FOSUN 复星

復星國際有限公司

FOSUN INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00656)

Annual Report 2014

China Expertise Global Capacity

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

RMB

6,853.9 MILLION

進化

EVOLUTION

To become a world-class investment group underpinned by the twin drivers of "Insurance-oriented Comprehensive Financial Capability" and "Global Industrial Integration Capability Taking Roots in China"

Note to the Cover Design

In 2014, Fosun's "Insurance + Investment" model achieved uprising success, its implementation of the Buffett model achieved significant impact. With the "insurance + investment" twin-driver core strategy, Fosun has accomplished major improvements on both the financing-end and investment-end as well as the optimization of the overall asset structure. The twin-driver empowered by the "Insurance-oriented Comprehensive Financial Capability" and "Global Industrial Integration Capability Taking Roots in China" has been much strengthened than ever and has established unique advantages, like all other world-class investment groups.

"Evolution" implies "Progress and Transformation". "Progress" refers to upgrades to the general landscape and further developments of the platforms. "Transformation" is to identify and address weaknesses during the course of integration in an effort to enhance product identity and competitiveness. "Evolution" is the driver that propels Fosun's journey of evolving into an intelligent and vital entity that iterates exploration of its intrinsic value with a purpose to excel.

Looking ahead, Fosun will persistently adhere to the discipline of value investing and dance with cyclicality on the value floor, with a view to evolving into an intelligent and vital entity. Fosun will continue to integrate and combine global resources, strengthen its investments with insurance funds, increase the comprehensive financial assets as well as expand the healthcare and happy & fashionable lifestyle businesses. Furthermore, Fosun encourages cross-industry integration and actively creates "Insurance + Industry + Hive 1+1+1" cross-industry integration innovation closed-loop. Meanwhile, Fosun will continue to actively explore its O2O business and fully promote and establish its "Cloud + Terminal" within the organization. With its unreserved integration with mobile Internet, Fosun will not be lagging behind the Internet and mobile Internet innovation trend.

In 2015, we believe that the world will be different because of Fosun. Life will become better because of Fosun.

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FINANCIAL SUMMARY

For the year ended 31 December

In RMB million	2014	2013
Revenue	***61,738.4***	*51,016.9*
Integrated Finance	***9,016.2***	*816.8*
Insurance	***7,867.6***	*276.8*
Investment	***700.5***	*96.5*
Asset Management	***446.1***	*443.5*
Banking and Other Financial Business	***2.0***	—
Industrial Operations	***52,948.6***	*50,666.0*
Health	***11,938.2***	*9,921.5*
Happy Lifestyle	**—**	—
Steel	***27,272.0***	*26,425.3*
Property Development and Sales	***12,149.2***	*11,664.8*
Resources	***1,589.2***	*2,654.4*
Eliminations	***(226.4)***	*(465.9)*
Profit attributable to owners of the parent	***6,853.9***	*5,518.9*
Integrated Finance	***3,577.2***	*1,936.9*
Insurance	***1,148.7***	*523.6*
Investment	***2,055.6***	*1,301.3*
Asset Management	***276.1***	*51.0*
Banking and Other Financial Business	***96.8***	*61.0*
Industrial Operations	***4,506.7***	*4,255.2*
Health	***1,064.4***	*818.1*
Happy Lifestyle	***473.5***	*332.2*
Steel	***280.0***	*415.5*
Property Development and Sales	***2,516.6***	*2,087.0*
Resources	***172.2***	*602.4*
Unallocated expenses	***(1,015.2)***	*(525.4)*
Eliminations	***(214.8)***	*(147.8)*
Earnings per share – basic (in RMB)	***1.02***	*0.86*
Earnings per share – diluted (in RMB)	***0.99***	*0.86*
Dividend per share (in HKD)	***0.17***	*0.15*

BUSINESS OVERVIEW

Fosun has been persistently taking roots in China and investing in China's growth fundamentals. It has been actively implementing its investment model of "Combining China's Growth Momentum with Global Resources". Fosun is dedicated to making a major stride towards becoming a world-class investment group underpinned by the twin drivers of "insurance-oriented comprehensive financial capability" and "global industrial integration capability taking roots in China". Today, Fosun's businesses include two major parts, integrated finance and industrial operations.

INTEGRATED FINANCE

The Group's integrated finance business includes four key segments, namely insurance, investment, asset management, banking and other financial business.

