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Fosun Tourism Group **复星旅游文化集团**

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

(Stock Code: 1992)

CONTINUING CONNECTED TRANSACTION PROPERTY OPERATION AND MANAGEMENT SERVICES FRAMEWORK AGREEMENT

Independent Financial Adviser to the Company



Reference is made to the announcement (the “**Original Announcement**”) of the Company dated 25 November 2021 in relation to the provision of operation and management services and marketing and reservation services by the Group to the Properties of the Fosun International Group pursuant to the framework agreement entered by the Company on 24 November 2021 (“**2021 Framework Agreement**”). As disclosed in the Original Announcement, the Company (as services provider) entered into the 2021 Framework Agreement with Fosun International (as Properties owner). In view of the fact that the 2021 Framework Agreement will expire on 31 December 2023 and after taking into account the development needs of the Group, the Board has resolved to enter into the Framework Agreement on 21 November 2023 and proposes to determine the annual caps for the three years ending 31 December 2026.

THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are set out below:

- Date:** 21 November 2023
- Parties:** (i) the Company; and
(ii) Fosun International.

- Conditions precedent:**
- (i) the Framework Agreement and the transactions contemplated thereunder having been duly approved by the Board and the Shareholders' general meeting (if applicable) of the Company;
 - (ii) the Framework Agreement and the transactions contemplated thereunder having been duly approved by the board of directors and shareholders' general meeting (if applicable) of Fosun International; and
 - (iii) (if applicable) clearance of relevant announcement(s) and circular(s) by the Stock Exchange in relation to the Framework Agreement and the transactions contemplated hereunder having been obtained.

Term: From 1 January 2024 to 31 December 2026

Nature of transactions: During the term of the Framework Agreement, the Group shall provide operation and management services and marketing and reservation services to the hotels, resorts, apartments and/or other properties owned by Fosun International and its associates.

Principal terms and pricing policy: The Company and/or its subsidiaries and Fosun International and its associates shall enter into separate implementation agreements in accordance with the terms of the Framework Agreement. Each implementation agreement shall set out, amongst other things, the specifications for the particular transaction including but not limited to the parties of the agreement, the location and details of the relevant resorts, the respective consideration of the agreements and the terms of the agreements. Each of the implementation agreements must comply with the terms of the Framework Agreement, the Listing Rules and applicable laws. The fees under the implementation agreements may comprise:

- (a) Property operation and management fee: a base operation and management fee (which is a fixed percentage of the gross revenue of the Properties) and an incentive fee (which is a fixed percentage of the gross operating profit of the Properties);
- (b) Branding fee: a fixed percentage of the gross revenue of the Properties; and

- (c) Channel fee: a fixed percentage of sales revenue of the hotels' products and other rooms, services and activities at the Properties.

The terms of each implementation agreement shall be agreed upon following arm's length negotiations between the relevant parties, but in any event at terms and prices no more favourable than those offered by the Group to an independent third party in relation to the same or similar type of services.

Termination:

The Framework Agreement and the transactions contemplated thereunder may be terminated under any of the following events:

- (i) If either party to the Framework Agreement commits a material breach of the Framework Agreement and the breaching party fails to remedy within a reasonable period specified in the written notice sent by the other party, the non-breaching party may terminate the Framework Agreement.
- (ii) Each party to the Framework Agreement may terminate the Framework Agreement by sending a written notice to the other party three months in advance.

HISTORICAL AMOUNT

The historical amounts for similar transactions between Fosun International Group and the Group for the three financial years ended 31 December 2021, 2022 and 2023 are set out as follows:

	For the year ended 31 December 2020 RMB	For the year ended 31 December 2021 RMB	For the year ended 31 December 2022 RMB	For the ten months ended 31 October 2023 RMB
Historical amount in relation to Property operation and management services	3,700,000	1,140,000	2,460,000	5,770,000
Historical amount in relation to marketing and reservation services	46,000,000	14,890,000	38,530,000	71,870,000

ANNUAL CAPS AND BASIS FOR DETERMINING THE ANNUAL CAPS

The proposed annual caps for the transactions contemplated under the Framework Agreement for the three financial years ending 31 December 2024, 2025 and 2026 are set out as follows:

	For the year ending 31 December 2024 RMB	For the year ending 31 December 2025 RMB	For the year ending 31 December 2026 RMB
Annual cap in relation to Property operation and management services	55,000,000	60,000,000	65,000,000
Annual cap in relation to marketing and reservation services	280,700,000	300,300,000	320,000,000

In assessing the annual caps for the Framework Agreement, the Board has considered a number of factors including the historical amount of similar transactions between the Fosun International and its associates with the Group, the existing transaction amount of Property operation and management services and marketing and reservation services provided by the Group to Fosun International and its associates, the expected new pipeline of aforesaid services and possible fluctuation of prevailing market price in the next three years.

REASONS FOR AND BENEFIT OF ENTERING INTO THE FRAMEWORK AGREEMENT

The Group is primarily engaged in, among other things, the management and operation of premium leisure resorts. In respect of the resorts, they are operated under three operating models, one of which is the management contract operating model. The Group's provision of the services under the Framework Agreement is consistent with the Group's business practices and may leverage its expertise and experience in the management of premium leisure resorts to expand its geographic coverage and improve its brand awareness for resorts in the Asian market. Based on the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the Framework Agreement and the proposed annual caps were determined after arm's length negotiation, and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Company and are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Xu Xiaoliang, Mr. Pan Donghui and Mr. Huang Zhen, being Directors also holding a directorship in Fosun International, has abstained from voting on the board resolution approving the Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, to the best of the Directors' knowledge, information and belief

and having made all reasonable enquiries as of the date of this announcement, none of the Directors has any material interests in the Framework Agreement and the transactions contemplated thereunder or shall abstain from voting in respect of the relevant resolutions.

