,000 as at 31 December 2020. The increased market volatility after the COVID-19 outbreak and shut down plans for certain resorts are considered as impairment indicators. When an indication of impairment exists, impairment tests are performed. Impairment provision of RMB52,401,000 was provided for the assets related to resorts with shut down plans based on specific review of fair values less costs of disposal of the assets during the year ended 31 December 2020. The remaining tested assets are included in cash generating units for the impairment test which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The impairment test is based on the recoverable amount of each cash generating unit, which is its value in use using cash flow projections based on a financial budget covering a 5-year period. This matter was significant to our audit because the impairment test process was complex and involved significant judgements and estimates. The disclosures about impairment of properties, plant and equipment and right-of-use assets are included in note 2.4 "Summary of Significant Accounting Policies", note 3 "Significant Accounting Judgements and Estimates", note 14 "property, plant and equipment" and note 15 "leases" (a).	Our audit procedures included, among others, assessing the determination of cash generating units and evaluating the assumptions and methodologies used by the Group, in particular, the discount rate and the growth rate beyond a 5-year period, with the assistance of internal valuation specialists. We paid attention to the forecasts with respect to future revenues and operating results by comparing the forecasts with the historical performance and the business development plan of each cash generating unit. We checked the fair values less costs of disposal for those assets related to the resorts with shut down plans by comparing the management's estimation with historical experience and current market conditions. We also focused on the adequacy of the disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young
Certified Public Accountants

Hong Kong
23 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
REVENUE	5	**7,060,257**	17,337,169
Cost of revenue		**(4,895,655)**	(11,798,444)
Gross profit		**2,164,602**	5,538,725
Other expenses/income and gains, net	6	**(1,365,168)**	(37,221)
Selling and marketing expenses		**(1,368,119)**	(2,230,897)
General and administrative expenses		**(1,107,233)**	(1,199,382)
Operating (loss)/profit		**(1,675,918)**	2,071,225
Finance costs	8	**(895,444)**	(800,886)
Share of (loss)/profits of:			
Associates		**(9,638)**	4,401
(LOSS)/PROFIT BEFORE INCOME TAX	7	**(2,581,000)**	1,274,740
Income tax expense	11	**(221,350)**	(698,447)
(LOSS)/PROFIT FOR THE YEAR		**(2,802,350)**	576,293
Attributable to:			
Equity holders of the Company		**(2,568,073)**	608,722
Non-controlling interests		**(234,277)**	(32,429)
		(2,802,350)	576,293
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:	13		
Basic			
— For (loss)/profit for the year (RMB)		**(2.08)**	0.49
Diluted			
— For (loss)/profit for the year (RMB)		**(2.08)**	0.49

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
(LOSS)/PROFIT FOR THE YEAR	**(2,802,350)**	576,293
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Effective portion of changes in fair value of hedging instruments arising during the year	**(123,100)**	(51,419)
Reclassification adjustments for losses/(gains) included in the consolidated statement of profit or loss	**134,608**	(11,658)
Exchange differences on translation of foreign operations	**(531,898)**	28,149
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(520,390)**	(34,928)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to employee benefits	**(13,731)**	(23,584)
Equity investments designated at fair value through other comprehensive loss:		
Changes in fair value	**—**	(509,121)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(13,731)**	(532,705)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(534,121)**	(567,633)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(3,336,471)**	8,660
Attributable to:		
Equity holders of the Company	**(3,013,061)**	7,269
Non-controlling interests	**(323,410)**	1,391
	(3,336,471)	8,660

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**9,913,468**	10,623,796
Right-of-use assets	15(a)	**11,115,553**	11,053,155
Intangible assets	16	**2,836,417**	2,756,705
Goodwill	17	**1,847,305**	1,730,305
Investments in associates	18	**224,734**	194,707
Financial assets at fair value through profit or loss	19	**77,872**	28,478
Properties under development	20	**1,516,108**	1,157,886
Due from related companies	21	**2,037**	6,874
Prepayments, other receivables and other assets	22	**449,392**	296,667
Deferred tax assets	23	**106,423**	294,351
Total non-current assets		**28,089,309**	28,142,924
CURRENT ASSETS			
Inventories	24	**204,926**	196,193
Completed properties for sale	25	**312,964**	462,497
Properties under development	20	**1,029,608**	779,956
Trade receivables	26	**483,276**	653,035
Contract assets and other assets	27	**5,325**	4,284
Prepayments, other receivables and other assets	22	**1,790,383**	2,059,455
Due from related companies	21	**1,836,748**	1,911,718
Derivative financial instruments	28	**32,302**	31,042
Financial assets at fair value through profit or loss	19	**330,504**	423,432
Cash and bank balances	29	**4,571,249**	2,138,367
Total current assets		**10,597,285**	8,659,979

Continued/…

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	30	**2,187,901**	2,038,170
Contract liabilities	31	**618,456**	1,175,498
Trade payables	32	**1,522,315**	1,708,988
Accrued liabilities and other payables	33	**4,887,727**	5,518,933
Lease liabilities	15(b)	**922,762**	864,353
Tax payable		**30,091**	913,437
Due to related companies	21	**16,407**	66,546
Derivative financial instruments	28	**185,992**	99,706
Total current liabilities		**10,371,651**	12,385,631
NET CURRENT ASSETS/(LIABILITIES)		**225,634**	(3,725,652)
TOTAL ASSETS LESS CURRENT LIABILITIES		**28,314,943**	24,417,272
NON-CURRENT LIABILITIES			
Convertible redeemable preferred shares	34	**—**	85,323
Convertible bonds	35	**12,044**	172,735
Lease liabilities	15(b)	**8,844,827**	8,240,290
Interest-bearing bank and other borrowings	30	**11,153,182**	4,518,769
Contract liabilities	31	**7,781**	—
Deferred income	36	**131,231**	113,521
Due to related companies	21	**1,828,914**	1,821,347
Other long term payables	37	**485,381**	432,514
Financial liabilities at fair value through profit or loss		**2,000**	—
Deferred tax liabilities	23	**505,697**	602,897
Total non-current liabilities		**22,971,057**	15,987,396
Net assets		**5,343,886**	8,429,876
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	38	**183**	183
Shares held for the share-based payment schemes		**(3,004)**	(3,004)
Reserves	39	**5,129,015**	8,132,384
		5,126,194	8,129,563
Non-controlling interests		**217,692**	300,313
Total equity		**5,343,886**	8,429,876

Qian Jiannong
Director

Wang Wenping
Director

Year ended 31 December 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		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 year		–	–	–	–	–	–	–	(2,568,073)	(2,568,073)	(234,277)	(2,802,350)
Exchange differences on translation of foreign operations		–	–	–	–	–	–	(442,571)	–	(442,571)	(89,327)	(531,898)
Cash flow hedges, net of tax		–	–	–	–	13,785	–	–	–	13,785	(2,277)	11,508
Actuarial reserve relating to employee benefits, net of tax		–	–	–	–	(16,202)	–	–	–	(16,202)	2,471	(13,731)
Total comprehensive loss for the year		–	–	–	–	(2,417)	–	(442,571)	(2,568,073)	(3,013,061)	(323,410)	(3,336,471)
2019 final dividend		–	–	(22,562)	–	–	–	–	–	(22,562)	–	(22,562)
Dividends paid to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	(15,805)	(15,805)
Equity-settled share-based payments	40	–	–	–	–	40,242	–	–	–	40,242	–	40,242
Acquisition of additional interests in subsidiaries		–	–	–	(6,178)	(112,267)	–	(19,298)	–	(137,743)	121,177	(16,566)
Deemed acquisition of additional interests in a subsidiary		–	–	–	(9,976)	(252,437)	–	(43,781)	–	(306,194)	437,521	131,327
Reclassification of non-controlling interests to liabilities as if the acquisition had taken place due to put options granted to non-controlling shareholders of a subsidiary		–	–	–	–	435,949	–	–	–	435,949	(302,104)	133,845
At 31 December 2020		183	(3,004)	11,145,648	(1,296,072)	(701,541)	(159,274)	(911,218)	(2,948,528)	5,126,194	217,692	5,343,886

* These reserve accounts comprise the consolidated reserves of RMB5,129,015,000 in the consolidated statement of financial position as at 31 December 2020 (31 December 2019: RMB8,132,384,000).

Year ended 31 December 2020

Year ended 31 December 2019

		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	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		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 year		—	—	—	—	—	—	—	—	608,722	608,722	(32,429)	576,293
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		—	—	—	—	(503,733)	—	—	—	—	(503,733)	(5,388)	(509,121)
Exchange differences on translation of foreign operations		—	—	—	—	—	—	—	(22,258)	—	(22,258)	50,407	28,149
Cash flow hedges, net of tax		—	—	—	—	—	(55,570)	—	—	—	(55,570)	(7,507)	(63,077)
Actuarial reserve relating to employee benefits, net of tax		—	—	—	—	—	(19,892)	—	—	—	(19,892)	(3,692)	(23,584)
Total comprehensive income for the year		—	—	—	—	(503,733)	(75,462)	—	(22,258)	608,722	7,269	1,391	8,660
2019 interim dividend		—	—	(77,922)	—	—	—	—	—	—	(77,922)	—	(77,922)
Issue of shares due to the exercise of the over-allotment option	38(i)	8	—	137,188	—	—	—	—	—	—	137,196	—	137,196
Dividends paid to non-controlling shareholders of subsidiaries		—	—	—	—	—	—	—	—	—	—	(44,836)	(44,836)
Equity-settled share-based payments	40	1	—	22,928	—	—	45,864	—	—	—	68,793	—	68,793
Acquisition of additional interests in subsidiaries		—	—	—	(7,384)	(7,253)	(109,371)	—	(14,047)	7,384	(130,671)	98,346	(32,325)
Shares held for the share-based payment scheme		—	(3,004)	—	—	—	—	—	—	—	(3,004)	—	(3,004)
Reclassification of non-controlling interests to liabilities as if the acquisition had taken place due to put options granted to non-controlling shareholders of a subsidiary		—	—	—	—	—	90,862	—	—	—	90,862	(32,746)	58,116
At 31 December 2019		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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before income tax		**(2,581,000)**	1,274,740
Adjustments for:			
Depreciation of items of property, plant and equipment	7	**753,260**	752,298
Depreciation of right-of-use assets	7	**1,144,633**	1,074,614
Amortisation of intangible assets	7	**139,582**	118,157
Provision for impairment of items of property, plant and equipment	7	**52,401**	6,244
Loss on disposal of right-of-use assets	7	**5,745**	—
Provision for impairment of trade receivables	7	**10,859**	13,886
Provision for impairment of prepayments, other receivables and other assets	7	**471**	13,190
Provision for inventories	7	**6,154**	2,561
Deferred income	36	**(7,370)**	(7,230)
Loss on the fair value change of financial assets at fair value through profit or loss	6	**16,428**	17,890
Interest income	6	**(36,308)**	(24,602)
Interest expenses	8	**895,444**	800,886
Gain on disposal of items of property, plant and equipment	6	**(2,137)**	(3,489)
Gain on disposal of a subsidiary	6	**(31,214)**	—
Equity-settled share-based payments	7	**40,242**	68,147
COVID-19-related rent concessions from lessors	15(b)	**(319,542)**	—
Gain on settlement of liabilities	6	**(12,510)**	—
Share of profits and losses of associates		**9,638**	(4,401)
CASH INFLOWS BEFORE WORKING CAPITAL CHANGES		**84,776**	4,102,891

Continued/…

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING (continued)			
Decrease in completed properties for sale		**149,533**	781,395
(Increase)/decrease in properties under development		**(496,408)**	654,159
Increase in inventories		**(14,905)**	(20,160)
Increase in deferred income	36	**22,961**	370
(Increase)/decrease in contract assets and other assets		**(1,041)**	55,029
Decrease in trade receivables		**165,777**	105,378
Decrease in prepayments, other receivables and other assets		**87,190**	5,680
(Increase)/decrease in restricted cash		**(126,090)**	278,101
Decrease/(increase) in amounts due from related companies		**11,563**	(10,637)
Decrease in trade payables		**(191,623)**	(143,882)
(Decrease)/increase in amounts due to related companies		**(40,336)**	12,441
(Decrease)/increase in other long term payables		**(15,482)**	18,959
Decrease in contract liabilities		**(548,024)**	(3,327,049)
(Decrease)/increase in other payables and accruals		**(263,449)**	594,828
CASH (USED IN)/GENERATED FROM OPERATIONS		**(1,175,560)**	3,107,503
Income tax paid		**(810,609)**	(512,778)
NET CASH FLOWS (USED IN)/GENERATED FROM OPERATING ACTIVITIES		**(1,986,169)**	2,594,725

Continued/…

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(953,272)**	(974,612)
Purchase of intangible assets		**(149,455)**	(319,705)
Prepayment for the addition of right-of-use assets		**(45,336)**	(13,474)
Purchase of investments measured at fair value through profit or loss		**(2,392,477)**	(107,298)
Increase in time deposits with original maturity of more than three months		**(1,626,755)**	—
Purchase of investments at fair value through other comprehensive income		**—**	(200,754)
Proceeds from disposal of intangible assets		**5,364**	6,108
Proceeds from disposal of items of property, plant and equipment		**73,562**	10,600
Purchase of equity interests in associates		**(35,912)**	(24,628)
Acquisition of a subsidiary	42(a)	**(602)**	—
Disposal of a subsidiary	42(b)	**118,649**	—
Loan received from third parties		**—**	5,642
Proceeds from disposal of investments measured at fair value through profit or loss		**2,366,142**	—
Proceeds (repaid to)/received from a third party		**(7,000)**	70,000
Repayment of loan receivables from a third party		**—**	3,396
Interest received		**36,308**	24,602
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(2,610,784)**	(1,520,123)

Continued/…

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		**10,264,711**	3,486,892
Repayment of interest-bearing bank borrowings		**(3,600,408)**	(2,367,526)
Net proceeds from issue of shares due to the exercise of the over-allotment option		**—**	137,672
Proceeds from issue of shares of the Company due to the exercise of the share options		**—**	646
Purchase of shares for the share option scheme		**—**	(3,004)
Payment of listing expenses		**—**	(46,705)
Payment of lease liabilities	15(b)	**(991,795)**	(1,272,408)
Redemption of convertible bonds	35	**(73,769)**	(176,838)
Redemption of preference shares	34	**(36,453)**	(87,350)
Acquisition of additional interests in subsidiaries		**(16,566)**	(32,325)
Funding repaid or provided to related companies		**(26,530)**	(60,175)
Funding received from related companies		**65**	1,662
Dividends paid to shareholders of the Company		**(22,562)**	(77,922)
Dividends paid to non-controlling shareholders of subsidiaries		**(15,805)**	(29,205)
Funding received from a third party		**2,000**	—
Interest paid		**(206,449)**	(302,232)
NET CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**5,276,439**	(828,818)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**679,486**	245,784
Net foreign exchange differences		**191**	7,895
Cash and cash equivalents at beginning of the year		**2,128,677**	1,874,998
CASH AND CASH EQUIVALENTS AT END OF YEAR	29	**2,808,354**	2,128,677

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

Information about subsidiaries

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

Name of the principal subsidiaries	Place of incorporation/ registration and place of operations, and kind of legal entity	Date of incorporation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Club Med Holding	France, Simplified limited company	9 September 2014	EUR156,999,031	—	97.76%	Investment holding
Club Med Invest	France, Simplified limited company with a sole shareholder	9 September 2014	EUR184,963,519	—	100%	Investment holding
Club Med SAS	France, Simplified limited company	12 November 1957	EUR149,704,804	—	100%	Offering vacation resort services
Club Mediterranee (Bahamas) Ltd.	Bahamas, Limited liability company	29 January 1976	USD1,000,000	—	100%	Offering vacation resort services

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name of the principal subsidiaries	Place of incorporation/ registration and place of operations, and kind of legal entity	Date of incorporation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Holiday Village of Punta Cana S.A.	The Dominican Republic, Limited company	3 December 1976	RD13,838,000	—	100%	Offering vacation resort services
Club Med Sales Inc.	United States, Incorporated company	15 October 1971	USD5,000,000	—	100%	Wholesale and retail of Club Med products
Holiday Villages management Services Ltd.	Mauritius, Limited liability company	26 May 1983	MUR30,000,000	—	100%	Offering vacation resort services
Club Med Brasil S.A.	Brasil, Limited company	24 February 1999	BRL198,237,398	—	100%	Offering vacation resort services
Shanghai Club Med Holidays Travel Agency Co Ltd (上海客美德假期旅行社有限公司)	People's Republic of China/Chinese Mainland, Limited company	28 October 2010	EUR1,000,000	—	100%	Wholesale and retail of Club Med products
Club Mediterranee KK	Japan, Limited company	01 June 1979	JPY80,000,000	—	100%	Wholesale and retail of Club Med products
Vacances Singapore Pte Ltd	Singapore, Private limited company	28 March 1990	EUR478,000	—	100%	Offering other services
Club Med Sales Canada Inc.	Canada, Incorporated company	12 June 1996	CAD250,000	—	100%	Wholesale and retail of Club Med products
Club Med Management Services Inc.	United States, Incorporated company	27 October 1987	USD100	—	100%	Offering other services
Sandpiper Resort Properties Inc	United States, Incorporated company	5 October 1993	USD5	—	100%	Real estate
Holiday Villages Providenciales Turks & Caicos Ltd	Turks & Caicos, Limited liability company	11 February 1980	USD2,000,000	—	100%	Offering vacation resort services
Club Med Ferias	France/South America, Simplified limited company with a sole shareholder	25 October 2007	EUR150,000	—	100%	Wholesale and retail of Club Med products

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name of the principal subsidiaries	Place of incorporation/ registration and place of operations, and kind of legal entity	Date of incorporation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Club Med Vacation LLC	United States, Limited liability company	16 April 2019	USD100	—	100%	Wholesale and retail of Club Med products
Hainan Atlantis Commerce and Tourism Development Co., Ltd. (海南亞特蘭蒂斯商旅發展有限公司) ("Hainan Atlantis")	People's Republic of China/Chinese Mainland, Limited company	15 May 2013	RMB801,500,000	—	100%	Tourism destination development and operation
Lijiang Fosun Tourism and Culture Development Co. Ltd. (麗江復星旅遊文化發展有限公司) ("Lijiang Fosun")	People's Republic of China/Chinese Mainland, Limited company	2 March 2006	RMB252,439,030/ RMB359,600,000	—	100%	Tourism destination development and operation
Yueou (Taicang) Tourism and Culture Development Co., Ltd. (悅歐(太倉)旅遊文化開發有限公司)	People's Republic of China/Chinese Mainland, Limited company	29 June 2018	RMB1,100,000,000	—	100%	Tourism destination development and operation
Yuexue (Taicang) Tourism and Culture Development Co., Ltd. (悅雪(太倉)旅遊文化開發有限公司) ("Yuexue Tourism")	People's Republic of China/Chinese Mainland, Limited company	7 June 2018	RMB510,000,000	—	100%	Tourism destination development and operation
Yuezhou (Taicang) Tourism and Culture Development Co., Ltd. (悅洲(太倉)旅遊文化開發有限公司)	People's Republic of China/Chinese Mainland, Limited company	7 June 2018	RMB410,000,000	—	100%	Tourism destination development and operation
Yuehao (Taicang) Tourism and Culture Development Co., Ltd. (悅浩(太倉)旅遊文化開發有限公司)	People's Republic of China/Chinese Mainland, Limited company	29 June 2018	RMB510,000,000	—	100%	Tourism destination development and operation

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and following revised IFRSs for the first time for the current year's financial statements.