Insurance

The Group's insurance segment mainly includes Fosun Insurance Portugal (the largest insurance group in Portugal which occupies a leading market share in the businesses of life insurance and general insurance and has a diversified distribution platform and a brand portfolio highly recognized by the market), Yong'an P&C Insurance (an insurance company headquartered in Xi'an with a nationwide presence, which operates all kinds of non-life insurance business), Pramerica Fosun Life Insurance (its principal scope of business includes insurance businesses such as life insurance, health insurance, casualty insurance and reinsurance of the above-mentioned insurance businesses), Peak Reinsurance (its principal scope of business includes providing life insurance, non-life reinsurance and investing its investible assets), Ironshore (which is a global insurance company focusing on specialty insurance) and MIG (a professional property and casualty insurer and insurance administration services company focused on specialty niche markets).

Investment

We adhere to our unique investment model of "Combining China's Growth Momentum with Global Resources" and capture investment opportunities benefiting from China's growth momentum through our in-depth understanding of China's macroeconomic and microeconomic trends and our insightful analysis of the global market, together with our established operational experience that has been accumulated over many years and our strong execution capabilities. The investment business includes four major parts, namely strategic investment, private equity investment and venture capital investment (PE/VC investment), secondary market investment and capital contribution to the Group's asset management business as a limited partner (LP investment).

Asset Management

Under asset management segment, the Group engages in raising and managing funds from third parties and collects management fee and shares of investment gains. We act as a general partner of the funds that we manage. At present, we mainly manage (i) US dollar fund, namely, Pramerica-Fosun China Opportunity Fund and China Momentum Fund, L.P., (ii) Qualified Foreign Limited Partner Fund, namely Carlyle-Fosun, (iii) RMB Private Equity Fund, (iv) Star Capital, (v) Xinghong Fund, (vi) Real Estate series funds of Forte, and (vii) Japanese Yen Real Estate Funds.

Banking and Other Financial Business

We have indirect shareholdings in two private banks, Kleinwort Benson and BHF-BANK, through investing in RHJI, and own the entire or partial equity interest in Fosun Finance Company, Zhejiang Internet Commerce Banking, Hani Securities, Chuangfu Finance Leasing and Hangzhou Financial Investment Leasing. This business segment will further increase our integrated domestic and overseas financial capabilities to consolidate financial resources.

INDUSTRIAL OPERATIONS

The Group's industrial operations include five key segments, namely health, happy lifestyle, steel, property development and sales, and resources.

Health

We operate businesses of the health segment principally through a subsidiary, Fosun Pharma, as well as Starcastle Senior Living. Fosun Pharma is a leading healthcare company in China listed on the Shanghai Stock Exchange (600196.SH) and the Hong Kong Stock Exchange (02196.HK). Its main business includes pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnosis products and medical devices. Fosun Pharma has established a leading position in the pharmaceutical distribution sector through its shareholding in Sinopharm. Starcastle Senior Living is a joint venture company established by the Group and Fortress Investment Group LLC with joint equity for the purpose of developing properties for senior citizens in China.

Happy Lifestyle

We operate happy lifestyle industries adapting to the living way of middle class through acquiring shareholdings in Yuyuan, Club Med, Atlantis, Studio 8 and Bona.

Steel

We operate the steel business principally through a subsidiary, Nanjing Nangang, and an associate Jianlong Group. Nanjing Iron & Steel, the main subsidiary of Nanjing Nangang, is listed on the Shanghai Stock Exchange (600282.SH). Located in East China, Nanjing Iron & Steel is an integrated steel company with a complete production process, including mining, coking, sintering, iron smelting, steel smelting and steel rolling. Nanjing Iron & Steel Co, Ltd. is one of the few steel product producers in China with the ability to produce 9% Ni steel, its principal products include medium and heavy steel plates, high strength ship plates, boilers and pressure vessel plates, pipeline steel plates (straight seam) and bearing steel. Jianlong Group is a large enterprise group which integrates resources, steel, shipping, and mechanical and electrical equipment.

Property Development and Sales

We operate our property development and sales business principally through Forte, The Bund Finance Center, Dalian Donggang and Resource Property.

Resources

We engage in the production, development and sales of natural resources such as iron ore, petroleum and natural gas through our subsidiaries, Hainan Mining and ROC. Hainan Mining is a listed company on the Shanghai Stock Exchange (601969.SH), its core business includes mining and sales of iron ore. ROC is one of the main independent upstream oil and gas companies in Australia and has established petroleum and natural gas mining businesses in China, Southeast Asia and Australia.

2014
Fosun's Achievements

Financing-end: Profit from the insurance segment grew significantly, the scale of insurance float surpassed RMB100 billion, widening ROIC-WACC and enlarging Economic Value Added (EVA) capability.

In 2014, Profit from the insurance segment grew significantly.