INFORMATION OF THE PARTIES TO THE FRAMEWORK AGREEMENT

The Group

As a core component of the “Happiness” segment, one of Fosun’s four business segments of “Health, Happiness, Wealth and Intelligent Manufacturing”, the Company is committed to leading the resort lifestyle and creating the world’s leading family resort ecosystem with the mission of “Better Holiday Better Life”. The Group owns brands and products including Club Med, the global leader operating more than 60 resorts that offer premium “all-inclusive” holidays; Atlantis Sanya, a one-stop ocean-themed integrated high-end tourism destination; Taicang Alps Resort and Lijiang Club Med Resort, two one-stop global leisure and tourism destinations; Foryou Club that serves members of Fosun Tourism Group worldwide, etc.

Fosun International

Fosun International is incorporated under the laws of Hong Kong and its shares are listed and traded on the Main Board of the Hong Kong Stock Exchange (stock code: 00656). Fosun International is a global innovation-driven family consumption group with a mission to provide high-quality products and services for families around the world in four major business segments, including Health, Happiness, Wealth and Intelligent Manufacturing.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as of the date of this announcement, Fosun International is directly and indirectly held by Mr. Guo Guangchang as to 73.29% of the equity interests.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Fosun International is the controlling shareholder of the Company with 78.21% equity interests. Therefore, the transaction contemplated under the Framework Agreement constitutes connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios in respect of the transaction contemplated under the Framework Agreement exceed 0.1% but all are less than 5%, the Framework Agreement is therefore subject to the reporting, annual review and announcement requirements but are exempt from the requirement of independent Shareholders’ approval under Chapter 14A of the Listing Rules.

Certain agreements to be entered into pursuant to the Framework Agreement are expected to exceed three years. The terms of Property operation and management services agreements and marketing and reservation services agreements are expected to be 5 to 20 years.

To comply with the requirements of the Listing Rules, the Board has appointed the Independent Financial Adviser to explain why certain agreements (the “**Individual Agreement(s)**”) contemplated under the Framework Agreement require a longer period exceeding three years and to confirm that it is a normal business practice for agreements of this type to be of such duration. For details, please refer to the section headed “View of the Independent Financial Adviser” below.

VIEW OF THE INDEPENDENT FINANCIAL ADVISER

In assessing the reasons for the duration of the Individual Agreements to be longer than three years, Gram Capital has considered the following factors:

- As mentioned above, the Group owns brands and products including Club Med, the global leader operating more than 60 resorts that offer premium “all-inclusive” holidays; Atlantis Sanya, a one-stop ocean-themed integrated high-end tourism destination; Taicang Alps Resort and Lijiang Club Med Resort, two one-stop global leisure and tourism destinations; Foryou Club that serves members of Fosun Tourism Group worldwide, etc.
- As confirmed by the Directors, the transaction contemplated under the Individual Agreements is expected to contribute revenue to the Group. A comparatively long duration of the Individual Agreements will facilitate and incentivise the Group’s marketing initiatives and bring to the Group a long term and sustainable source of income.
- The duration of the operations of Properties owned by Fosun International Group is expected to be longer than three years. It is also commercially desirable for the Group to have a sufficiently long service agreement duration to implement its marketing strategy for operations of the aforesaid properties and generate returns.
- As advised by the Directors, a longer duration of Property operation and management and marketing services is expected 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 operation and management agreements which could result in disruptions to operations. It also may take a period of time to find new properties that are suitable to be managed and marketed.

In considering whether it is a normal business practice for agreements of similar nature with the Individual Agreements to have a term of such duration (i.e. expected to be 5 to 20 years), Gram Capital has identified and reviewed over ten transactions involving services similar to the transactions contemplated under the Individual Agreements (i.e. Property operation and management, marketing and reservation services), entered into by companies listed on the Stock Exchange, with duration of 10 to 30 years, being more than three years.

In addition, Gram Capital has also reviewed key terms of seven copies of agreements with similar nature with the transaction contemplated under the Individual Agreements entered into by the Group with independent third parties. Gram Capital noted that the durations of such agreements were 10 or 20 years, which also exceeded three years.

Taking into account of the above, Gram Capital confirms that the duration of the Individual Agreements, which is longer than three years, is necessary and it is a normal business practice for agreements of this type to be of such duration.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Company”	Fosun Tourism Group, a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1992);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of our Company;
“Fosun International”	Fosun International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 656);
“Fosun International Group”	Fosun International and its subsidiaries;
“Framework Agreement”	the framework agreement dated 21 November 2023 entered into between the Company and Fosun International;
“Group”	the Company and its subsidiaries from time to time;

“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Company pursuant to Rule 14A.52 of the Listing Rules;
“independent third party(ies)”	has the meaning ascribed to it under the Listing Rules;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange;
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules;
“PRC” or “China”	the People’s Republic of China, and for the purposes of this announcement only, excluding Hong Kong, Macau and Taiwan;
“Property(ies)”	refers to hotels, resorts, apartments and/or other properties;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of EUR0.0001 each;
“Shareholders”	holder(s) of our Share(s);
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“%”	per cent.

By Order of the Board
Fosun Tourism Group
Xu Xiaoliang
Chairman

21 November 2023

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