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*

The nature and impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) 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.

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

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). 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 introduction of the alternative RFR. 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.

(d) 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 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 for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the property, plant and equipment of certain resorts of the Group have been reduced, waived or deferred by the lessors as a result of the 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 pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB319,542,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

(e) 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, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[3]
Amendments to IFRS 17	*Insurance Contracts*[3, 5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IAS 1	*Disclosure of Accounting Policies*[3]
Amendments to IAS 8	*Definition of Accounting Estimates*[3]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[2]
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

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

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

The Group had certain interest-bearing bank and other borrowings denominated in Renminbi and foreign currencies based on various Interbank Offered Rates as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

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

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to IAS 1 *Disclosure of Accounting Policies* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments replace the requirement to disclose significant accounting policies with a requirement to disclose material accounting policies. In assessing the materiality of accounting policy information, both quantitative and qualitative aspects need to be considered. Entity-specific accounting policy information is more useful for users of financial statements than the standardised information. The amendments also add guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 8 are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments explain how entities use measurement techniques and inputs to develop accounting estimates and state that these can include estimation and valuation techniques. The amendments clarify that not all estimates will meet the definition of an accounting estimate, but rather may refer to inputs used in developing accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

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

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

- IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

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

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

Business combinations and goodwill

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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

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

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

Fair value measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, completed properties for sales, contract assets, financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

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

Buildings and leasehold improvements	2% — 50%
Machinery	5% — 20%
Furniture, fixtures and other equipment	3% — 33%
Others	20% — 33%
Freehold land	Not depreciated
Construction in progress	Not depreciated

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

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

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

Intangible assets (other than goodwill)

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill) *(Continued)*

Trademarks

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

Other intangible assets

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

Software	4% — 33%
Others	10% — 33%

The annual rates for software are determined in accordance with the useful lives of the software which are assessed by Group considering different purposes and usages of the software. The software served as basement IT system or technological platform is amortised over a long period up to 26 years. Other software served as fast updating applications is amortised over a shorter period, such as 3 to 5 years.

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

Leases

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

Group as a lessee

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(a) Right-of-use assets

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

Land	40 to 50 years
Buildings	2 to 48 years
Machinery	2 to 10 years
Furniture, fixtures and other equipment	2 to 5 years

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

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

(b) Lease liabilities

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(c) Short-term leases and leases of low-value assets

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through other comprehensive income (debt instruments)

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

Financial assets designated at fair value through other comprehensive income (equity investments)

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

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

Financial assets at fair value through profit or loss

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Financial assets at fair value through profit or loss *(Continued)*

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

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

Derecognition of financial assets

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

- The rights to receive cash flows from the asset have expired, or

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

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

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

Impairment of financial assets

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

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

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

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

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

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

Simplified approach

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Financial guarantee contracts

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

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders’ equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Convertible redeemable preference shares

Convertible redeemable preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible redeemable preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

Derecognition of financial liabilities

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

Offsetting of financial instruments

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

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

- hedges of a net investment in a foreign operation.

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

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

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

Fair value hedges

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

Fair value hedges *(Continued)*

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

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

Cash flow hedges

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

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

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Properties under development

Properties under development are stated at cost which includes all development expenditures, including land costs, construction costs, borrowing costs and other costs directly attributable to such properties during the development period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties under development *(Continued)*

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle.

Properties under development are valued at the lower of cost and net realisable value at the end of each reporting period and any excess of cost over the net realisable value of an individual item of properties under development is accounted for as a provision. Net realisable value is based on estimated selling prices in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

Completed properties for sale

Completed properties for sale are recognised in the consolidated statement of financial position at the lower of cost and net realisable value. Net realisable value is estimated by the directors based on the prevailing market conditions. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Any excess of cost over the net realisable value of an individual item of completed properties for sale is accounted for as a provision.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions *(Continued)*

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liabilities arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Resorts and destination operation

Resorts and destination operation mainly includes the operations of resorts and the provision of tourism destination design, operation and management services. The revenue is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Tourism and leisure services and solutions

Tourism and leisure services and solutions mainly include the provision of travel and transportation solutions, entertainment and other services. The revenue is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Tourism-related property sales and construction services

Revenues are recognised when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides benefits which are received and consumed simultaneously by the purchaser; or
- creates and enhances an asset that the purchaser controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each contract.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Tourism-related property sales and construction services *(Continued)*

For property development and sale contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

Revenue from other sources

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Customer loyalty program

The Group operates two loyalty programs which are Club Med Great Member loyalty program and Foryou Club. A performance obligation is identified only if the option to acquire additional goods and services provides a material right to the customer that it would not receive without entering into that contract. For such contracts, the Group allocates contract price to those separate performance obligations attributed to the benefits granted to the customers under the two loyalty programs. A portion of the contract price attributable to the benefits granted is recognised as a reduction of revenue in deferred revenue and is recognised in revenues when those benefits are exercised or when the benefits expire. The revenue allocated to each performance obligation is calculated based on their relative stand-alone selling price. The Group generally determines stand-alone selling prices based on the prices charged to customers. If the stand-alone selling price is not directly observable, it is estimated using other suitable methods. The likelihood that the benefits will be exercised is assessed and adjusted for the estimation of the standalone selling price.

Share-based payments

The Company operates a share option scheme and a share ownership plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value of options under the share option scheme is determined by management using a binomial model. The fair value of restricted shares under the share ownership plan is determined by management using an asset-based approach, further details of which are given in note 40 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Employee benefits

The Group provides the post-employment benefits mainly as follows: (i) defined contribution pension schemes for all employees of the companies in Chinese Mainland; (ii) accommodation benefits for all eligible employees of the companies in Chinese Mainland, details of which are set out below; and (iii) employee benefits to all eligible employees of the subsidiaries of Club Med Holding ("CMH").

(i) Defined contribution pension schemes for all eligible employees of the companies in Chinese Mainland

The full-time employees of the companies in Chinese Mainland, are covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Group contributes a percentage of the employees' salaries to these retirement benefit schemes on a monthly basis. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made. Contributions to these schemes are expensed as incurred.

(ii) Accommodation benefits for all eligible employees of the companies in Chinese Mainland

According to the relevant People's Republic of China ("PRC") rules and regulations, the PRC companies now comprising the Group and their employees are each required to make contributions which are in proportion to the salaries and wages of the employees to an accommodation fund administered by the government agencies in the PRC. There is no further obligation on the part of the Group except for such contributions to the accommodation fund. Contributions to an accommodation fund administrated by the government agencies are charged to the consolidated statement of profit or loss as and when they are incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

(iii) Employee benefits for all eligible employees of CMH and its subsidiaries

All eligible employees of CMH and its subsidiaries receive certain short-term benefits, such as vacation pay, "13th-month" bonuses, sick leave, health insurance and unemployment insurance in France.

The post-employment benefit plans of CMH and its subsidiaries are based on legal obligations in each host country and on its subsidiaries' compensation policies. Long-term benefit plans include both defined contribution and defined benefit plans.

(a) Defined contribution plans

Under defined contribution plans, CMH pays contributions to an external fund that is responsible for paying the benefits. The payment of contributions releases the employer from its further obligation towards his employees. The main defined contribution plans consist of government-sponsored basic and supplementary pension plans in Europe and defined-contribution pension plans in North America.

Contributions to all of these plans are recognised as an expense for the period in which they are incurred.

(b) Defined benefit plans

CMH has an obligation to pay benefits to eligible employees either at the end of their employment or during their retirement. The Group's main defined benefit plans provide indemnities payable to employees on retirement or when they leave the Group.

The Group operates an unfunded defined benefit pension plan, which is covered by provisions recorded in the financial statements. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

(i) the date of the plan amendment or curtailment; and

(ii) the date that the Group recognises restructuring-related costs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

(iii) Employee benefits for all eligible employees of CMH and its subsidiaries *(Continued)*

(b) Defined benefit plans (Continued)

Interest is calculated by applying the discount rate to the defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under "administrative expenses" and "other expenses" in the consolidated statement of profit or loss by function:

(i) service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements

(ii) interest expense or income

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the note 12 to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of each reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Significant judgement in determining the lease term of contracts with renewal options

The Group has a lease contract that includes an extension option. The Group applies judgement in evaluating whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew the lease.

The Group includes the extension period as part of the lease term for leases of buildings due to the significance of these assets to its operations. These leases have a short non-cancellable period of 5 years and there will be a significant negative effect on production if a replacement is not readily available.

Withholding tax arising from the distribution of dividends

Deferred tax liabilities are recognised for withholding corporate income taxes arising from the distributions of dividends from certain subsidiaries of the Group according to the relevant tax jurisdictions. Significant management judgement is required to determine whether to recognise such deferred tax liabilities based upon the plan of the dividend distribution from these subsidiaries in the foreseeable future. Management considers that those subsidiaries are not probable to make any profit distribution in the foreseeable future. Accordingly, no provision for the withholding tax has been made as at 31 December 2020.

Revenue recognition of tourism-related property sales and construction services

Revenue from tourism-related property sales and construction services during the year is recognised over time when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. Assessing whether the Group could recognise revenue from tourism-related property sales and construction services over time requires significant judgement which includes the assessment of the legal terms in the sales contracts.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2020 was RMB1,847,305,000 (31 December 2019: RMB1,730,305,000). Further details are given in note 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of the intangible assets with indefinite lives

The Group determines whether the intangible assets with indefinite lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the individual asset. An asset's recoverable amount is the fair value less costs of disposal using the relief from royalty method. The carrying amount of the trademarks with indefinite lives at 31 December 2020 was RMB2,197,753,000 (31 December 2019: RMB2,140,238,000). Further details are given in note 16 to the financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of the year. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

For the year ended 31 December 2020, impairment losses on property, plant and equipment in the amount of RMB52,401,000 (2019: RMB6,244,000) have been recognised in profit or loss as set out in note 14 to the financial statements.

Provision for expected credit losses on receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group applies the general approach to providing for expected credit losses for all other receivables. To measure the expected credit losses, the balances are grouped based on shared credit risk characteristics and the days past due.

The approach is initially based on the Group‘s historical observed default rates. The Group will calibrate the approach to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group‘s historical credit loss experience and forecast of economic conditions may also not be representative of a customer‘s actual default in the future. The information about the ECLs on the Group‘s other receivables and trade receivables is disclosed in notes 22 and 26 to the financial statements, respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Useful lives of property, plant and equipment, intangible assets (other than goodwill) and right-of-use assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment, intangible assets (other than goodwill) and right-of-use assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment, intangible assets (other than goodwill) and right-of-use assets of a similar nature and functions, as well as the lease terms of the right-of-use assets. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge or amortisation charge when useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, and carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 December 2020 was RMB5,631,496,000 (31 December 2019: RMB4,142,042,000).

Net realisable value of inventories, properties under development and competed properties for sale

Net realisable value of inventories, properties under development and completed properties for sale is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at the end of the year.

PRC land appreciation tax (“LAT”)

The Group is subject to LAT in the PRC. The provision for LAT is based on management’s best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for all its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Share-based payments

The Group granted various equity-settled instruments to employees under a number of share-based compensation plans in 2020. The Group is required to evaluate the fair values of those equity-settled instruments at grant dates based on models. The evaluation of the fair values are on the basis of some assumptions. The Group amortised the expected cumulative expenses of those equity-settled instruments over the period in which the vesting conditions are fulfilled. For the year ended 31 December 2020, the Group recognised share-based payment expenses of RMB40,242,000. Further details are given in note 40 to the financial statements.

Revenue recognition over time of tourism-related property sales and construction services

The revenue from tourism-related property sales and construction services over time is recognised by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

4. OPERATING SEGMENT INFORMATION

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

(a) The resorts 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 the cultural events, performing arts, live entertainment and culture-related services and the operation of online and offline tourism and leisure products and solution platforms.

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

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2020

	Resorts RMB'000	Tourism destinations RMB'000	Services and solutions in various tourism and leisure settings RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue (note 5)					
External customers	5,240,417	1,679,590	140,250	—	7,060,257
Inter-segment sales	25,152	61,462	11,423	(98,037)	—
Total revenue	5,265,569	1,741,052	151,673	(98,037)	7,060,257
Segment operating (loss)/profit	(2,042,023)	644,231	(140,189)	(4,066)	(1,542,047)
Unallocated expenses*					(133,871)
Total operating loss					(1,675,918)
Finance costs					(895,444)
Share of profits and losses of associates					(9,638)
Loss before income tax					(2,581,000)

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2019

	Resorts RMB'000	Tourism destinations RMB'000	Services and solutions in various tourism and leisure settings RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue (note 5)					
External customers	12,450,781	4,691,729	194,659	—	17,337,169
Inter-segment sales	61,919	91,277	8,892	(162,088)	—
Total revenue	12,512,700	4,783,006	203,551	(162,088)	17,337,169
Segment operating profit/(loss)	643,049	1,656,201	(63,676)	—	2,235,574
Unallocated expenses*					(164,349)
Total operating profit					2,071,225
Finance costs					(800,886)
Share of profits and losses of associates					4,401
Profit before income tax					1,274,740

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

Geographical information

	2020 RMB'000	2019 RMB'000
Revenue from external customers		
Europe, Middle East and Africa	**3,573,049**	8,278,653
America	**1,170,234**	2,408,236
Asia Pacific	**2,316,974**	6,650,280
	7,060,257	17,337,169

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

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

	2020 RMB'000	2019 RMB'000
Non-current assets		
Europe, Middle East and Africa	**12,606,958**	12,437,408
America	**3,852,353**	4,609,088
Asia Pacific	**11,034,387**	10,475,770
	27,493,698	27,522,266

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets and amounts due from related companies.

Information about a major customer

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the year ended 31 December 2020 (2019: Nil).

5. REVENUE

An analysis of revenue is as follows:

	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers		
Resorts and destination operation	**5,656,003**	11,260,192
Tourism-related property sales and construction services	**468,872**	3,493,780
Tourism and leisure services and solutions	**935,382**	2,583,197
	7,060,257	17,337,169

5. REVENUE *(Continued)*

(i) Disaggregated revenue information

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

For the year ended 31 December 2020

Segments	Resorts	Tourism destinations	Services and solutions in various tourism and leisure settings	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or services					
Resorts and destination operation	**4,435,792**	**1,306,825**	**—**	**(86,614)**	**5,656,003**
Tourism-related property sales and construction services	**34,645**	**434,227**	**—**	**—**	**468,872**
Tourism and leisure services and solutions	**795,132**	**—**	**151,673**	**(11,423)**	**935,382**
	5,265,569	**1,741,052**	**151,673**	**(98,037)**	**7,060,257**
Inter-segment sales	**(25,152)**	**(61,462)**	**(11,423)**	**98,037**	**—**
Total revenue from contracts with customers	**5,240,417**	**1,679,590**	**140,250**	**—**	**7,060,257**
Timing of revenue recognition					
Goods transferred at a point in time	**—**	**434,227**	**11,813**	**(1,174)**	**444,866**
Services rendered over time	**5,265,569**	**1,306,825**	**139,860**	**(96,863)**	**6,615,391**
	5,265,569	**1,741,052**	**151,673**	**(98,037)**	**7,060,257**
Inter-segment sales	**(25,152)**	**(61,462)**	**(11,423)**	**98,037**	**—**
Total revenue from contracts with customers	**5,240,417**	**1,679,590**	**140,250**	**—**	**7,060,257**

5. REVENUE *(Continued)*

(i) Disaggregated revenue information *(Continued)*

For the year ended 31 December 2019

Segments	Resorts	Tourism destinations	Services and solutions in various tourism and leisure settings	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Type of goods or services					
Resorts and destination operation	10,045,083	1,368,305	—	(153,196)	11,260,192
Tourism-related property sales and construction services	79,079	3,414,701	—	—	3,493,780
Tourism and leisure services and solutions	2,388,538	—	203,551	(8,892)	2,583,197
	12,512,700	4,783,006	203,551	(162,088)	17,337,169
Inter-segment sales	(61,919)	(91,277)	(8,892)	162,088	—
Total revenue from contracts with customers	12,450,781	4,691,729	194,659	—	17,337,169
Timing of revenue recognition					
Goods transferred at a point in time	—	3,414,701	—	—	3,414,701
Services rendered over time	12,512,700	1,368,305	203,551	(162,088)	13,922,468
	12,512,700	4,783,006	203,551	(162,088)	17,337,169
Inter-segment sales	(61,919)	(91,277)	(8,892)	162,088	—
Total revenue from contracts with customers	12,450,781	4,691,729	194,659	—	17,337,169

5. REVENUE *(Continued)*

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Resorts and destination services, tourism and leisure services and solutions

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services.

Tourism-related property sales and construction services

If control of the asset is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. Otherwise, revenue is recognised at the point in time when the customer obtains the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

The performance obligation of the sale of products is satisfied upon delivery of products and payment is generally on demand.