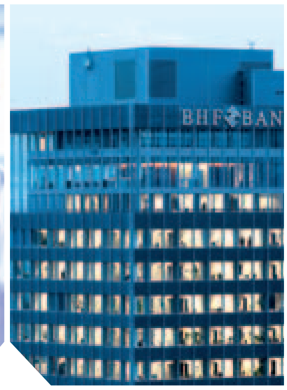
- **Premium income attributable to owners of insurance segment increased sharply by approximately 1,270% to RMB27,877 million;**
- **Profit attributable to owners of the parent increased by approximately 119% to RMB1,149 million;**
- **Attributable Capital Employed increased sharply by approximately 1,356% to RMB79,809 million.**

Total float increased from RMB13,392 million in 2013 to RMB106,785 million.

Economic Value Added (EVA) capability is enlarging.

- **EVA= (ROIC－WACC) ×Capital Employed**
- **ROIC－WACC increased from 1.6% to 2.2%**
- **Adjusted Capital Employed reached RMB214,703 million, representing an increase of 57.2% from RMB136,581 million.**

Focused on healthcare and happy & fashionable lifestyle, rolled out ecosystem planning, and sped up industry integration globally.



In 2014, healthcare and happy & fashionable lifestyle businesses grew fast. The total assets of healthcare and happy & fashionable lifestyle businesses increased by approximately 29.4% to RMB44,667 million, and the contribution ratio to the total asset of Fosun is 13.8%. The net asset increased by approximately 19.5% to RMB 26,747 million, and the contribution ratio is 35.3%. The profit attributable to owners of the parent increased by approximately 53.6% to RMB1,702 million, and the contribution ratio is 24.8%.

Note: Fashionable Lifestyle business is categorized as investment and insurance segment under integrated financial segment in "operating segment information" in note 5 of the financial statements.

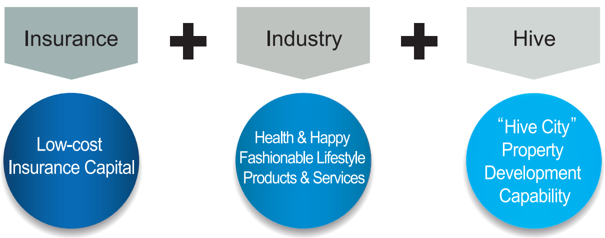
Asset allocation: the integrated finance, healthcare and happy & fashionable lifestyle business assets of high growth and weak cyclicality have taken over the dominant position.

Integrated financial segment assets expanded rapidly：

- **New insurance companies: Fidelidade in Portugal, Ironshore in Bermuda, and MIG in the US;**
- **New securities company: Hani Securities in Hong Kong;**
- **New banking companies: RHJI in Europe (parent company of UK private bank Kleinwort Benson and BHF-Bank, one of the largest independent private banking institutions in Germany).**

In 2014, the total asset of the integrated finance, healthcare and happy & fashionable lifestyle businesses was RMB206,817 million, representing an increase of 168.8%, and the contribution ratio to the total asset of the Group is 63.7%. The net asset was RMB35,312 million, representing an increase of approximately 28.7%, and the contribution ratio is 46.7%. The profit attributable to owners of the parent was RMB5,279 million, representing an increase of 73.4%, and the contribution ratio is 77%.

To Drive "insurance + industry + hive 1+1+1" cross-industry integration innovation closed loop to establish a competitive ecosystem unique to Fosun.



To drive "insurance + industry + hive 1+1+1" cross-industry integration innovation closed loop to establish a competitive ecosystem unique to health, happy fashionable lifestyle, insurance & finance, logistics and commodities, and hive property business.

With health, happy lifestyle products as the core, through integration of insurance funds and property development capability, to launch a platform and to achieve rapid replication.

- **Develop senior living products from for lease to for sale: Forte + Starcastle Senior Living + Pramerica Fosun Life Insurance;**
- **Develop tourism destinations for rental and sale around the world: Club Med + insurance + overseas properties;**
- **Nationwide expansion of medical and healthcare systems: Fosun Pharma + insurance + leasing + Sungin Hive;**
- **Develop global office property held for investment: overseas properties + insurance + industry (functional leasing).**

Hive cities recorded great achievements with a total GFA of approximately 4.7 million sqm.

- **Hive city sample case I - BFC;**
- **Hive city sample case II – Atlantis of 520,000 sqm is currently under construction and is expected to be completed by the end of 2016.**

The Group completely integrated with internet

The products or platforms that have been developed or are being developed by the Group including: FosunLink（復星通）, innovative financial products, O2O insurance platform products and clothing e-commerce.

O2O Investment

- **Focus on Internet and mobile Internet;**
- **Became the major investor in the industry and persisted in "first or unique in the industry";**
- **Investment projects covered industries in digital healthcare, Internet finance, Internet tourism, online education, Internet social platform, etc.;**
- **Showcase projects: Perfect World, guahao.com, Ali's Dream Castle and My Money, etc.**

Proactively transform into O2O

- **Fosun's subsidiaries integrate with finance, internet trading platform and logistics to develop O2O platforms;**
- **The number of Fosun's subsidiaries and enterprises invested by Fosun is over 1,000. The number of employees is approximately 500,000, and the number of user is more than 100 million. The abundant user resources and company resources help the Group develop O2O business.**

LETTER TO SHAREHOLDERS

The world will be different because of Fosun.
Life will become better because of Fosun.