6. OTHER EXPENSES/INCOME AND GAINS, NET

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

	2020	2019
	RMB'000	RMB'000
Other income		
Interest income	**36,308**	24,602
Government grants	**37,129**	36,005
Compensation and indemnity	**—**	13,136
Others	**23,774**	30,352
	97,211	104,095
Gains		
Gain on disposal of a subsidiary (note 42(b))	**31,214**	—
Gain on disposal of items of property, plant and equipment	**2,137**	3,489
Gain on rent concessions as a result of the COVID-19 pandemic	**168,767**	—
Gain on settlement of liabilities	**12,510**	—
Gain on reversal of provisions relating to		
— *Resort closure costs*	**—**	*1,829*
— *Litigation claims*	***14,450***	*29,205*
Exchange gain, net	**—**	38,902
	229,078	73,425
Other income and gains	**326,289**	177,520

6. OTHER EXPENSES/INCOME AND GAINS, NET *(Continued)*

	2020 RMB'000	2019 RMB'000
Other expenses		
Exceptional costs due to the COVID-19 pandemic*	**(1,235,781)**	—
Compensation costs relating to employees	**(137,972)**	(50,073)
Provision for litigation, including tax related	**(34,032)**	(33,626)
Provision for resort closure costs	**(94,781)**	(48,013)
Loss on the fair value change of financial assets at fair value through profit or loss	**(16,428)**	(17,890)
Loss on disposal of right-of-use assets	**(5,745)**	—
Impairment losses on:		
— Prepayments	**—**	*(12,600)*
— Property, plant and equipment	***(52,401)***	*(6,244)*
Exchange loss, net	**(102,260)**	—
Others	**(12,057)**	(46,295)
Other expenses	**(1,691,457)**	(214,741)
Other expenses, net	**(1,365,168)**	(37,221)

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

7. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Note	**2020** RMB'000	2019 RMB'000
Cost of revenue		**4,895,655**	11,798,444
Employee benefit expense (including directors' and chief executive's remuneration)			
Wages and salaries		**1,995,679**	2,819,670
Accommodation benefits and others			
— Defined contribution fund		***339,101***	*462,469*
Pension scheme costs:			
— Defined benefit fund		***(2,399)***	*35,110*
— Defined contribution fund		***59,688***	*131,522*
Equity-settled share-based payment expenses	40	**40,242**	68,147
		2,432,311	3,516,918
Auditor's remuneration		**3,900**	3,900
Depreciation of property, plant and equipment	14	**753,260**	752,298
Depreciation of right-of-use assets	15(a)	**1,144,633**	1,074,614
Amortisation of intangible assets	16	**139,582**	118,157
Impairment of financial and contract assets and other assets:			
Provision for impairment of trade receivables	*26*	***10,859***	*13,886*
Provision for impairment of financial assets included in prepayments, other receivables and other assets		***471***	*13,190*
Write-down of inventories to net realisable value		**6,154**	2,561
Provision for impairment of items of property, plant and equipment	6	**52,401**	6,244
Loss on disposal of right-of-use assets	6	**5,745**	—
Fair value loss on financial assets at fair value through profit or loss	6	**16,428**	17,890
Lease payments not included in the measurement of lease liabilities	15(c)	**140,617**	165,766
Exchange loss/(gain), net	6	**102,260**	(38,902)
Rent concessions as a result of COVID-19 pandemic in other gains	6	**(168,767)**	—
Gain on disposal of items of property, plant and equipment	6	**(2,137)**	(3,489)
Gain on disposal of a subsidiary	6	**(31,214)**	—
Gain on settlement of liabilities	6	**(12,510)**	—

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 RMB'000	2019 RMB'000
Interest on bank and other borrowings	**424,607**	290,718
Interest on loans from related companies	**—**	360
Interest expense arising from revenue contracts	**1,237**	67,942
Interest on convertible bonds (note 35)	**7,344**	22,780
Interest on convertible redeemable preferred shares (note 34)	**3,604**	11,127
Interest on lease liabilities (note 15 (b))	**470,186**	432,998
Bank charges and other financial costs	**10,125**	11,514
	917,103	837,439
Less: Interest capitalised (notes 14 and 20)	**21,659**	36,553
Total finance costs	**895,444**	800,886

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2020 RMB'000	2019 RMB'000
Fees	**1,885**	1,862
Other emoluments:		
Salaries, allowances and benefits in kind	**9,504**	10,112
Performance related bonus	**2,695**	7,403
Equity-settled share-based payments expenses	**8,633**	27,110
Pension scheme contributions	**1,177**	2,227
	22,009	46,852
	23,894	48,714

The fair values of the options and restricted shares granted to certain directors have been recognised in the consolidated statement of profit or loss over the vesting period, and were determined as at the date of grant and the amount included in the consolidated financial statements for the year ended 31 December 2020 are included in the above directors' and chief executive's remuneration disclosures.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(a) Independent non-executive directors

The fees to independent non-executive directors during the year were as follows:

	2020	2019
	RMB'000	RMB'000
Allan Zeman	**534**	528
Guo Yongqing	**534**	528
Katherine Rong Xin	**534**	528
	1,602	1,584

There were no other emoluments payable to the independent non-executive directors during the year (2019: Nil).

The above independent non-executive directors were appointed on 19 November 2018.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors, a non-executive director and the chief executive

There were no emoluments paid by the Group to the directors as an inducement to join the Group, or upon joining the Group, or as compensation for loss of office during the year.

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Equity-settled share based payment expenses RMB'000	Total remuneration RMB'000
2020						
Executive directors:						
Qian Jiannong*	**—**	**3,139**	**2,250**	**20**	**6,851**	**12,260**
Wang Wenping	**—**	**1,265**	**445**	**4**	**350**	**2,064**
Henri GISCARD d'ESTAING	**283**	**5,100**	**—**	**1,153**	**1,432**	**7,968**
Non-executive director:						
Wang Can (resigned as non-executive director on 21 Jan 2020)	**—**	**—**	**—**	**—**	**—**	**—**
	283	**9,504**	**2,695**	**1,177**	**8,633**	**22,292**
2019						
Executive directors:						
Qian Jiannong*	—	3,075	2,250	65	22,129	27,519
Wang Wenping	—	1,223	660	49	1,945	3,877
Henri GISCARD d'ESTAING	278	5,814	4,493	2,113	3,036	15,734
Non-executive director:						
Wang Can	—	—	—	—	—	—
	278	10,112	7,403	2,227	27,110	47,130

* Mr. Qian Jiannong has been an executive director and the chief executive of the Company from the date of incorporation of the Company.

On 2 August 2018, Mr. Henri GISCARD d'ESTAING, Mr. Wang Wenping and Mr. Wang Can were appointed as directors. On 17 August 2018, Mr. Qian Jiannong, Mr. Henri GISCARD d'ESTAING and Mr. Wang Wenping were appointed as executive directors, and Mr. Wang Can was appointed as a non-executive director.

On 15 March 2021, Mr. Xu Bingbin was appointed as an executive director.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2019: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year include two directors (2019: three), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2019: two) highest paid employees, who are neither a director nor chief executive of the Company, are as follows:

	2020	2019
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**8,761**	4,861
Performance related bonus	**1,691**	3,375
Equity-settled share based payment expenses	**1,135**	3,752
Pension scheme contributions	**924**	1,395
	12,511	13,383

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2020	2019
	Number of employees	Number of employees
RMB3,000,001 to RMB3,500,000	**1**	—
RMB4,000,001 to RMB4,500,000	**—**	1
RMB4,500,001 to RMB5,000,000	**2**	—
RMB9,000,001 to RMB9,500,000	**—**	1
	3	2

The fair value of the options granted to a non-director and non-chief executive highest paid employee, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the year ended 31 December 2020 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. INCOME TAX

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

(a) Income tax in the consolidated statement of profit or loss represents:

	2020	2019
	RMB'000	RMB'000
Current — France and others	**15,447**	152,739
Current — Chinese Mainland		
Income tax in Chinese Mainland for the year	**17,469**	342,262
LAT in Chinese Mainland for the year	**198,352**	357,790
Deferred (note 23)	**(9,918)**	(154,344)
Income tax expense for the year	**221,350**	698,447

The provision for income tax of CMH and its subsidiaries incorporated in France in the year of 2020 was based on a rate of 32.02% (2019: 34.43%).

The provision for Chinese Mainland current income tax is based on the statutory rate of 25% (2019: 25%) of the assessable profits of the Group for the reporting period as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008. For Hainan Atlantis, the provision for current income tax in the year of 2020 is based on a reduced tax rate of 15% as a qualified encouraged industrial enterprise in accordance with the Notice on the Preferential Policies for Corporate Income Tax at Hainan Free Trade Port that has come into effect on 1 January 2020.

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

11. INCOME TAX *(Continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the countries or jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates are as follows:

	France and others RMB'000	Chinese Mainland RMB'000	Total RMB'000
2020			
(Loss)/profit before income tax	**(2,796,687)**	**215,687**	**(2,581,000)**
Tax at the applicable tax rates	**(895,499)**	**53,922**	**(841,577)**
Different tax rates for specific entities	**192,567**	**(40,897)**	**151,670**
Tax effect of:			
Effect on opening deferred tax of decrease in rates	**—**	**15,409**	**15,409**
Income not subject to tax	**(140,835)**	**—**	**(140,835)**
Tax incentives on eligible expenditures	**—**	**(209)**	**(209)**
Losses attributable to joint ventures and associates	**1,802**	**—**	**1,802**
Expenses not deductible for tax	**310,186**	**3,003**	**313,189**
Tax losses not recognised	**447,386**	**23,385**	**471,221**
Tax losses utilised from prior years	**(198)**	**(5,668)**	**(5,866)**
(Overprovision)/underprovision in prior years	**(25,404)**	**1,180**	**(24,224)**
Others*	**112,171**	**—**	**112,171**
Subtotal	**2,626**	**50,125**	**52,751**
Provision for LAT for the year	**—**	**198,352**	**198,352**
Tax effect of provision for LAT	**—**	**(29,753)**	**(29,753)**
Tax expense	**2,626**	**218,724**	**221,350**

11. INCOME TAX *(Continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates: (Continued)

	France and others RMB'000	Chinese Mainland RMB'000	Total RMB'000
2019			
(Loss)/profit before income tax	(72,198)	1,346,938	1,274,740
Tax at the applicable tax rates	(24,858)	336,735	311,877
Different tax rates for specific entities	5,451	—	5,451
Tax effect of:			
Income not subject to tax	(57,415)	—	(57,415)
Tax incentives on eligible expenditures	—	(394)	(394)
Gains attributable to joint ventures and associates	(1,432)	—	(1,432)
Expenses not deductible for tax	139,801	5,887	145,688
Tax losses not recognised	19,066	37,212	56,278
Tax losses utilised from prior years	(113,950)	(1,230)	(115,180)
Overprovision in prior years	(11,878)	—	(11,878)
Others*	97,110	—	97,110
Subtotal	51,895	378,210	430,105
Provision for LAT for the year	—	54,492	54,492
Deferred tax effect of provision for LAT (note 23)	—	(13,623)	(13,623)
Prepaid LAT for the year	—	303,298	303,298
Tax effect of prepaid LAT	—	(75,825)	(75,825)
Tax expense	51,895	646,552	698,447

* Others mainly include the surcharge taxes in France and Italy which were calculated on the basis of the results of the relevant entities in France and Italy.

12. DIVIDENDS

	2020 RMB'000	2019 RMB'000
Final paid — HKD0.02 (2019: nil) per ordinary share	**22,562**	—
Interim paid — Nil (Six months ended 30 June 2019: HKD0.07 per ordinary share)	**—**	77,435
	22,562	77,435

Note:

The proposed final dividend of HKD0.02 per ordinary share for the year ended 31 December 2019 was declared and approved by the 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 year ended 31 December 2020.

13. (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 year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 1,235,045,383 (2019: 1,234,033,842) in issue during the year.

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

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

	2020	2019
	RMB'000	RMB'000
(Loss)/earnings		
(Loss)/Profit attributable to ordinary equity holders of the Company, used in the basic and diluted (loss)/earnings per share calculations	**(2,568,073)**	608,722

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,235,045,383**	1,234,033,842
Effect of dilution — weighted average number of ordinary shares:		
— Share ownership plan*	**—**	1,651,068
— Share option scheme*	**—**	3,822,120
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**1,235,045,383**	1,239,507,030
Basic (loss)/earnings per share (RMB)	**(2.08)**	0.49
Diluted (loss)/earnings per share (RMB)	**(2.08)**	0.49

* Because the diluted loss per share amount is decreased when taking share ownership plan and share option scheme into account, which had been disclosed in note 40 to the financial statements, the share ownership plan and share option scheme had an anti-dilutive effect on the basic loss per share amount for the year ended 31 December 2020 and were ignored in the calculation of diluted loss per share.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings and leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and other equipment RMB'000	Construction in progress RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020, net of accumulated depreciation and impairment	1,463,236	6,904,103	1,329,935	548,370	370,986	7,166	10,623,796
Additions	—	27,394	77,537	71,574	486,509	632	663,646
Acquisition of a subsidiary (note 42 (a))	—	3,654	—	1,479	—	—	5,133
Disposals	(37,597)	(15,574)	(4,150)	(8,359)	(4,816)	(929)	(71,425)
Disposal of a subsidiary (note 42 (b))	(40,213)	(28,584)	(208)	(171)	(11,525)	—	(80,701)
Depreciation provided during the year	—	(398,296)	(188,273)	(163,798)	—	(2,893)	(753,260)
Impairments	—	(52,401)	—	—	—	—	(52,401)
Transfer	—	82,134	49,283	14,704	(146,121)	—	—
Exchange realignment	(141,551)	(251,182)	(28,058)	4,582	(5,111)	—	(421,320)
At 31 December 2020, net of accumulated depreciation and impairment	1,243,875	6,271,248	1,236,066	468,381	689,922	3,976	9,913,468
At 31 December 2020							
Cost	1,243,875	8,382,309	2,014,952	1,149,496	692,081	12,209	13,494,922
Accumulated depreciation and impairment	—	(2,111,061)	(778,886)	(681,115)	(2,159)	(8,233)	(3,581,454)
Net carrying amount	1,243,875	6,271,248	1,236,066	468,381	689,922	3,976	9,913,468

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Freehold land RMB'000	Buildings and leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and other equipment RMB'000	Construction in progress RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019, net of accumulated depreciation and impairment	1,450,339	6,416,770	1,088,564	567,485	550,756	10,960	10,084,874
Additions	—	423,988	230,249	108,325	496,152	1,501	1,260,215
Disposals	—	(2,115)	(19)	(2,928)	—	(2,049)	(7,111)
Depreciation provided during the year	—	(422,570)	(170,980)	(155,502)	—	(3,246)	(752,298)
Impairments	—	—	(193)	(6,051)	—	—	(6,244)
Transfer	30	460,417	177,595	37,562	(675,604)	—	—
Exchange realignment	12,867	27,613	4,719	(521)	(318)	—	44,360
At 31 December 2019, net of accumulated depreciation and impairment	1,463,236	6,904,103	1,329,935	548,370	370,986	7,166	10,623,796
At 31 December 2019							
Cost	1,463,236	8,644,158	1,938,396	1,060,141	373,145	12,506	13,491,582
Accumulated depreciation and impairment	—	(1,740,055)	(608,461)	(511,771)	(2,159)	(5,340)	(2,867,786)
Net carrying amount	1,463,236	6,904,103	1,329,935	548,370	370,986	7,166	10,623,796

(1) The net book values of property, plant and equipment pledged as security for interest-bearing bank loans are as follows (note 30):

	2020 RMB'000	2019 RMB'000
Construction in progress	**300,417**	114,132
Buildings	**—**	3,931,425
Machinery	**—**	774,473
Furniture, fixtures and other equipment	**—**	131
	300,417	4,820,161

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(2) The net book value of property, plant and equipment pledged as security for other borrowings is as follows (note 30):

	2020	2019
	RMB'000	RMB'000
Buildings	**3,466,027**	—

(3) Capitalised interest expenses included in construction in progress of the Group are as follows (note 8):

	2020	2019
	RMB'000	RMB'000
Interest expenses capitalised	**13,471**	582

(4) The Group recognised property, plant and equipment and right-of-use assets for the self-owned or leased resorts operated. The increased market volatility after the COVID-19 outbreak and shut down plans for certain resorts are considered as an indication of impairment. When an indication of impairment exists, impairment tests are performed.

Impairment provision of RMB52,401,000 was provided for property, plant and equipment for certain resorts owned by the Group with shut down plans based on specific review of fair values less costs of disposal of the assets during the year ended 31 December 2020.

The remaining assets are tested by the management based on the recoverable amount of each cash-generating unit to which the property, plant and equipment and right-of-use assets belong, which is its value in use of each cash-generating units using cash flow projections based on an operational plan for a maximum period of three years and the application of a growth rate of 2.5% in the subsequent two years as approved by senior management. The discount rate applied to the cash flow projections range from 10.5% to 13.3% for 2020. The growth rate used to extrapolate the cash flows of the above cash-generating unit beyond the five-year period is 1.9%, which is also an estimate of the long-term rate of inflation.

Assumptions were used in the value-in-use calculation of the cash-generating units for the year ended 31 December 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of property, plant and equipment and right-of-use assets:

Discount rate — The discount rate used is before tax and reflects specific risks relating to the cash-generating units.

Long-term growth rate — The basis used to determine the value assigned to the long-term growth rate is the forecast price indices during the budget year from where the main businesses are located.

The values assigned to the discount rate and long-term growth rate are consistent with the Group's historical experience and external information sources.

With regard to the assessment of value in use, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amount of any of the cash-generating unit to be materially lower than its carrying amount.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of land, buildings, machinery, furniture, fixtures, and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 48 years, while leases of machinery generally have lease terms between 2 and 10 years. Furniture, fixtures and other equipment generally have lease terms of 2 to 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. The lease contracts with variable lease payments are further discussed below.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Buildings RMB'000	Machinery RMB'000	Furniture, fixtures and other equipment RMB'000	Total RMB'000
31 December 2020					
As at 1 January 2020	**2,124,113**	**8,849,772**	**65,166**	**14,104**	**11,053,155**
Additions	**7,926**	**1,511,553**	**2,086**	**94**	**1,521,659**
Additions as a result of acquisition of a subsidiary (note 42 (a))	**—**	**10,009**	**—**	**—**	**10,009**
Depreciation charge	**(50,042)**	**(1,074,537)**	**(12,829)**	**(7,225)**	**(1,144,633)**
Disposal	**—**	**(85,779)**	**—**	**—**	**(85,779)**
Reclassification*	**(103,278)**	**—**	**—**	**—**	**(103,278)**
Exchange alignment	**—**	**(136,712)**	**1,220**	**(88)**	**(135,580)**
As at 31 December 2020	**1,978,719**	**9,074,306**	**55,643**	**6,885**	**11,115,553**

* Due to change of intended use, leasehold land amounting to RMB103,278,000 is reclassified into properties under development.

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(a) Right-of-use assets *(Continued)*

	Land RMB'000	Buildings RMB'000	Machinery RMB'000	Furniture, fixtures and other equipment RMB'000	Total RMB'000
31 December 2019					
As at 1 January 2019	1,374,546	8,111,089	78,088	18,079	9,581,802
Additions	803,671	1,744,303	737	5,380	2,554,091
Depreciation charge	(54,104)	(997,526)	(13,434)	(9,550)	(1,074,614)
Disposal	—	(3,602)	(403)	(36)	(4,041)
Exchange alignment	—	(4,492)	178	231	(4,083)
As at 31 December 2019	2,124,113	8,849,772	65,166	14,104	11,053,155

The net book values of right-of-use assets pledged as security for interest-bearing bank loans are as follows (note 30):

	2020 RMB'000	2019 RMB'000
Right-of-use assets	**212,299**	810,735

The net book values of right-of-use assets pledged as security for other borrowings are as follows (note 30):

	2020 RMB'000	2019 RMB'000
Right-of-use assets	**788,513**	—

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

		2020	2019
		RMB'000	RMB'000
Carrying amount at 1 January		**9,104,643**	8,200,588
New leases		**1,507,536**	1,730,386
Additions as a result of acquisition of a subsidiary (note 42 (a))		**10,009**	—
Accretion of interest recognised during the year		**470,186**	432,998
Covid-19-related rent concessions from lessors	(i)	**(319,542)**	—
Payments		**(991,795)**	(1,272,408)
Disposal		**(80,034)**	—
Exchange realignment		**66,586**	13,079
Carrying amount at 31 December		**9,767,589**	9,104,643
Analysed into:			
Current portion		**922,762**	864,353
Non-current portion		**8,844,827**	8,240,290

The maturity analysis of lease liabilities is disclosed in note 48 to the financial statements.

(i) As disclosed in note 2.2 to the financial statements, the Group has early adopted the amendment to IFRS 16 and applied the practical expedient to all eligible rent concessions granted by the lessors for leases of the property, plant and equipment of certain resorts during the year.

The Group entered into the lease in respect of certain leasehold properties from the associates and other related companies. The amounts of lease liabilities by the Group to the related parties under the leases were determined with reference to the amounts charged by the third parties. Included in the Group's lease liabilities are amounts due to the Group's associates and other related companies of RMB104,293,000 (2019: RMB116,154,000) and RMB34,455,000 (2019: RMB18,700,000), respectively.

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2020	2019
	RMB'000	RMB'000
Interest on lease liabilities	**470,186**	432,998
Depreciation charge for right-of-use assets	**1,144,633**	1,074,614
Expense relating to short-term leases and low-value leases (included in cost of sales and administrative expenses)	**105,087**	114,943
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales)	**35,530**	50,823
Covid-19-related rent concessions from lessors	**(319,542)**	—
Loss on disposal of right-of-use assets	**5,745**	—
Total amount recognised in profit or loss	**1,441,639**	1,673,378

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 43 (c) and 44, respectively, to the financial statements.

16. INTANGIBLE ASSETS

	Trademark and patents RMB'000	Software RMB'000	Leasehold rights RMB'000	Others RMB'000	Total RMB'000
31 December 2020					
Cost at 1 January 2020, net of accumulated amortisation and impairment	**2,140,243**	**540,784**	**2,993**	**72,685**	**2,756,705**
Additions	**1,375**	**144,570**	**—**	**271**	**146,216**
Acquisition of subsidiaries (note 42 (a))	**—**	**10,167**	**—**	**—**	**10,167**
Disposals	**(2)**	**(5,363)**	**—**	**—**	**(5,365)**
Amortisation provided during the year	**(726)**	**(127,007)**	**(1,743)**	**(10,106)**	**(139,582)**
Exchange realignment	**57,295**	**12,103**	**(1,250)**	**128**	**68,276**
At 31 December 2020	**2,198,185**	**575,254**	**—**	**62,978**	**2,836,417**
At 31 December 2020:					
Cost	**2,200,333**	**1,087,258**	**10,513**	**184,728**	**3,482,832**
Accumulated amortisation and impairment	**(2,148)**	**(512,004)**	**(10,513)**	**(121,750)**	**(646,415)**
Net carrying amount	**2,198,185**	**575,254**	**—**	**62,978**	**2,836,417**
31 December 2019					
Cost at 1 January 2019, net of accumulated amortisation and impairment	2,049,535	468,370	16,777	24,074	2,558,756
Additions	99,656	179,735	—	58,786	338,177
Reclassification	—	—	(6,560)	—	(6,560)
Disposals	(92)	(820)	(5,187)	(9)	(6,108)
Amortisation provided during the year	(533)	(105,525)	(1,852)	(10,247)	(118,157)
Exchange realignment	(8,323)	(976)	(185)	81	(9,403)
At 31 December 2019	2,140,243	540,784	2,993	72,685	2,756,705
At 31 December 2019:					
Cost	2,141,611	917,194	20,315	184,103	3,263,223
Accumulated amortisation and impairment	(1,368)	(376,410)	(17,322)	(111,418)	(506,518)
Net carrying amount	2,140,243	540,784	2,993	72,685	2,756,705

16. INTANGIBLE ASSETS *(Continued)*

Impairment testing of intangible assets with indefinite lives

The intangible assets of the Group with indefinite lives are mainly the trademark of Club Med amounting to EUR261,161,000 (equivalent to RMB2,095,392,000 as at 31 December 2020 (31 December 2019: RMB2,040,783,000)) which arose from the acquisition of Club Med SAS and its subsidiaries ("Club Med SAS Group") in 2015, and the trademark of Thomas Cook amounting to RMB102,361,000. The trademarks have indefinite life as the extension cost is low and they can be used indefinitely. The impairment test is based on the recoverable amount of the intangible assets, which is the fair value less costs of disposal.

The fair value calculation of the trademark of Club Med used the relief from royalty method based on royalty rates from 1.5% to 2.5% of forecasted revenues. The revenues are forecasted based on an operational plan for a maximum period of three years, and the application of a growth rate of 2.5% in the subsequent two years as approved by senior management. The long-term growth rate of revenues beyond the five-year period is 1.9%, which is also an estimate of the long-term rate of inflation. The discount rate applied to the royalty income was 9.1% for 2020.

The fair value calculation of the trademark of Thomas Cook used the relief from royalty method based on royalty rates from 1.5% to 2.0% of forecasted revenues. The revenues are forecasted based on an operational plan for a maximum period of three years, and the application of a growth rate of 6% in the subsequent two years as approved by senior management. The long-term growth rate of revenues beyond the five-year period is 2.7%, which is also an estimate of the long-term rate of inflation. The discount rate applied to the royalty income was 14% for 2020.

Assumptions were used in the fair value calculation of the trademarks for 2020. The following describes each key assumption on which management has based its relief from royalty calculation to undertake impairment testing of the trademarks:

Discount rate — The discount rate used reflects specific risks relating to the trademarks.

Royalty rates — The royalty rates are determined based on comparable or similar transactions.

Long-term growth rate — The basis used to determine the value assigned to the long-term growth rate is the forecast price indices during the budget year from where the main businesses are located.

The values assigned to the discount rate, royalty rate and long-term growth rate are consistent with the Group's historical experience and external information sources.

With regard to the assessment of fair value, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amounts of the trademarks of Club Med or of Thomas Cook to be materially lower than their carrying amount.

16. INTANGIBLE ASSETS *(Continued)*

Sensitivity to changes in key assumptions

As at 31 December 2020, the recoverable amount of the trademark of Club Med exceeds the carrying amount by RMB552,118,000.

The following table sets forth the impact of reasonably possible changes in each of the key assumptions, with all other variables held constant, of the trademark impairment testing of the trademark of Club Med as of the dates indicated.

As at 31 December 2020, the recoverable amount of the trademark of Club Med exceed its carrying amount by:

	2020 RMB'000
Possible changes of key assumptions	
Discount rate increases by 1%	**237,601**
Royalty rates decrease by 0.5%	**340,922**
Long-term growth rate decreases by 0.5%	**432,741**

17. GOODWILL

	RMB'000
Cost and net carrying amount at 1 January 2019	1,737,345
Exchange realignment	(7,040)
Cost and net carrying amount at 31 December 2019 and 1 January 2020	1,730,305
Acquisition of a subsidiary (note 42(a))	70,617
Exchange realignment	46,383
Cost and net carrying amount at 31 December 2020	**1,847,305**

Impairment testing of goodwill

The Group's goodwill acquired through business combination is from the acquisition of Club Med SAS Group in February 2015 and acquisition of Kuyi International Travel Agency (Shanghai) Co., Ltd ("Kuyi Shanghai") in April 2020. The goodwill has been allocated to the corresponding subsidiaries acquired for impairment testing as the acquired subsidiaries are the only cash-generating units that can benefit from synergy of the acquisition separately.

The recoverable amount of the cash-generating unit of Club Med SAS Group has been determined based on a value-in-use calculation using cash flow projections based on an operational plan for a maximum period of three years, and the application of a growth rate of 2.5% in the subsequent two years as approved by senior management. The discount rate applied to the cash flow projections was 11.2% for 2020. The growth rate used to extrapolate the cash flows of the above cash-generating unit beyond the five-year period is 1.9%, which is also an estimate of the long-term rate of inflation.

17. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

The recoverable amount of the cash-generating unit of Kuyi Shanghai has been determined based on a value-in-use calculation using cash flow projections based on an operational plan for a maximum period of three years, and the application of a growth rate of 6% in the subsequent two years as approved by senior management. The discount rate applied to the cash flow projections was 14.4% for 2020. The growth rate used to extrapolate the cash flows of the above cash-generating unit beyond the five-year period is 3.0%, which is also an estimate of the long-term rate of inflation.

Assumptions were used in the value-in-use calculation of the cash-generating units for the year ended 31 December 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rate — The discount rate used is before tax and reflects specific risks relating to the cash-generating units.

Long-term growth rate — The basis used to determine the value assigned to the long-term growth rate is the forecast price indices during the budget year from where the main businesses are located.

The values assigned to the discount rate and long-term growth rate are consistent with the Group's historical experience and external information sources.

With regard to the assessment of value in use, management believes that no reasonably possible changes in any of the key assumptions would cause the recoverable amount of the cash-generating unit for which goodwill is allocated to be materially lower than its carrying amount.

Sensitivity to changes in key assumptions

As at 31 December 2020, the recoverable amount of the cash-generating unit of Club Med SAS exceeds its carrying amount by RMB3,516,555,000.

The following table sets forth the impact of reasonable possible changes in each of the key assumptions, with all other variables held constant, of goodwill impairment testing of the cash-generating unit of Club Med SAS as of the dates indicated.

As at 31 December 2020, the recoverable amount of the cash-generating units exceeds the carrying amount by:

Possible changes of key assumptions	2020 Club Med SAS Group RMB'000
Pre-tax discount rate increases by 1%	**2,365,782**
Long-term growth rate decreases by 0.5%	**2,974,243**

Year ended 31 December 2020

18. INVESTMENTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Share of net assets	**224,734**	194,707

The Group's amounts due from associates and amounts due to associates are disclosed in note 21 to the financial statements.

As at 31 December 2020, there were no material associates within the Group (31 December 2019: nil).

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2020 RMB'000	2019 RMB'000
Share of the associates' (loss)/profits for the year	**(9,638)**	4,401

	2020 RMB'000	2019 RMB'000
Aggregate carrying amount of the Group's investments in the associates	**224,734**	194,707

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2020 RMB'000	2019 RMB'000
Financial assets at fair value through profit or loss:			
Long-term investments			
Unlisted investments, at fair value			
Non-trading		**77,872**	28,478
Short-term investments			
Unlisted investments, at fair value			
Non-trading	(i)	**330,504**	423,432
		408,376	451,910

Notes:

(i) The short-term financial assets at fair value through profit or loss as at 31 December 2020 include an investment in financial products issued by an asset management company with an amount of USD50,000,000, equivalent to RMB330,504,000 (31 December 2019: the investment in financial products issued by an asset management company with an amount of USD50,000,000, equivalent to RMB343,669,000).

It was classified as a short-term financial asset at fair value though profit or loss at 31 December 2020 as its contractual cash flows are not solely payments of principal and interest and can be redeemed on demand.

20. PROPERTIES UNDER DEVELOPMENT

	2020 RMB'000	2019 RMB'000
Land cost	**1,522,728**	1,411,955
Construction costs	**991,240**	502,327
Capitalised finance costs	**31,748**	23,560
	2,545,716	1,937,842
Portion classified as current assets	**1,029,608**	779,956
Non-current portion	**1,516,108**	1,157,886

The properties pledged to banks to secure interest-bearing bank loans are as follows:

	2020 RMB'000	2019 RMB'000
Net book value pledged (note 30)	**659,798**	—

Additions to properties under development include:

Interest expense capitalised (note 8)	**8,188**	35,971

The Group's properties under development are situated in Chinese Mainland and France.

21. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

	Notes	2020 RMB'000	2019 RMB'000
Due from related companies:			
The holding company	(i)	**1,828,915**	1,821,347
Associates	(ii)	**2,977**	2,542
Joint ventures		**—**	76,247
Other related companies	(iii)	**6,893**	18,456
Total		**1,838,785**	1,918,592
Portion classified as current assets		**1,836,748**	1,911,718
Non-current portion		**2,037**	6,874

21. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES *(Continued)*

Notes:

(i) As at 31 December 2020, the Group had an outstanding balance due from its ultimate holding company of RMB1,828,915,000 (31 December 2019: RMB1,821,347,000).The balance due from the holding company was non-trade in nature, unsecured, interest-free and repayable in November 2021. As at 31 December 2020, the balance mainly came from the unpaid subscription price for the shares of the Company issued to the Controlling Shareholder.

(ii) As at 31 December 2020, the Group had balances due from its associates of RMB2,977,000 (31 December 2019: RMB2,542,000). The balances were non-trade in nature, unsecured, interest-free and repayable on demand.

(iii) As at 31 December 2020, the balances due from other related companies with an amount of RMB5,884,000 (31 December 2019: RMB17,447,000) were trade in nature, unsecured, interest-free and repayable on demand.

The remaining balances due from other related companies as at 31 December 2020 with an amount of RMB1,009,000 (31 December 2019: RMB1,009,000) were non-trade in nature, unsecured, interest-free and repayable on demand.

	Notes	**2020** **RMB'000**	2019 RMB'000
Due to related companies:			
The holding company	(iv)	**1,960**	676
Associates		**—**	845
Joint ventures		**—**	814
Other related companies	(v)	**1,843,361**	1,885,558
Total		**1,845,321**	1,887,893
Portion classified as current liabilities		**16,407**	66,546
Non-current portion		**1,828,914**	1,821,347

(iv) As at 31 December 2020, the Group had an outstanding balance due to its ultimate holding company of RMB1,960,000 (31 December 2019: RMB676,000). The balance due to the holding company was non-trade in nature, unsecured, interest-free and repayable on demand.

(v) As at 31 December 2020, the balances due to other related companies include an amount of RMB14,447,000 (31 December 2019: RMB60,133,000) and were trade in nature, unsecured, interest-free and repayable on demand.

The remaining balances amounting to RMB1,828,914,000 (31 December 2019: RMB1,825,425,000) due to other related companies were non-trade in nature, unsecured, interest-free and repayable in January 2022.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	31 December 2020 RMB'000	31 December 2019 RMB'000
Prepayments consist of:			
Prepayments for various goods and services		**924,418**	1,027,999
Prepaid service fee		**2,169**	6,987
Prepaid value-added tax and surcharges		**650,156**	615,662
Deposits		**225,933**	156,289
Other receivables consist of:			
Tax recoverable		**18,545**	182,522
Loans to third parties		**199,116**	138,686
Others		**238,347**	246,048
Impairment allowance	(b)	**(18,909)**	(18,071)
		2,239,775	2,356,122
Portion classified as current assets		**1,790,383**	2,059,455
Non-current portion	(a)	**449,392**	296,667

Notes:

(a) The non-current portion of prepayments, other receivables and other assets as at the end of the reporting period is set out below:

	2020 RMB'000	2019 RMB'000
Non-current portion of prepayments, other receivables and other assets:		
Deposits for lease contracts	**170,613**	152,269
Deposits for travel license	**52,379**	—
Loans to third parties	**186,287**	138,686
Prepayments for purchase of construction materials, equipment and others	**39,657**	5,712
Others	**456**	—
	449,392	296,667

(b) As at 31 December 2020, the impairment allowance was mainly due to the impairment for the prepayments for various goods or services amounting to RMB12,600,000 (31 December 2019: RMB12,600,000).

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2020 and 2019, the loss allowance was assessed to be minimal.

23. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Accruals and provisions RMB'000	Additional LAT provisions RMB'000	Leases RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax assets at 1 January 2019	279,594	66,837	106,478	—	63,972	516,881
Deferred tax credited to the consolidated statement of profit or loss during the year	83,079	30,868	13,623	19,959	33,706	181,235
Exchange realignment	694	(91)	—	314	1,152	2,069
Gross deferred tax assets at 31 December 2019 and at 1 January 2020	**363,367**	**97,614**	**120,101**	**20,273**	**98,830**	**700,185**
Deferred tax charged to the consolidated statement of profit or loss during the year	**(13,973)**	**(40,165)**	**—**	**15,970**	**(10,008)**	**(48,176)**
Other changes*	**—**	**(28,931)**	**(120,101)**	**—**	**—**	**(149,032)**
Exchange realignment	**5,988**	**604**	**—**	**(2,581)**	**(18)**	**3,993**
Gross deferred tax assets at 31 December 2020	**355,382**	**29,122**	**—**	**33,662**	**88,804**	**506,970**

* Certain temporary differences for which deferred tax assets have been recognized were approved by the local tax bureau to be deducted from taxable income for annual tax filing of 2019. Such temporary differences were realized in 2020 and the corresponding deferred tax assets and tax payables decreased.

23. DEFERRED TAX *(Continued)*

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries and others RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2019	966,592	11,366	977,958
Deferred tax charged to the consolidated statement of profit or loss during the year	18,508	8,383	26,891
Exchange realignment	3,882	—	3,882
Gross deferred tax liabilities at 31 December 2019 at 1 January 2020	**988,982**	**19,749**	**1,008,731**
Deferred tax credited to the consolidated statement of profit or loss during the year	**(49,261)**	**(8,833)**	**(58,094)**
Disposal of a subsidiary	**(7,759)**	**—**	**(7,759)**
Exchange realignment	**(36,107)**	**(527)**	**(36,634)**
Gross deferred tax liabilities at 31 December 2020	**895,855**	**10,389**	**906,244**

For presentation purposes, certain deferred tax liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2020 RMB'000	2019 RMB'000
Deferred tax offset in the consolidated statement of financial position	**400,547**	405,834
Net deferred tax assets recognised in the consolidated statement of financial position	**106,423**	294,351
Net deferred tax liabilities recognised in the consolidated statement of financial position	**505,697**	602,897

Deferred tax assets have not been recognised in respect of the following item:

	2020 RMB'000	2019 RMB'000
Tax losses	**5,631,496**	4,142,042

23. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

Tax losses carried forward as at the end of the year:

	2020	2019
	RMB'000	RMB'000
Less than one year	**49,615**	73,747
One to five years	**701,517**	593,566
Beyond five years	**205,094**	240,780
Without limitation	**4,675,270**	3,233,949
	5,631,496	4,142,042

Tax losses arising in Chinese Mainland will expire in one to five years for offsetting against future taxable profits. Tax losses arising in locations other than Chinese Mainland will be available indefinitely or expire in one to over five years for offsetting against future taxable profits as shown above. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008.

At 31 December 2020, no deferred tax liabilities has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB596,805,000 at 31 December 2020.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

24. INVENTORIES

	2020	2019
	RMB'000	RMB'000
Goods for resale	**104,721**	108,204
Consumables and supplies	**108,289**	91,663
Impairment	**(8,084)**	(3,674)
	204,926	196,193

25. COMPLETED PROPERTIES FOR SALE

	2020 **RMB'000**	2019 RMB'000
Completed properties for sale	**312,964**	462,497

The completed properties for sale pledged to banks to secure interest-bearing bank loans are as follows:

	2020 **RMB'000**	2019 RMB'000
Net book value pledged (note 30)	**—**	37,152

The completed properties for sale are situated in France and Chinese Mainland.

26. TRADE RECEIVABLES

	2020 **RMB'000**	2019 RMB'000
Trade receivables	**527,079**	696,610
Impairment	**(43,803)**	(43,575)
	483,276	653,035

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

The carrying amounts of the trade receivables in the consolidated statement of financial position approximate to their fair values.

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

	2020 **RMB'000**	2019 RMB'000
Outstanding balances with ages:		
Within 90 days	**453,126**	468,072
91 to 180 days	**26,066**	43,011
181 to 365 days	**1,313**	141,952
1 to 2 years	**2,771**	—
	483,276	653,035

26. TRADE RECEIVABLES *(Continued)*

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020	2019
	RMB'000	RMB'000
At beginning of year	**43,575**	37,772
Amount written off as uncollectible	**(11,223)**	(8,137)
Impairment losses, net	**10,859**	13,886
Exchange realignment	**592**	54
At end of year	**43,803**	43,575

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, the balances are grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables that are categorised as current or past due within 30 days is assessed to be 0.1%, while the expected loss rate for the trade receivable balances which are over 30 days past due is assessed to be 0.7% for the year of 2020 (2019: 0.5%).

The expected loss rate is reviewed, and adjusted if appropriate, at the end of each reporting period. Other than the provision provided for the specific balances which are more than 30 days past due based on evaluation on the expected loss rate and the gross carrying amount of the remaining balances, the directors of the Company are of the opinion that the ECL in respect of these balances is considered to be immaterial.

27. CONTRACT ASSETS AND OTHER ASSETS

	2020	2019
	RMB'000	RMB'000
Costs for obtaining contracts	**5,325**	4,284

Note:

Management expects that the incremental costs, primarily sales commission and stamp duty paid/payable as a result of obtaining the property sales contracts, are recoverable. The Group has capitalised the amounts and amortised them when the related revenue is recognised. The amount of capitalisation was RMB4,544,000 for the year of 2020 (2019: Nil) and the amount of amortisation was RMB3,503,000 for the year of 2020 (2019: RMB41,179,000).

The expected timing of recovery or settlement for contract assets and other assets as at 31 December 2020 and 2019 is as follows:

	2020	2019
	RMB'000	RMB'000
Within one year	**5,325**	4,284

28. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2020

	Fair value	
	Assets	Liabilities
	RMB'000	RMB'000
Qualifying for hedge accounting		
Cash flow hedge derivatives		
Currency swaps	**9,546**	132,662
Forward currency contracts	**12,255**	28,509
Interest rate swaps	**—**	13,153
Interest rate options	**416**	—
Fair value hedge derivatives		
Currency swaps	**10,085**	11,668
	32,302	185,992

As at 31 December 2019

	Fair value	
	Assets	Liabilities
	RMB'000	RMB'000
Derivatives not qualifying for hedge accounting		
Interest rate derivatives		
Interest rate swaptions	**3,017**	16,944
Qualifying for hedge accounting		
Cash flow hedge derivatives		
Currency swaps	**652**	17,127
Forward currency contracts	**11,640**	58,866
Interest rate swaps	**2,321**	5,330
Fair value hedge derivatives		
Currency swaps	**13,412**	1,439
	28,025	82,762
	31,042	99,706

28. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Cash flow hedges

The Group operates resorts all over the world and is exposed to the risk of fluctuations in foreign exchange rates. Forward currency contracts and currency swaps are designated as hedging instruments in respect of the transaction currency risk arising from the future cash flows denominated in a currency other than the functional currency of the entities within the Group. The balances of the forward currency contracts and currency swaps vary with the levels of expected foreign currency transactions and changes in foreign exchange forward rates. The terms of the above hedging instruments match the expected highly probable forecast transactions.

Interest rate swaps whereby the Group receives interest at variable rates and pays interest at fixed rates are designated as hedging instruments in respect of forecast future interest expenses on interest-floating borrowings to which the Group has firm commitments. The balances of the interest rate swaps vary with the terms and principal amounts of the interest-floating borrowings and changes in variable rates which are generally based on the Europe Interbank Offered Rate. The terms of the above hedging instruments match the terms of the commitments.

The cash flow hedges were assessed to be highly effective and net gains of RMB11,508,000 for the year ended 31 December 2020 (2019: net losses of RMB63,077,000) were included in the hedging reserve as follows:

	2020 RMB'000	2019 RMB'000
Effective portion of changes in fair value of hedging instruments arising during the year	**(123,100)**	(51,419)
Reclassification adjustments for losses/(gains) included in the consolidated statement of profit or loss	**134,608**	(11,658)
Total	**11,508**	(63,077)

In addition, the Group entered into interest rate swaption contracts in 2019 to manage its interest rate exposures on borrowings. These interest rate swaption contracts were 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.

Fair value hedge

Currency swaps are designated as hedging instruments in respect of the currency risk on intercompany financing denominated in a currency other than the functional currency of the borrowing entities within the Group. The hedge of the currency swaps was assessed to be effective.

29. CASH AND BANK BALANCES

	Notes	2020 RMB'000	2019 RMB'000
Cash and current deposits		**2,768,409**	1,800,542
Time deposits		**1,684,579**	101,554
Other cash equivalents		**118,261**	236,271
		4,571,249	2,138,367
Less: Pledged bank balances	(a)	**5,720**	9,526
Time deposits with original maturity of more than three months		**1,626,919**	164
Restricted pre-sale proceeds	(b)	**130,256**	—
Restricted cash		**1,762,895**	9,690
Cash and cash equivalents		**2,808,354**	2,128,677

Notes:

(a) It mainly comprises the following:

	2020 RMB'000	2019 RMB'000
Bank balances as various deposits	**5,720**	9,526

(b) In accordance with relevant regulations issued by the PRC State-Owned Land and Resource Bureau, certain subsidiaries involved in property development of the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees for the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained.

Cash and cash equivalents and restricted cash of the Group denominated in RMB amounted to RMB3,666,130,000 as at 31 December 2020 (31 December 2019: RMB1,148,611,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The cash and cash equivalents and restricted cash are deposited with creditworthy banks with no recent history of default.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	**2020** **RMB'000**	2019 RMB'000
Bank loans:			
Secured	(a)	**3,029,523**	4,566,115
Unsecured		**3,585,627**	1,990,824
		6,615,150	6,556,939
Other borrowings:			
Commercial mortgage-backed security	(b)	**6,725,933**	—
Total		**13,341,083**	6,556,939
Repayable:			
Within one year		**2,187,901**	2,038,170
In the second year		**893,234**	857,353
In the third to five-years, inclusive		**3,664,795**	3,037,307
Over five years		**6,595,153**	624,109
		13,341,083	6,556,939
Portion classified as current liabilities		**2,187,901**	2,038,170
Non-current portion		**11,153,182**	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 each reporting period as follows:

	2020 **RMB'000**	2019 RMB'000
Pledge of assets:		
Right-of-use assets	**212,299**	810,735
Properties under development	**659,798**	—
Property, plant and equipment	**300,417**	4,820,161
Completed properties for sales	**—**	37,152
Total	**1,172,514**	5,668,048

Apart from the above, certain interest-bearing bank borrowings were secured by investments in subsidiaries as at 31 December 2020.

(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 Commerce and Tourism Development Co., Ltd. and operating revenue of Atlantis Sanya as a pledge. The securities of the prioritized level of RMB6,800 million was subscribed by various third party investors with a coupon rate 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 instalments 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 31 December 2020.

The pledged assets with carrying values at the end of the reporting period are as follows:

	2020 **RMB'000**	2019 RMB'000
Pledge of assets:		
Right-of-use assets — land	**788,513**	—
Property, plant and equipment	**3,466,027**	—
Total	**4,254,540**	—

(c) Certain of the Group's bank loans bear interest at rates ranging from 0.5% to 5.94% per annum during the year ended 31 December 2020 (2019: from 2.75% to 7.37%).

31. CONTRACT LIABILITIES

	2020 RMB'000	2019 RMB'000
Contract liabilities	**626,237**	1,175,498
Portion classified as current assets	**618,456**	1,175,498
Non-current portion	**7,781**	—

The Group receives payments from customers based on the billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts from property sales and resort operation.

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2020 RMB'000	2019 RMB'000
Revenue recognised during the year that was included in the contract liabilities balance at the beginning of the year	**1,175,498**	3,991,717

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2020 RMB'000	2019 RMB'000
Expected to be recognised within one year	**618,456**	1,175,498
Expected to be recognised after one year	**7,781**	—
	626,237	1,175,498

32. TRADE PAYABLES

	2020 RMB'000	2019 RMB'000
Trade payables	**1,522,315**	1,708,988

32. TRADE PAYABLES *(Continued)*

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

	2020	2019
	RMB'000	RMB'000
Within 90 days	**1,026,903**	1,270,744
91 to 180 days	**125,325**	19,894
181 to 365 days	**159,266**	16,933
1 to 2 years	**77,606**	401,136
2 to 3 years	**133,151**	86
Over 3 years	**64**	195
	1,522,315	1,708,988

Trade payables are non-interest-bearing.

33. ACCRUED LIABILITIES AND OTHER PAYABLES

		2020	2019
	Notes	**RMB'000**	RMB'000
Advances from customers	(i)	**2,566,047**	2,943,375
Payables related to:			
Purchases of property, plant and equipment		**705,778**	979,567
Deposits received		**77,367**	142,354
Payroll		**519,112**	494,864
Tax liabilities (other than income tax)		**189,909**	184,383
Interest payables		**152,866**	12,581
Provisions for litigation and others	(ii)	**277,820**	180,717
Put options granted to non-controlling shareholders of a subsidiary	(iii)	**—**	133,846
Others		**398,828**	447,246
		4,887,727	5,518,933

33. ACCRUED LIABILITIES AND OTHER PAYABLES *(Continued)*

Notes:

(i) The balance mainly represents the proceeds from the customers in advance arising from certain contracts which can be cancelled without any condition before the services and goods are delivered by the Group.

(ii) The balance mainly includes the provisions for litigation which cover commercial claims, employee claims, and disputes with government agencies and the provisions for the site restructuring and closures of the resorts.

(iii) Pursuant to the put option agreements signed in February 2015 and subsequent amendment signed in December 2020 between Fosun Luxembourg, a subsidiary of the Company, and certain non-controlling shareholders of CMH, the non-controlling shareholders of CMH as at 31 December 2020 had certain embedded put rights that were exercisable commencing on the departure of the relevant employee shareholder or on the fourth or fifth anniversary of the agreement date, which, if exercised, would require Fosun Luxembourg to acquire the non-controlling interests at a price based on certain multiples of Earnings before interest, taxes, depreciation and amortisation ("EBITDA") of CMH after the adjustment of certain items. The put options will expire from 18 February 2023 to 19 July 2024. In accordance with IFRS 10, the Company recorded the non-controlling shareholders' portion of profit or loss in its consolidated statement of profit or loss, and the put option amount was classified as a financial liability at the end of the year and the changes in the amount of the options were recognised in equity (other reserve).

34. CONVERTIBLE REDEEMABLE PREFERRED SHARES

Preferred Share B 2015

To finance the acquisition of Club Med SAS Group, in February 2015, CMH (formerly known as Holding Gaillon II), an indirectly owned subsidiary of the Company, issued 51,578,995 Class B preference shares (the "Preferred Shares B 2015") with a par value of EUR4 per share for cash. Among them, Fosun Luxembourg, together with another subsidiary of the Group, subscribed 36,377,244 Preferred Shares B 2015 which were eliminated at a group level. And the remaining 15,001,751 Preferred Shares B 2015 were subscribed by a related party of the Group and other various third party holders at a total amount of EUR60,007,004 (equivalent to RMB415,585,000).

After several rounds of redemption from holders outside the Group, 1,855,587 Preferred Shares B 2015 were outstanding at a total amount of EUR10,917,000 (equivalent to RMB85,323,000) as at 31 December 2019.

In February 2020, Fosun Luxembourg acquired 908,859 Preferred Shares B 2015 from a non-controlling shareholder at a total consideration of EUR5,362,268 (equivalent to RMB40,591,000).

The Preferred Shares B 2015 hold voting rights, have no maturity date and entitle the holders to a preferred, cumulative and exclusive compound dividend rate of 8.25% on the principals. In case of liquidation, Preferred Shares B 2015 are redeemable at the subscription price plus the preferred dividend and the redemption of the Preferred Shares B 2015 is in priority to ordinary shares and other equity instruments. Preferred Shares B 2015 are treated pari passu with the holders of the convertible bonds with the details set out in note 35. In case of an exit (except an initial public offering ("IPO") of CMH), allocation of the exit price will be in priority to convertible bonds and Preferred Shares B 2015 which are treated pari passu. Only in the case of an exit through an IPO of CMH, Preferred Shares B 2015 could be converted into ordinary shares.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option ("Market Interest"). The residual amount is assigned as the equity component and is included in shareholders' equity. Since the rate of return is close to the Market Interest, the entire issue was recognised as a liability with no equity component.

34. CONVERTIBLE REDEEMABLE PREFERRED SHARES *(Continued)*

Preferred Shares B 2020

On 16 December 2020, CMH and its shareholders entered into a series of agreements on capital restructuring (the "Restructuring"). Under the agreements, CMH issued 89,862,686 preferred shares (the "2020 Preferred Shares B") with a par value of EUR6.35 per share as part of the consideration in exchange of the convertible bonds 2015 held by CMH's shareholders. Fosun Luxembourg subscribed 88,181,645 Preferred Shares B 2020 which were eliminated at a group level. And the remaining 1,681,041 shares were subscribed by a third party holder in exchange of convertible bonds 2015 at a total amount of EUR10,674,610 (equivalent to RMB84,771,000).

In the meantime, the terms of Preferred Shares B 2015 were amended by removing the clause of "pari passu" with the holders of convertible bonds with the details set out in note 35. After the amendment, the terms of Preferred Shares B 2015 are the same as Preferred Shares B 2020.

Preferred Shares B 2015 and Preferred Shares B 2020 (collectively the "Preferred Shares B") hold voting rights, have no maturity date and entitle the holders to a preferred, cumulative and exclusive compound dividend rate. Preferred Shares B are only redeemable in case of liquidation at subscription price plus the preferred dividend.

Therefore, both Preferred Shares B 2015 and Preferred Shares B 2020 were classified as equity after the aforementioned capital restructuring.

	2020 **RMB'000**	2019 RMB'000
At beginning of year	**85,323**	163,136
Redemption	**(40,590)**	(87,350)
Interest expense (note 8)	**3,604**	11,127
Restructuring	**(47,741)**	—
Exchange realignment	**(596)**	(1,590)
At the end of year	**—**	85,323

35. CONVERTIBLE BONDS

Convertible Bonds 2015

To finance the acquisition of Club Med SAS Group, in February and March 2015, CMH issued a total of 102,415,337 convertible bonds (the "Convertible Bonds 2015") with a par value of EUR4 per bond. Among them, Fosun Luxembourg subscribed 72,056,820 Convertible Bonds 2015 which were eliminated at a group level. The remaining 30,358,517 Convertible Bonds 2015 were subscribed by a related party of the Group and other various third party holders at a total amount of EUR121,434,000 (equivalent to RMB841,004,000).

After several rounds of redemption from holders outside the Group, 3,755,088 Convertible Bonds 2015 were outstanding at a total amount of EUR22,102,000 (equivalent to RMB172,735,000) as at 31 December 2019.

35. CONVERTIBLE BONDS *(Continued)*

Convertible Bonds 2015 *(Continued)*

In February 2020, Fosun Luxembourg acquired 1,839,227 Convertible Bonds from non-controlling shareholders at a total consideration of EUR10,851,439 (equivalent to RMB82,142,000).

The Convertible Bonds 2015 can be converted into Preferred Share B 2015 and the conversion can be requested at the option of the bondholders at any time until the maturity date of 18 February 2025. The Convertible Bonds bear interest at a compound rate until the Convertible Bonds mature. The holders could request early redemption of the Convertible Bonds only in the case of liquidation and before any other dividends and any redemption of net equity.

The fair value of the liability component was estimated at the issuance date using the Market Interest. The residual amount is assigned as the equity component and is included in shareholders' equity. Since the rate of return is close to the Market Interest, the entire issue was recognised as a liability with no equity component.

Convertible Bonds 2020

On 16 December 2020, CMH and its shareholders entered into a series of agreements on capital restructuring. Under the agreements, CMH issued 89,862,686 Preferred Shares B 2020 at an amount of EUR570,628,056 (equivalent to RMB4,531,586,000) and 12,598,424 new convertible bonds ("Convertible Bonds 2020") at an amount of EUR79,999,992 (equivalent to RMB635,312,000) in exchange for all then outstanding 102,415,337 Convertible Bonds 2015. Fosun Luxembourg subscribed 12,362,749 Convertible Bonds 2020 which were eliminated at a group level. The remaining 235,675 Convertible Bonds 2020 were subscribed by a third party holder at a total amount of EUR1,496,536 (equivalent to RMB11,885,000).

The Convertible Bonds 2020 can be converted into Preferred Share B 2020 and the conversion can be requested at the option of the bondholders at any time until the maturity date of 16 December 2030. The Convertible Bonds bear interest at a compound rate until the Convertible Bonds mature. The holders could request early redemption of Convertible Bonds 2020 only in the case of liquidation and before any other dividends and any redemption of net equity.

The fair value of the liability component of Convertible Bonds 2020 was estimated at the issuance date using the Market Interest. The residual amount is assigned as the equity component and is included in shareholders' equity. Since the rate of return is close to the Market Interest, the entire issue was recognised as a liability with no equity component.

	2020 **RMB'000**	2019 RMB'000
At beginning of year	**172,735**	330,369
Issuance	**11,885**	—
Redemption	**(82,142)**	(176,838)
Restructuring	**(95,470)**	—
Interest expense (note 8)	**7,344**	22,780
Exchange realignment	**(2,308)**	(3,576)
At the end of year	**12,044**	172,735

36. DEFERRED INCOME

Deferred income represents government grants received relating to assets.

	2020 RMB'000	2019 RMB'000
Government grants for fixed asset construction	**131,231**	113,521

The movements in government grants are as follows:

	2020 RMB'000	2019 RMB'000
At beginning of year	**113,521**	120,720
Addition	**22,961**	370
Recognised as income during the year	**(7,370)**	(7,230)
Exchange realignment	**2,119**	(339)
At the end of the year	**131,231**	113,521

37. OTHER LONG TERM PAYABLES

	Note	2020 RMB'000	2019 RMB'000
Defined benefit plans	(i)	**405,455**	412,033
Others		**79,926**	20,481
		485,381	432,514

Note:

(i) Under defined-benefit plans, the Group has an obligation to provide benefits to employees either on their retirement or when they leave the Group. The Group's defined benefit plans are unfunded and are covered by provisions recorded in the financial statements.

The Group's obligations under defined benefit plans are measured using the projected unit credit method. This method involves the use of long-term actuarial assumptions concerning demographic variables (such as employee turnover and mortality) and financial variables (such as future increases in salaries and discount rates). These variables are reviewed each year.

The discount rate is determined by reference to the market yields at the reporting date of high quality corporate bonds.

The principal actuarial assumptions used for the major defined benefit plan of the Group as at the end of each reporting period are as follows:

	2020 RMB'000	2019 RMB'000
Discount rate	**0.34%**	0.77%
Expected rate of salary increase	**1.85%–3.25%**	1.85%–3.35%

37. OTHER LONG TERM PAYABLES *(Continued)*

Note: (Continued)

(i) (Continued)

A quantitative sensitivity analysis for significant assumptions for the major defined benefit plan of the Group as at the year end is shown below:

	2020 **RMB'000**	2019 RMB'000
Discount rate changed to	**0.84%**	1.27%
Adjustment to the liability	**(16,376)**	(16,030)
Discount rate changed to	**0%**	0.27%
Adjustment to the liability	**14,991**	17,522
Expected rate of salary increase changed to	**2.35%–3.75%**	2.35%–3.85%
Adjustment to the liability	**17,458**	17,116
Expected rate of salary increase changed to	**1.35%–2.75%**	1.35%–2.85%
Adjustment to liability	**(16,121)**	(15,834)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of each year. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The total expenses recognised in the consolidated statement of profit or loss in respect of the plan are as follows:

	2020 **RMB'000**	2019 RMB'000
Current service cost	**25,547**	28,186
Past service cost	**(32,063)**	—
Interest expense	**4,117**	6,924
Net benefit expenses	**(2,399)**	35,110

The movements in the present value of the defined benefit obligations are set out below:

	2020 **RMB'000**	2019 RMB'000
At beginning of year	**412,033**	378,177
Current service cost	**25,547**	28,186
Past service cost	**(32,063)**	—
Interest expense	**4,117**	6,924
Benefits paid	**(23,320)**	(18,747)
Loss from actuarial changes in other comprehensive income	**13,731**	23,584
Exchange realignment	**5,410**	(6,091)
At end of year	**405,455**	412,033

The defined benefit plan is unfunded, and there are no expected contributions in the next 12 months.

The average duration of the defined benefit obligations as at 31 December 2020 was 7 to 20 years (31 December 2019: 7 to 20 years).

38. SHARE CAPITAL

Shares

	Notes	Numbers of shares	Nominal value of USD0.001 each USD	Nominal value of EUR0.001 each EUR	Nominal value of EUR0.0001 each EUR	Nominal value RMB
Authorised:						
At 31 December 2019, 1 January 2020 and 31 December 2020		**10,000,000,000**	**—**	**—**	**1,000,000**	**7,676,000**
Issued:						
At 1 January 2019		1,223,120,863	—	—	22,314	174,136
Issue of shares from the exercise of the over-allotment option	(i)	10,332,600	—	—	1,033	8,076
Issue of shares under the share option scheme and the share ownership plan	(ii)	1,591,920	—	—	159	1,231
At 31 December 2019 and 31 December 2020		**1,235,045,383**	**—**	**—**	**23,506**	**183,443**

Notes:

(i) On 4 January 2019, the Company issued and allotted 10,332,600 shares at HKD15.60 per share due to the exercise of the over-allotment option. An amount of RMB8,076 was credited as issued and fully paid share capital and the remaining amount of RMB137,188,000 was credited to share premium.

(ii) On 2 July 2019, the Company issued and allotted 1,504,710 shares pursuant to the 2018 free share ownership plan. An amount of RMB1,164 was credited as share capital; an amount of RMB21,938,000 was credited to share premium and an amount of RMB21,939,164 was transferred out from capital and other reserve.

According to the share option scheme of the Company, 87,210 shares were issued at the exercise price of HKD8.43 per share due to the exercise of the share option. An amount of RMB67 was credited as share capital; an amount of RMB990,000 was credited to share premium; and an amount of RMB344,000 was transferred out from capital and other reserve.

39. RESERVES

The Group's reserves and the movements therein during 2020 are presented in the consolidated statement of changes in the equity in the financial statements.

Merger reserve

The Company was incorporated in September 2016 and it acquired relevant subsidiaries now comprising the Group in the year of 2017 from the Controlling Shareholder. The merger reserve of the Group mainly represents the reserve arising pursuant to the reorganisation of the Group completed in 2017.

Capital and other reserve

(i) The Group has granted put options to certain non-controlling shareholders of CMH. The put options provide the holders the option to require the Group to purchase the shares held by the non-controlling shareholders at a determinable price. Details are set out in note 33(iii). As at 31 December 2020, although the put options remained unexercised, the Group derecognised the non-controlling interests as if they were acquired at that date, and recognised as financial liabilities, which are measured on the basis of the estimated present value of the consideration to be transferred upon the exercise of the put options. The difference between the amounts of the non-controlling interests and the financial liabilities was recognised in capital and other reserve.

(ii) During the year of 2020, the Group acquired additional interests in its subsidiaries. The difference between the consideration and the proportionate shares of net assets acquired was recorded in capital.

(iii) The remaining amount of capital and other reserve mainly consists of fair value adjustments of hedging instruments in cash flow hedges, the actuarial reserve relating to employee benefits in the defined benefit plans, and reserves relating to the share-based payments.

40. SHARE-BASED PAYMENTS

Share option scheme

The Company operates share option schemes for the purpose of providing the eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage the eligible participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholder(s) as a whole. The eligible participants include directors, full-time employees of the Company or any of its subsidiaries and any person who the board of directors considers to be able to enhance the operations or the value of the Group.

2017 Share Option Scheme

The 2017 share option scheme ("2017 Share Option Scheme") was approved by the shareholders of Fosun International Limited and became effective on 23 February 2018. Unless otherwise cancelled or amended, the Option Scheme will remain in force for 10 years from the date of adoption.

40. SHARE-BASED PAYMENTS *(Continued)*

Share option scheme *(Continued)*

2017 Share Option Scheme *(Continued)*

The maximum number of share options currently permitted to be granted under the 2017 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company as at the date of adoption. The maximum number of shares issuable under share options to each eligible participant in the 2017 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at grant date. Any further grant of share options in excess of this limit is subject to the approval of the shareholders of Fosun International Limited in a general meeting. The number of shares of which options may be granted under the 2017 Share Option Scheme shall be increased by the same number of options which lapsed and/or are cancelled.

The offer of a grant of share options may be accepted within 5 business days from the date of offer, upon payment of a nominal consideration of RMB1 (or any other amount as determined by the board of directors) in total by the grantee. The exercise period of the share options granted is determinable by the grantee, and commences after a vesting period of one to eight years and is subject to the listing of the shares on an internationally recognised stock exchange (the "Listing"), and shall not exceed a period of 10 years from the date of grant of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the new issue price (if any) either after the Company has resolved to seek the Listing or during the period commencing six months before the lodgement of an application with the relevant stock exchange for the Listing up to the date of the Listing. In such event, the Board shall have the discretion to adjust the exercise price of options granted during such period to not lower than the new issue price (if any).

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the 2017 Share Option Scheme during each reporting period:

	2020		2019	
	Weighted average exercise price HKD per share	**Number of options '000**	Weighted average exercise price HKD per share	Number of options '000
At 1 January		**43,322**	—	44,556
Exercised during the year	**—**	**—**	8.43	(87)
Forfeited during the year	**11.55**	**(5,064)**	13.59	(1,147)
At 31 December 2020		**38,258**		43,322

No share options were exercised during the year ended 31 December 2020.

40. SHARE-BASED PAYMENTS *(Continued)*

Share option scheme *(Continued)*

2017 Share Option Scheme *(Continued)*

The exercise prices and exercise periods of the share options outstanding as the end of the reporting period are as follows:

2020

Number of options '000	Exercise price HKD per share	Exercise period
1,868	8.43	28 December 2018 to 28 December 2027
4,000	8.43	22 February 2019 to 22 February 2028
2,697	15.60	18 November 2019 to 18 November 2028
1,868	8.43	28 December 2019 to 28 December 2027
4,000	8.43	22 February 2020 to 22 February 2028
2,697	15.60	18 November 2020 to 18 November 2028
1,868	8.43	28 December 2020 to 28 December 2027
4,000	8.43	22 February 2021 to 22 February 2028
2,696	15.60	18 November 2021 to 18 November 2028
1,868	8.43	28 December 2021 to 28 December 2027
4,000	8.43	22 February 2022 to 22 February 2028
2,696	15.60	18 November 2022 to 18 November 2028
1,000	8.43	22 February 2023 to 22 February 2028
1,000	8.43	22 February 2024 to 22 February 2028
1,000	8.43	22 February 2025 to 22 February 2028
1,000	8.43	22 February 2026 to 22 February 2028
38,258		

40. SHARE-BASED PAYMENTS *(Continued)*

Share option scheme *(Continued)*

2017 Share Option Scheme *(Continued)*

2019

Number of options '000	Exercise price HKD per share	Exercise period
2,598	8.43	28 December 2018 to 28 December 2027
4,000	8.43	22 February 2019 to 22 February 2028
3,248	15.60	18 November 2019 to 18 November 2028
2,578	8.43	28 December 2019 to 28 December 2027
4,000	8.43	22 February 2020 to 22 February 2028
3,248	15.60	18 November 2020 to 18 November 2028
2,578	8.43	28 December 2020 to 28 December 2027
4,000	8.43	22 February 2021 to 22 February 2028
3,247	15.60	18 November 2021 to 18 November 2028
2,578	8.43	28 December 2021 to 28 December 2027
4,000	8.43	22 February 2022 to 22 February 2028
3,247	15.60	18 November 2022 to 18 November 2028
1,000	8.43	22 February 2023 to 22 February 2028
1,000	8.43	22 February 2024 to 22 February 2028
1,000	8.43	22 February 2025 to 22 February 2028
1,000	8.43	22 February 2026 to 22 February 2028
43,322		

The Group has not granted share options under 2017 Share Option Scheme during the years ended 31 December 2020 and 2019. The fair value of the share options granted during the year ended 31 December 2018 was RMB184,620,000 (RMB3.47 to RMB4.59 each), based on different vesting periods, of which the Group recognised a share option expense of RMB26,098,000 during the year ended 31 December 2020 (the year ended 31 December 2019: RMB54,845,000).

As at 31 December 2020, the Company had approximately 38,258,000 (31 December 2019: 43,322,000) share options outstanding under the 2017 Share Option Scheme, which represented approximately 3.10% (31 December 2019: 3.50%) of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 38,258,000 (31 December 2019: 43,322,000) additional ordinary shares of the Company and additional share capital and share premium of HKD399,851,000 (31 December 2019: HKD458,343,000) (before issue expenses).

40. SHARE-BASED PAYMENTS *(Continued)*

Share option scheme *(Continued)*

2019 Share Option Scheme

The 2019 share option scheme ("2019 Share Option Scheme") was approved by the shareholders of Fosun International Limited and the Company and became effective on 27 November 2019. Unless otherwise cancelled or amended, the 2019 Share Option Scheme will remain in force for 10 years from the date of adoption.

The maximum number of share options currently permitted to be granted under the 2019 Share Option Scheme is an amount equivalent, upon their exercise, to 5% of the shares of the Company as at the date of adoption, and, when aggregated with the maximum number of shares which may be issued in respect of any options to be granted under any other share option scheme of the Company shall not exceed 10% of the shares in issue. The maximum number of shares issuable under share options to each eligible participant in the 2019 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at the grant date. Any further grant of share options in excess of this limit is subject to the approval of the shareholders of Fosun International Limited in a general meeting. And the number of shares of which options may be granted under the 2019 Share Option Scheme shall be increased by the same number of options lapsed and/or cancelled.

The offer of a grant of share options may be accepted within 5 business days from the date of offer, upon payment of a nominal consideration of RMB1 (or any other amount as determined by the board of directors) in total by the grantee. The exercise period of the share options granted is determinable by the grantee, and commences after a vesting period of one to four years, and shall not exceed a period of 10 years from the date of grant of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the closing price as stated in the daily quotation sheets issued by the Stock Exchange on the grant date; (ii) the average closing price as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the grant date; and (iii) the nominal value of each share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 28 August 2020, pursuant to the 2019 Share Option Plan, 4,979,000 share options were granted to eligible participants with vesting periods from one to four years.

The following share options were outstanding under the 2019 Share Option Scheme during each reporting period:

	2020	
	Weighted average exercise price HKD per share	Number of options '000
At 31 December 2019 and 1 January 2020	—	—
Granted during the year	**8.37**	**4,979**
Forfeited during the year	**8.37**	**(545)**
At 31 December 2020		**4,434**

40. SHARE-BASED PAYMENTS *(Continued)*

Share option scheme *(Continued)*

2019 Share Option Scheme *(Continued)*

No share options were exercised during the year ended 31 December 2020.

The exercise prices and exercise periods of the share options outstanding as the end of the reporting period are as follows:

2020

Number of options '000	Exercise price HKD per share	Exercise period
984	**8.40**	**25 August 2020 to 24 August 2030**
125	**8.37**	**28 August 2020 to 24 August 2030**
984	**8.40**	**25 August 2021 to 24 August 2030**
125	**8.37**	**28 August 2021 to 24 August 2030**
983	**8.40**	**25 August 2022 to 24 August 2032**
125	**8.37**	**28 August 2022 to 24 August 2030**
983	**8.40**	**25 August 2023 to 24 August 2030**
125	**8.37**	**28 August 2023 to 24 August 2030**
4,434		

The fair value of the share options granted during the year ended 31 December 2020 was RMB8,601,000 (RMB1.61 to RMB1.84 each), based on different vesting periods, of which the Group recognised a share option expense of RMB2,104,000 during the year ended 31 December 2020 (the year ended 31 December 2019: nil).

The fair value of the share options granted during the year ended 31 December 2020 was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	—
Expected volatility (%)	23.8%
Risk-free interest rate (%)	0.30-0.38%
Expected life of options (year)	5.42-6.92
Weighted average share price (HKD per share)	8.37

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

40. SHARE-BASED PAYMENTS *(Continued)*

Share option scheme *(Continued)*

2019 Share Option Scheme *(Continued)*

As at 31 December 2020, the Company had 4,434,000 (31 December 2019: nil) share options outstanding under the 2019 Share Option Scheme, which represented approximately 0.36% (31 December 2019: nil) of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 4,434,000 (31 December 2019: nil) additional ordinary shares of the Company and additional share capital and share premium of HKD36,180,000 (before issue expenses).

Free share ownership plans

The Company operates free share ownership plans for the purpose to provide the directors of the Company and other employees of the Group with the opportunity to receive proprietary interests in the shares of the Company and to encourage the eligible participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

2018 Free Share Ownership Plan

The 2018 free share ownership plan (the "2018 Free Share Ownership Plan") was approved by the board of directors of the Company and became effective on 29 June 2018. Unless otherwise cancelled or amended, the 2018 Free Share Ownership Plan will remain in force for 10 years from the date of adoption.

The maximum aggregate number of shares that may be issued for free under the 2018 Free Share Ownership Plan shall not exceed 5% of the number of ordinary shares in issue on 29 June 2018.

On 4 July 2018, pursuant to the 2018 Free Share Ownership Plan, share units for 3,505,537 ordinary shares of the Company which represented approximately 0.28% of the Company's ordinary shares in issue as at that date were granted to eligible participants with vesting periods from one to four years. The following free shares were outstanding under the 2018 Free Share Ownership Plan during the year:

	2020		2019	
	Weighted average subscription price HKD per share	**Number of shares '000**	Weighted average subscription price HKD per share	Number of shares '000
At 1 January	**—**	**2,001**	—	2,668
Unlocked during the year	**—**	**(667)**	—	(667)
At 31 December	**—**	**1,334**		2,001

40. SHARE-BASED PAYMENTS *(Continued)*

Free share ownership plans *(Continued)*

2018 Free Share Ownership Plan *(Continued)*

The unlock dates of the free shares as at the end of each reporting period are summarised as follows:

2020

Number of shares '000	Exercise price HKD per share	Unlock dates
667	**—**	**29 June 2021**
667	**—**	**29 June 2022**
1,334		

2019

Number of shares '000	Exercise price HKD per share	Unlock dates
667	—	29 June 2020
667	—	29 June 2021
667	—	29 June 2022
2,001		

The aggregate fair value of the free shares granted during the year ended 31 December 2018 amounted to approximately RMB55,162,000, all of which will be charged to profit or loss and the capital reserve as costs of share-based compensation from the date of grant to the date on which the unlocking conditions are fulfilled. The Group has recognised an expense of RMB8,012,000 for the year ended 31 December 2020 (2019: RMB13,302,000).

At 31 December 2020, the 2,001,000 ordinary shares granted in the form of share units have not been registered as share capital of the Company yet, which represented approximately 0.16% of the Company's shares in issue as at 31 December 2020.

2019 Free Share Ownership Plan

The 2019 free share ownership plan (the "2019 Free Share Ownership Plan") was approved by the board of directors of the Company and became effective on 19 August 2019. Unless otherwise cancelled or amended, the 2019 Free Share Ownership Plan will remain in force for 10 years from the date of adoption.

The maximum aggregate number of shares that may be issued for free under the 2019 Free Share Ownership Plan shall not exceed 2.5% of the number of ordinary shares in issue on the date of adoption.

On 28 August 2020, pursuant to the 2019 Free Share Ownership Plan, share units for 2,720,889 ordinary shares of the Company, which represented approximately 0.22% of the Company's ordinary shares in issue as at that date, were granted to eligible participants with vesting periods from one to four years.

40. SHARE-BASED PAYMENTS *(Continued)*

Free share ownership plans *(Continued)*

2019 Free Share Ownership Plan *(Continued)*

The following free shares were outstanding under the 2019 Free Share Ownership Plan during the year:

	2020	
	Weighted average subscription price HKD per share	Number of shares '000
At 1 January	—	—
Granted during the year	—	2,721
At 31 December	—	2,721

The unlock dates of the free shares as at the end of each reporting period are summarised as follows:

2020

Number of shares '000	Exercise price HKD per share	Unblock dates
395	—	1 July 2021
398	—	28 August 2021
395	—	1 July 2022
398	—	28 August 2022
407	—	1 July 2023
400	—	28 August 2023
328	—	28 August 2024
2,721		

The aggregate fair value of the free shares granted during the year ended 31 December 2020 amounted to approximately RMB22,774,000, all of which will be charged to profit or loss and the capital reserve as costs of share-based compensation from the date of grant to the date on which the unlocking conditions are fulfilled. The Group has recognised an expense of RMB4,028,000 for the year ended 31 December 2020 (2019: Nil).

At 31 December 2020, the 2,720,889 ordinary shares granted in the form of share unites have not been registered as share capital of the Company yet and remained blocked, which represented approximately 0.22% of the Company's shares in issue as at 31 December 2020.

41. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

CMH was established in France on 9 September 2014 by Fosun Luxemburg and other non-controlling shareholders for the acquisition of Club Med SAS Group. Non-controlling interests are set out below:

	2020	2019
Percentage of equity interests held by non-controlling interests:		
CMH*	—	—

The percentages of non-controlling interests as at 31 December 2020 and 2019 disclosed above exclude those held by non-controlling shareholders which were 2.24% and 9.91% respectively and were entitled to the put options granted by Fosun Luxemburg. For these non-controlling interests which are entitled to put rights, in accordance with IFRS 10, the Group recorded the non-controlling shareholders' portion of profit or loss in its consolidated statement of profit or loss. As at 31 December 2020 and 2019, although the put options remained unexercised, the Group derecognised the non-controlling interests as if they were acquired at that date, and recognised them as financial liabilities, which are measured on the basis of the estimated present value of the consideration to be transferred upon the exercise of the put options (note 33(iii)). The difference between the amounts of the non-controlling interests and the financial liabilities was recognised in capital and other reserve (note 39(i)).

	2020 RMB'000	2019 RMB'000
Loss for the year allocated to non-controlling interests:		
CMH	**(210,240)**	(59,281)
Dividends paid to non-controlling interests:		
CMH	—	—
Accumulated balances of non-controlling interests:		
CMH	—	—

The following tables illustrate the summarised financial information of CMH. The amounts disclosed are before any inter-company eliminations:

	2020 RMB'000	2019 RMB'000
Revenue	**5,265,570**	12,512,697
Total expense	**(8,452,977)**	(12,996,179)
Loss for the year	**(3,187,407)**	(483,482)
Total comprehensive loss for the year	**(3,773,161)**	(545,344)
Current assets	**2,863,897**	3,276,867
Non-current assets	**18,859,427**	19,296,579
Current liabilities	**(6,393,590)**	(6,985,555)
Non-current liabilities	**(14,827,621)**	(18,362,135)
Net cash flows (used in)/from operating activities	**(1,249,010)**	2,493,519
Net cash flows used in investing activities	**(315,586)**	(693,283)
Net cash flows from/(used in) financing activities	**1,406,559**	(1,644,245)
Net (decrease)/increase in cash and cash equivalents	**(158,037)**	155,991

42. 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 Shanghai, a former joint venture of the Group with 51% equity interests. Kuyi Shanghai 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 of GBP300,000 (equivalent to RMB2,652,000).

The fair values of the identifiable assets and liabilities of Kuyi Shanghai acquired during the reporting period were as follows:

	Fair value recognized on acquisition RMB'000
Property, plant and equipment (note 14)	5,133
Right-of-use assets (note 15 (a))	10,009
Intangible assets (note 16)	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 (note 15 (b))	(10,009)
Due to related companies	(93,159)
Total identifiable net assets at fair value	(67,965)
Non-controlling interests	—
Total net assets acquired	(67,965)
Goodwill on acquisition (note 17)	70,617
	2,652
Satisfied by:	
Cash	2,652
Investments in joint venture	—
	2,652

42. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of a subsidiary *(Continued)*

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.

An analysis of the cash flows in respect of the acquisition of Kuyi Shanghai 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 leaseback 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.

42. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of a subsidiary *(Continued)*

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

	RMB'000
Property, plant and equipment (note 14)	80,701
Trade receivables	1,169
Prepayments, deposits and other receivables	726
Trade payables	(244)
Accrued liabilities and other payables	(2,193)
Deferred tax liabilities	(7,762)
	72,397
Portion relating to the right of use retained in the leaseback	20,592
Gain on disposal of a subsidiary (note 5)	31,214
	124,203
Satisfied by:	
Cash	118,649
Prepayments, deposits and other receivables	5,554
	124,203

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

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,507,536,000 (2019: RMB1,730,386,000) and RMB1,507,536,000 (2019: RMB1,730,386,000), and non-cash disposal of right-of-use assets and lease liabilities of RMB85,779,000 (2019: nil) and RMB80,034,000 (2019: nil), respectively, in respect of lease arrangements for land, buildings, machinery, furniture, fixtures and other equipment.

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings RMB'000	Significant financing components included in contract liabilities RMB'000	Lease liabilities RMB'000	Convertible bond RMB'000	Convertible redeemable preferred shares RMB'000	Due to related companies RMB'000	Interest payable included in accrued liabilities and other payables RMB'000
At 31 December 2019	6,556,939	24,368	9,104,643	172,735	85,323	1,887,893	12,581
Changes from financing cash flows	6,664,303	–	(991,795)	(73,769)	(36,453)	(9,803)	–
Changes from operating cash flows	–	–	–	–	–	(40,336)	–
Acquisition of a subsidiary	–	–	10,009	–	–	–	–
Gain from settlement of liabilities	–	–	–	(8,373)	(4,137)	–	–
Recognised as revenue	–	(25,605)	–	–	–	–	–
New leases	–	–	1,507,536	–	–	–	–
Disposal of leases	–	–	(80,034)	–	–	–	–
COVID-19-related rent concessions from lessors	–	–	(319,542)	–	–	–	–
Issuance of Convertible Bonds 2020	–	–	–	11,885	–	–	–
Restructuring	–	–	–	(95,470)	(47,741)	–	–
Interest paid	–	–	–	–	–	–	(206,449)
Exchange realignment	38,267	–	66,586	(2,308)	(596)	–	(6,424)
Other changes	–	–	–	–	–	7,567	–
Interest expense	81,574	1,237	470,186	7,344	3,604	–	331,499
Interest capitalised	–	–	–	–	–	–	21,659
At 31 December 2020	13,341,083	–	9,767,589	12,044	–	1,845,321	152,866

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities *(Continued)*

	Interest-bearing bank borrowings RMB'000	Significant financing components included in contract liabilities RMB'000	Lease liabilities RMB'000	Convertible bond RMB'000	Convertible redeemable preferred shares RMB'000	Due to related companies RMB'000	Interest payable included in accrued liabilities and other payables RMB'000
At 1 January 2019	5,426,491	147,660	8,200,588	330,369	163,136	1,975,348	4,660
Changes from financing cash flows	1,119,366	—	(1,272,408)	(176,838)	(87,350)	(23,191)	—
Changes from operating cash flows	—	—	—	—	—	12,441	—
Recognised as revenue	—	(191,234)	—	—	—	—	—
New leases	—	—	1,730,386	—	—	—	—
Interest paid	—	—	—	—	—	—	(302,232)
Exchange realignment	11,082	—	13,079	(3,576)	(1,590)	—	7,921
Contribution from the Controlling Shareholder	—	—	—	—	—	(77,065)	—
Interest expense	—	31,772	432,998	22,780	11,127	360	301,849
Interest capitalised	—	36,170	—	—	—	—	383
At 31 December 2019	6,556,939	24,368	9,104,643	172,735	85,323	1,887,893	12,581

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2020 RMB'000	2019 RMB'000
Within operating activities	**140,617**	165,766
Within investing activities	**45,336**	13,474
Within financing activities	**991,795**	1,272,408
	1,177,748	1,451,648

Year ended 31 December 2020

44. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	2020	2019
	RMB'000	RMB'000
Contracted, but not provided	**3,533,941**	1,714,840

(b) The Group has various lease contracts that have not yet commenced as at 31 December 2020. The future lease payments for these non-cancellable lease contracts are RMB13,113,000 due within one year; RMB13,137,000 due in the second to five-years, inclusive, and RMB169,000 due over five years.

45. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

		2020	2019
	Note	**RMB'000**	RMB'000
Guarantees given related to			
— qualified buyers' mortgage loans	(i)	**245,364**	399,192
— interest-bearing loans of a related company		**20,059**	19,203
— others		**—**	2,009
		265,423	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.

46. RELATED PARTY TRANSACTIONS

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

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Service income			
Hoshino Resort Tomamu Corporation (Notes 1, 4 & 10)	Resort services provided to the related company	49,747	113,335
Shanghai Guangxin Technology Development Co., Ltd (Notes 1 & 4)	Tourism services provided to the related company	1,069	758
Carthago (Notes 3 & 4)	Other related services provided to the related company	325	—
Wuhan Fuzhi Real Estate Development Co., Ltd (Notes 2 & 4)	Other related services provided to the related company	311	—
Shanghai Fosun High Technology Group Co., Ltd. (Notes 1 & 4)	Tourism services provided to the related company	245	331
Kuyi International Travel Agency (Shanghai) Co., Ltd (Notes 1 & 4)	Consulting services provided to the related company	—	1,827
Other related parties (Notes 1 & 4)	Other related services provided to the related company	592	465
Total service income		52,289	116,716

46. RELATED PARTY TRANSACTIONS *(Continued)*

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

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Purchase of goods			
Jiangsu NISCO'S "Ready Rolled Steel" Trading Co., Ltd. (Notes 2,5 & 10)	Purchase of goods	26,417	27,243
Zhejiang Fosun Yi Cosmetic Co., Ltd. (Notes 1 & 5)	Purchase of goods	1,588	1,241
Shanghai Yilian Management Co., Ltd (Notes 1 & 5)	Purchase of goods	415	—
Shanghai Yunji Information and Technology Co., Ltd. (Notes 1 & 5)	Purchase of goods	—	18
Total purchase of goods		28,420	28,502
Interest expense			
Kuyi International Travel Agency (Shanghai) Co., Ltd. (Notes 1 & 7)	Interest expense	—	360
Other expenses			
Shanghai Golte Property Management Co., Ltd. (Notes 1, 6 & 10)	Property management services provided by the related company	2,718	6,800
Shanghai Zhuqun Information & Technology Co., Ltd. (Notes 1 & 6)	Talent services provided by the related company	1,468	—
Shanghai Resource Real Estate Brokerage Co., Ltd (Notes 1, 6 & 10)	Property sales services provided by the related company	1,018	—

46. RELATED PARTY TRANSACTIONS *(Continued)*

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

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Fosun International Limited (Notes 6 & 10)	Rental services provided by the related company	578	632
Shanghai Fosun Startup Investment Co., Ltd. (Notes 1, 6 & 10)	Rental services provided by the related company	543	570
Fosun United Health Insurance Co., Ltd. (Notes 3 & 6)	Insurance services provided by the related company	194	—
Shanghai Xinshihua Investment Management Co., Ltd. Beijing Branch (Notes 1, 6 & 10)	Rental services provided by the related company	51	310
Carthago (Notes 3 & 6)	Rental services provided by the related company	—	3,095
Other related parties (Notes 1 & 6)	Other services provided by the related company	192	343
Total other expenses		6,762	11,750
Guarantees of bank loans			
Holiday Hotel AG (Notes 3 & 8)	Bank loans guaranteed to the related company	20,059	19,203
Acquisition of right-of-use assets			
Shanghai Zendai Bund International Finance Services Centre Real Estate Co., Ltd. (Notes 3 & 9)	Rental services provided by the related company	11,455	—

46. RELATED PARTY TRANSACTIONS *(Continued)*

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

Notes:

(1) These are entities under the control of the ultimate controlling shareholder, Mr. Guo Guangchang.

(2) These are joint ventures of the Group or joint ventures of Fosun International Limited.

(3) These are associates of the Group or Fosun International Limited.

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

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

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

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

(8) The bank loans were guaranteed by the related companies free of charge.

(9) In March 2020, the Group entered into a three-year lease in respect of a certain leasehold property from a related party. The amount 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.

(10) The related party transactions in respect of service income and other expenses above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Group confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of these transactions.

(b) Compensation of key management personnel of the Group:

	2020 **RMB'000**	2019 RMB'000
Short term employee benefits	**27,938**	32,907
Post-employment benefits	**2,109**	3,812
Equity-settled share-based payment expense	**10,253**	35,605
Total compensation paid to key management personnel	**40,300**	72,324

Further details of directors' and chief executive's emoluments are included in note 9 to the financial statements.

47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each reporting period are as follows:

2020

Financial assets

	Financial assets at fair value through profit or loss				
	Other financial assets* RMB'000	Hedging instruments designated in fair value hedges RMB'000	Financial assets at amortised cost RMB'000	Hedging instruments designated in cash flow hedges RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	408,376	—	—	—	408,376
Derivative financial instruments	—	10,085	—	22,217	32,302
Restricted cash	—	—	1,762,895	—	1,762,895
Cash and cash equivalents	—	—	2,808,354	—	2,808,354
Trade receivables	—	—	483,276	—	483,276
Financial assets included in prepayments, other receivables and other assets	—	—	644,031	—	644,031
Due from related companies	—	—	1,838,785	—	1,838,785
	408,376	10,085	7,537,341	22,217	7,978,019

* Other financial assets measured at fair value through profit or loss include investments whose contractual cash flows are not solely payments of principal and interest or not designated as investments at fair value through other comprehensive income by the Group.

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2020 *(Continued)*

Financial liabilities

	Financial liabilities at fair value through profit or loss				
	Designated as such upon initial recognition	Hedging instruments designated in fair value hedges	Financial liabilities at amortised cost	Hedging instruments designated in cash flow hedges	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments	—	11,668	—	174,324	185,992
Interest-bearing bank and other borrowings	—	—	13,341,083	—	13,341,083
Convertible bonds	—	—	12,044	—	12,044
Trade payables	—	—	1,522,315	—	1,522,315
Financial liabilities included in accrued liabilities and other payables	—	—	1,334,839	—	1,334,839
Due to related companies	—	—	1,845,321	—	1,845,321
Financial liabilities measured at fair value through profit or loss	2,000	—	—	—	2,000
Financial liabilities included in other long term payables	—	—	49,000	—	49,000
Lease liabilities	—	—	9,767,589	—	9,767,589
	2,000	11,668	27,872,191	174,324	28,060,183

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2019

Financial assets

	Financial assets at fair value through profit or loss					
	Other financial assets* RMB'000	Hedging instruments designated in fair value hedges RMB'000	Held for trading RMB'000	Financial assets at amortised cost RMB'000	Hedging instruments designated in cash flow hedges RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	451,910	—	—	—	—	451,910
Derivative financial instruments	—	13,412	3,017	—	14,613	31,042
Restricted cash	—	—	—	9,690	—	9,690
Cash and cash equivalents	—	—	—	2,128,677	—	2,128,677
Trade receivables	—	—	—	653,035	—	653,035
Financial assets included in prepayments, other receivables and other assets	—	—	—	522,952	—	522,952
Due from related companies	—	—	—	1,911,718	—	1,911,718
	451,910	13,412	3,017	5,226,072	14,613	5,709,024

* Other financial assets measured at fair value through profit or loss include investments whose contractual cash flows are not solely payments of principal and interest or not designated as investments at fair value through other comprehensive income by the Group.

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2019 *(Continued)*

Financial liabilities

	Financial liabilities at fair value through profit or loss					
	Designated as such upon initial recognition RMB'000	Hedging instruments designated in fair value hedges RMB'000	Held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Hedging instruments designated in cash flow hedges RMB'000	Total RMB'000
Derivative financial instruments	—	1,439	16,944	—	81,323	99,706
Interest-bearing bank and other borrowings	—	—	—	6,556,939	—	6,556,939
Convertible redeemable preferred shares	—	—	—	85,323	—	85,323
Convertible bonds	—	—	—	172,735	—	172,735
Trade payables	—	—	—	1,708,988	—	1,708,988
Financial liabilities included in accrued liabilities and other payables	133,846	—	—	1,581,748	—	1,715,594
Due to related companies	—	—	—	1,887,893	—	1,887,893
Lease liabilities	—	—	—	9,104,643	—	9,104,643
	133,846	1,439	16,944	21,098,269	81,323	21,331,821

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	As at 31 December 2020		As at 31 December 2019	
	Carrying amounts RMB'000	Fair values RMB'000	Carrying amounts RMB'000	Fair values RMB'000
Financial assets				
Financial assets at fair value through profit or loss	**408,376**	**408,376**	451,910	451,910
Financial assets included in prepayments, other receivables and other assets (non-current portion)	**409,279**	**448,903**	290,955	343,143
Due from related companies (non-current portion)	**2,037**	**2,037**	6,874	6,874
Derivative financial instruments	**32,302**	**32,302**	31,042	31,042
	851,994	**891,618**	780,781	832,969

	As at 31 December 2020		As at 31 December 2019	
	Carrying amounts RMB'000	Fair values RMB'000	Carrying amounts RMB'000	Fair values RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings (non-current portion)	**11,153,182**	**12,784,540**	4,518,769	4,429,467
Convertible redeemable preferred shares	**—**	**—**	85,323	95,221
Convertible bonds	**12,044**	**12,044**	172,735	192,901
Put options granted to non-controlling shareholders of a subsidiary included in accrued liabilities and other payables	**—**	**—**	133,846	133,846
Due to related companies (non-current portion)	**1,828,914**	**1,828,914**	1,821,347	1,821,347
Financial liabilities measured at fair value through profit or loss	**2,000**	**2,000**	—	—
Financial liabilities included in other long term payables	**49,000**	**49,000**	—	—
Derivative financial instruments	**185,992**	**185,992**	99,706	99,706
	13,231,132	**14,862,490**	6,831,726	6,772,488

48. 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, the current portion of amounts due from related companies, trade payables, financial liabilities included in accrued liabilities and other payables other than put options granted to non-controlling shareholders of a subsidiary, the current portion of interest-bearing bank and other borrowings, and the current portion of amount due to related companies are 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 amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings, convertible bonds, financial liabilities included in other long term payables and amounts due from/to related companies have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank and other borrowings as at 31 December 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 and interest rate swaps. As at 31 December 2020, the fair values of the forward currency contracts, foreign currency swaps, interest rate swaps 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, and interest rate swaps are the same as their fair values.

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

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.

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The significant unobservable valuation input for the put options granted to non-controlling shareholders of a subsidiary included in accrued liabilities and other payables of nil (31 December 2019: RMB133,846,000) is EBITDA of CMH for 2020. The increase in EBITDA of CMH will lead to an increase in the liability of put options granted to non-controlling shareholders of a subsidiary included in accrued liabilities and other payables.

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	4,157	376,347	27,872	408,376
Derivative financial instruments	—	32,302	—	32,302
	4,157	408,649	27,872	440,678

As at 31 December 2019

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

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

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

Assets for which fair values are disclosed:

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Due from related companies (non-current portion)	**—**	**2,037**	**—**	**2,037**
Financial assets included in prepayments, other receivables and other assets (non-current portion)	**—**	**403,228**	**—**	**403,228**
	—	**405,265**	**—**	**405,265**

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Due from related companies (non-current portion)	—	6,874	—	6,874
Financial assets included in prepayments, other receivables and other assets (non-current portion)	—	343,143	—	343,143
	—	350,017	—	350,017

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

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

Liabilities measured at fair value:

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial liabilities measured at fair value through profit or loss	—	2,000	—	2,000
Derivative financial instruments	—	185,992	—	185,992
	—	187,992	—	187,992

As at 31 December 2019

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

Year ended 31 December 2020

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

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

Liabilities for which fair values are disclosed:

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (non-current portion)	—	12,814,135	—	12,814,135
Convertible bonds	—	12,044	—	12,044
Financial liabilities included in other long-term payables	—	49,000	—	49,000
Due to related companies (non-current portion)	—	1,828,914	—	1,828,914
	—	14,704,093	—	14,704,093

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (non-current portion)	—	4,429,467	—	4,429,467
Convertible redeemable preferred shares	—	95,221	—	95,221
Convertible bonds	—	192,901	—	192,901
Due to related companies (non-current portion)	—	1,821,347	—	1,821,347
	—	6,538,936	—	6,538,936

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

The movements in fair value measurements in Level 3 during each reporting period are as follows:

Assets measured at fair value:

	2020 RMB'000	2019 RMB'000
At beginning of year	**28,478**	62,645
Addition	**240**	12,139
Disposal	**—**	(5,642)
Change in fair value	**(1,577)**	(39,848)
Exchange realignment	**731**	(816)
At end of year	**27,872**	28,478

Liabilities measured at fair value:

	2020 RMB'000	2019 RMB'000
At beginning of year	**133,846**	191,962
Addition	**—**	—
Decrease	**(133,846)**	(58,116)
At end of year	**—**	133,846

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

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank and other borrowings, convertible bonds, lease liabilities, financial liabilities measured at fair value, financial liabilities included in accrued liabilities and other payables, financial liabilities included in other long term payables, amounts due from/to related companies, financial assets included in prepayments, other receivables and other assets, financial assets measured at fair value, cash and cash equivalents, and restricted cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps, foreign currency forward contracts and foreign currency swaps. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group also carried out hedging activities by entering into interest rate swaps on certain variable rate debts, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2020, approximately 53% (31 December 2019: 21%) after taking into account the effect of the interest rate swaps of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate after hedging, with all other variables held constant, of the Group's (loss)/profit before tax (through the impact on floating rate borrowings).

After hedging

	Increase/ (decrease) in basis points	Increase/ (decrease) profit before tax RMB'000
For the year ended 31 December 2020	**25**	**(11,048)**
	(25)	**11,048**
For the year ended 31 December 2019	25	(6,663)
	(25)	6,663

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies. The major subsidiaries exposed to the above currency risks use EUR or CNY as their functional currencies. As more detailed disclosed in note 28, the Group also uses foreign currency forward contracts and foreign currency swaps to hedge the currency risk.

In addition, the Group has currency exposures from its borrowings. The Group used foreign currency swap contracts to reduce the exposure to EUR or USD arising from the borrowings.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Foreign currency risk *(Continued)*

The following table demonstrates the sensitivity at the end of each year to a reasonably possible change in the exchange rates of major currencies, with all other variables held constant, of the Group's (loss)/profit before tax.

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000
As at 31 December 2020		
If EUR weakens against USD	**5**	**(13,489)**
If EUR strengthens against USD	**(5)**	**13,489**
If EUR weakens against HKD	**5**	**3,005**
If EUR strengthens against HKD	**(5)**	**(3,005)**
As at 31 December 2019		
If EUR weakens against USD	5	(16,280)
If EUR strengthens against USD	(5)	16,280
If EUR weakens against HKD	5	5,446
If EUR strengthens against HKD	(5)	(5,446)
If RMB weakens against USD	5	(6,837)
If RMB strengthens against USD	(5)	6,837

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Credit risk *(Continued)*

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are net carrying amounts for financial assets.

31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets and other assets	—	—	—	5,325	5,325
Trade receivables*	—	—	—	483,276	483,276
Financial assets included in prepayments, other receivables and other assets					
— Normal**	644,031	—	—	—	644,031
Restricted cash					
— Not yet past due	1,762,895	—	—	—	1,762,895
Cash and cash equivalents					
— Not yet past due	2,808,354	—	—	—	2,808,354
Due from related companies					
— Not yet past due	1,838,785	—	—	—	1,838,785
	7,054,065	—	—	488,601	7,542,666

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

31 December 2019

	12-month ECLs	Lifetime ECLs			
				Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets and other assets	—	—	—	4,284	4,284
Trade receivables*	—	—	—	653,035	653,035
Financial assets included in prepayments,					
other receivables and other assets					
— Normal**	522,952	—	—	—	522,952
Restricted cash					
— Not yet past due	9,690	—	—	—	9,690
Cash and cash equivalents					
— Not yet past due	2,128,677	—	—	—	2,128,677
Due from related companies					
— Not yet past due	1,911,718	—	—	—	1,911,718
	4,573,037	—	—	657,319	5,230,356

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 26 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, amounts due to related companies, convertible bonds, convertible redeemable preferred shares, and lease liabilities. As at 31 December 2020, 29% of the Group's debts would mature in less than one year based on the carrying value of borrowings reflected in the financial statements (31 December 2019: 31%).

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2020

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	**8,309**	**2,437,354**	**6,887,767**	**9,994,610**	**19,328,040**
Convertible bonds	**—**	**—**	**—**	**35,635**	**35,635**
Trade payables	**—**	**1,522,315**	**—**	**—**	**1,522,315**
Financial liabilities included in accrued liabilities and other payables	**1,334,839**	**—**	**—**	**—**	**1,334,839**
Financial liabilities included In other long term payables	**—**	**—**	**49,000**	**—**	**49,000**
Due to related companies	**16,407**	**—**	**1,898,412**	**—**	**1,914,819**
Lease liabilities	**—**	**1,373,170**	**4,450,271**	**6,842,561**	**12,666,002**
Derivative financial instruments	**—**	**185,992**	**—**	**—**	**185,992**
	1,359,555	**5,518,831**	**13,285,450**	**16,872,806**	**37,036,642**

31 December 2019

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	39,929	1,998,241	4,268,945	896,174	7,203,289
Convertible bonds	—	—	—	259,368	259,368
Convertible redeemable preferred shares	—	—	—	128,167	128,167
Trade payables	—	1,708,988	—	—	1,708,988
Financial liabilities included in accrued liabilities and other payables	1,581,748	—	—	—	1,581,748
Due to related companies	66,546	—	1,898,412	—	1,964,958
Lease liabilities	—	1,326,848	4,435,641	6,344,585	12,107,074
Derivative financial instruments	—	99,706	—	—	99,706
	1,688,223	5,133,783	10,602,998	7,628,294	25,053,298

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or process for managing capital during the year ended 31 December 2020.

The Group monitors capital using a gearing ratio, which is net indebtedness divided by the total assets. Net indebtedness includes interest-bearing bank and other borrowings, lease liabilities, convertible bonds and convertible redeemable preferred shares, less cash and bank balances. The gearing ratio as at the end of each reporting period was as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Interest-bearing bank and other borrowings	**13,341,083**	6,556,939
Lease liabilities	**9,767,589**	9,104,643
Convertible bonds	**12,044**	172,735
Convertible redeemable preferred shares	**—**	85,323
Less: Cash and bank balances	**(4,571,249)**	(2,128,677)
Net indebtedness	**18,549,467**	13,790,963
Total Assets	**38,686,594**	36,802,903
Gearing ratio	**48%**	38%

50. EVENTS AFTER THE REPORTING PERIOD

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

51. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and restated to conform with current year's presentation.

Year ended 31 December 2020

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020	2019
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**20,183**	17,966
Total non-current assets	**20,183**	17,966
CURRENT ASSETS		
Prepayments, other receivables and other assets	**6,080**	12,539
Due from related companies	**12,278,715**	12,241,622
Financial assets at fair value through profit or loss	**330,402**	343,669
Cash and cash equivalents	**154,146**	156,745
Total current assets	**12,769,343**	12,754,575
CURRENT LIABILITIES		
Interest-bearing bank borrowings and other borrowings	**1,231,841**	1,499,250
Accrued liabilities and other payables	**4,402**	8,397
Derivative financial instruments	**109,775**	13,858
Due to related companies	**130,457**	4,508
Total current liabilities	**1,476,475**	1,526,013
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings and other borrowings	**168,995**	—
Total non-current liabilities	**168,995**	—
NET CURRENT ASSETS	**11,292,868**	11,228,562
TOTAL ASSETS LESS CURRENT LIABILITIES	**11,313,051**	11,246,528
Net assets	**11,144,056**	11,246,528
EQUITY		
Share capital	**183**	183
Reserves	**11,143,873**	11,246,345
Total equity	**11,144,056**	11,246,528

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Capital and other reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2019	11,086,016	77,154	153,469	(189,014)	11,127,625
Issue of shares	137,188	—	—	—	137,188
Profit for the year	—	—	—	34,588	34,588
Exchange differences on translation of foreign operations	—	—	(43,926)	—	(43,926)
Equity-settled share-based payments	22,928	45,864	—	—	68,792
2019 interim dividend	(77,922)	—	—	—	(77,922)
At 31 December 2019 and 1 January 2020	**11,168,210**	**123,018**	**109,543**	**(154,426)**	**11,246,345**
Loss for the year	**—**	**—**	**—**	**(413,581)**	**(413,581)**
Exchange differences on translation of foreign operations	**—**	**—**	**293,429**	**—**	**293,429**
Equity-settled share-based payments	**—**	**40,242**	**—**	**—**	**40,242**
2019 final dividend	**(22,562)**	**—**	**—**	**—**	**(22,562)**
At 31 December 2020	**11,145,648**	**163,260**	**402,972**	**(568,007)**	**11,143,873**

The other reserve represents the fair value of share-based payment instruments granted which are yet to be exercised.

53. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 March 2021.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Qian Jiannong *(Chairman)*
Henri Giscard d'Estaing
Wang Wenping
Xu Bingbin [(1)]

INDEPENDENT NON-EXECUTIVE DIRECTORS

Allan Zeman
Guo Yongqing
Katherine Rong Xin

AUDIT COMMITTEE

Guo Yongqing *(Chairman)*
Katherine Rong Xin
Allan Zeman[(2)]

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

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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

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103 South Church Street
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Grand Cayman KY1-1002
Cayman Islands

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

Note:

(1) Mr. Xu Bingbin has been appointed as an executive Director with effect from 15 March 2021.

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

REGISTERED OFFICE

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PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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HONG KONG SHARE REGISTRAR

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STOCK CODE

01992

WEBSITE

http://www.fosunholiday.com

GLOSSARY

Aquarium	the Lost Chambers Aquarium in Atlantis Sanya
Articles or Articles of Association	the amended and restated articles of association of the Company conditionally adopted on 19 November 2018 which became effective upon the Listing Date, as amended from time to time has the meaning ascribed thereto under the Listing Rules
Atlantis CMBS or Atlantis Sanya CMBS	the commercial mortgage backed securities issued in March 2020 amounting to RMB6.8 billion, with mortgage of underlying assets of Atlantis Sanya hotels and Waterpark and equity interest of Hainan Atlantis and pledge of operating revenue of Atlantis Sanya. For details, please see the Company's announcement dated 22 March 2020
Atlantis Sanya	the Group's tourism destination on the Haitang Bay National Coast of Sanya, Hainan province, PRC
associate(s)	has the meaning ascribed thereto under the Listing Rules
Audit Committee	the audit committee of the Board
Average Daily Bed Rate	the business volume divided by the total number of beds sold
Board	the board of Directors
Capacity of Resorts	the total number of beds available for sale over a period or year, i.e., the number of beds, multiplied by the number of days on which resorts are open
Casa Cook	an award-winning boutique lifestyle hotel brand under Thomas Cook, with a focus on design, high-quality food and wellbeing
CG Code	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
China, PRC, Chinese Mainland or Mainland China	the People's Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires, references in this report to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
close associate(s)	has the meaning ascribed thereto under the Listing Rules
Club Med	the Group's global leisure tourism resort with "all-inclusive" innovative holiday concepts
Club Med Holding	Club Med Holding (formerly known as Holding Gaillon II), a simplified joint-stock company (société par actions simplifiée) incorporated in France on 9 September 2014 and a non-wholly owned subsidiary of the Company

Club Med Invest	Club Med Invest (formerly known as Gaillon Invest II), a simplified joint-stock company (société par actions simplifiée) incorporated in France on 9 September 2014 and a non- wholly owned subsidiary of the Company
Club Med Joyview	one of the Club Med resort brands catering to the Chinese market for vacations during weekends and MICE services, to fulfill the increasing leisure and holiday needs of Chinese tourists
Company	Fosun Tourism Group (formerly known as Fosun Tourism and Culture Group (Cayman) Company Limited), an exempted company with limited liability incorporated in the Cayman Islands on 30 September 2016
connected person(s)	has the meaning ascribed thereto under the Listing Rules
connected transaction(s)	has the meaning ascribed thereto under the Listing Rules
controlling shareholder(s)	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Fosun International, FHL, FIHL, and Mr. Guo Guangchang
Cook's Club	a beach hotel brand under Thomas Cook, designed for a new generation of travellers who want fun, lively holidays in hotels that have modern and stylish design
Director(s)	the director(s) of the Company
EBITDA	earnings before interest, taxes, depreciation and amortization
EMEA	Europe, Middle East, and Africa, which, for its purposes, also includes Turkey
ESG Committee or Environmental, Social and Governance Committee	the environmental, social and governance committee of the Board
EUR or Euro	the lawful currency of the European Union
EURIBOR	the Euro Interbank Offered Rate
FHL	Fosun Holdings Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by FIHL, and one of the controlling shareholders
FIHL	Fosun International Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability, and one of the controlling shareholders
FOLIDAY	the Group's global ecosystem consisting of its commercially-interconnected business that offers a wide spectrum of tourism- and leisure-related services
FOLIDAY Town	the Group's brand name for major comprehensive tourism destinations

Folli Follie	Folli Follie Commercial Manufacturing and Technical Société Anonyme, a company incorporated in Greece, the shares of which are listed on the Athens Stock Exchange (stock code: FFGRP) in which Fosun International Group holds 16.37% of equity interest as of the end of the Reporting Period
Foryou Club	the Group's 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 (stock code: 0656), and one of the controlling shareholders
Fosun International Group	Fosun International and its subsidiaries from time to time
Frost & Sullivan Report	an independent market research report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent third party
GFA	gross floor area
Great Members	members of Club Med's Great Member loyalty program
Group, our Group, we, or us	the Company and its subsidiaries at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
Hainan Atlantis	Hainan Atlantis Business and Tourism Development Co. Ltd, a limited liability company established in the PRC on 15 May 2013 and a wholly-owned subsidiary of the Company
Happy Digital	Club Med's digitalization initiatives, through which we use digital solutions to improve the Group's guests' and employees' experience while making the technology user-friendly and seamless
HK$ or HKD	the lawful currency of Hong Kong
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Hoshino Tomamu	Hoshino Resort Tomamu Corporation, a company incorporated in Japan, a wholly-owned subsidiary of Shanghai Yuyuan Tourist Mart Co., Ltd. and a non-wholly owned subsidiary of Fosun International, and also a connected person of the Company
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards

independent third party(ies)	an individual or a company which, to the best of the Directors' knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
Kerzner	Kerzner International Limited, a company incorporated in The Commonwealth of the Bahamas, and its subsidiaries
Listing	the listing of the Shares on the Main Board
Listing Date	14 December 2018, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Macau	the Macau Special Administrative Region of the PRC
Main Board	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the 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
Nomination Committee	the nomination committee of the Board
Occupancy Rate by Bed	the ratio expressed as a percentage between the total number of beds sold and the total number of beds available for sale over a period or year
Occupancy Rate by Room	the total number of rooms sold divided by the total number of rooms available for sale
Offer Price	has the meaning ascribed thereto under the Prospectus
Pre-IPO Free Share Award Plan	the pre-IPO free share award plan adopted by the Board on 29 June 2018
Pre-IPO Share Option Scheme	the pre-IPO share option scheme adopted by the Company on 29 December 2017 and approved by the shareholders of Fosun International on 23 February 2018
Pre-IPO Share Ownership Plan	the pre-IPO share ownership plan adopted by the Board on 29 December 2017
Prospectus	the prospectus of the Company dated 30 November 2018

Remaining Fosun International Group	Fosun International Group after completion of the Global Offering and the spin-off of the Group
Remuneration Committee	the remuneration committee of the Board
Reporting Period	1 January 2020 to 31 December 2020
resort revenue	the aggregate income of all resorts, including sales of all-inclusive packages and revenue generated onsite out of the all-inclusive packages
Revenue per Bed	the Resort Revenue divided by the Capacity of Resorts
RMB	the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
Share(s)	ordinary share(s) in the share capital of the Company
Shareholder(s)	holder(s) of the Shares
Stock Exchange or Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategy Committee	the strategy committee of the Board
subsidiary(ies)	has the meaning ascribed thereto under section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
substantial shareholder	has the meaning ascribed thereto under the Listing Rules
Tang Residence	the saleable residential vacation units in Atlantis Sanya
Thomas Cook	the main brand name, Thomas Cook, and hotel brands, Casa Cook and Cook's Club, acquired by the Group from Thomas Cook Group plc in November 2019
Trident	the measurement unit used by Club Med to indicate the level of each Club Med resort, which is similar to "star" used for traditional hotel ratings
USD or U.S. dollar	the lawful currency of the United States of America
Waterpark	the Aquaventure Waterpark in Atlantis Sanya

FOLIDAY
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