Guo Guangchang

Chairman
Fosun International Limited

To all shareholders of Fosun:
Thank you for your trust in Fosun all these years!

With our "insurance + investment" twin-driver core strategy, Fosun has accomplished major improvements on both the financing-end and investment-end as well as the optimization of our overall asset structure. Our twin-driver empowered by the "Insurance-oriented Comprehensive Financial Capability" and "Global Industrial Integration Capability Taking Roots in China" has been continually strengthened and we have established competitive advantages, like all other world-class investment groups.

Let us start by discussing our performance. As at 31 December 2014, all major financial indicators of Fosun for the year achieved significant improvements, of which equity attributable to owners of the parent recorded RMB49.408 billion, representing an increase of 24.7% from the end of 2013. Profit attributable to owners of the parent for the year reached RMB6.854 billion, representing an increase of 24.2% from the same period in 2013. As such, the Board has resolved to recommend the payment of a final dividend of HKD0.17 per ordinary share for the year ended 31 December 2014.

I wish to emphasize that capitalizing on market opportunities and leveraging on our capabilities accumulated over the years, the record-high results for 2014 is expected to signal the beginning of Fosun's even more rapid growth in the future. Fosun has undeniably entered a high-growth superhighway.

As a professional investment group, we have been considering three issues: one is how to persistently secure the supply of stable, long-term and low-cost capital while optimizing and innovating our financing-end; second is how to continuously strengthen our investment-end and enhance our return on assets while identifying opportunities from mismatches in different asset classes around the world as we adhere to our value investing principle; third is to strike a good balance between risk and growth, achieving stable and persistent growth as our only objective.

Fosun's performance on the financing-end was outstanding in 2014.

Insurance: Insurance is the most important business segment for Fosun. In 2014, profit from the insurance segment grew significantly, and the scale of insurance float surpassed the RMB100 billion (attributable investible assets at RMB79.8 billion). Benefiting from the contribution of a large scale of insurance float, ROIC-WACC (after adjustment)[Note] and capital employed (after adjustment) started to widen, economic value added ("**EVA**") of investible assets continued to enlarge and it is expected to become a critical growth engine for Fosun in the future.

We continued to speed up our development of Yong'an P&C Insurance, Pramerica Fosun Life Insurance and Peak Reinsurance. In May 2014, we completed our acquisition of 80% interest in Fosun Insurance Portugal (comprising the three insurance companies namely Fidelidade, Multicare and Cares), the leading insurer in Portugal with a nearly 30% local market share, at a consideration of EUR1.038 billion and at a price-to-book ratio of approximately 1.0 time. In early 2015, Fosun further increased its equity interest in Fidelidade to 84.986%. This is one of the most important acquisitions for Fosun over the last 23 years, adding more than EUR13 billion of new total assets to the Group, in excess of EUR12 billion of investible assets. Applying the same strategy, since the second half of 2014, Fosun has invested in the global insurer Ironshore, which specializes in specialty insurance, and an US P&C insurer MIG which has rich experiences in labor insurance businesses.

As at 31 December 2014, the assets of insurance segment under management by Fosun exceeded RMB113.085 billion, comprising 34.8% of the Group's total assets. Upon completion of the Ironshore and MIG transactions, this proportion and scale are expected to climb up further.

Insurance has become the most important segment for Fosun and has exerted a fundamental impact on the overall business operation and profit generation for the Group. In 2014, the operating revenue from the insurance segment hit RMB7.868 billion, up 2,742.3% year-on-year, and contributed to 12.7% of the Group's total revenue. Profit attributable to owners of the parent generated from the insurance segment stood at RMB1.149 billion, up 119.4% and contributed to 16.8% of the Group's profit attributable to owners of the parent. Fosun's ratio of net debt over shareholder equity declined to 73.3% in 2014 from 86.0% in 2013, and it is anticipated that it will decline stably in the future.

Reaping benefits from the rapid development of our insurance business, Fosun saw simultaneous growth in both its ROIC-WACC (after adjustment) and capital employed (after adjustment). The EVA profit growth model (the adjusted ROIC-WACC x the adjusted capital employed) is expected to evolve into a critical engine for Fosun's growth in the future. Fosun's attributable investible assets generated from the insurance segment reached RMB79.809 billion in 2014, up 1,355.6% year-on-year. Thus, the capital employed (after adjustment) was also increased to RMB214.703 billion, up 57.2% year-on-year. Meanwhile, the ROIC-WACC (after adjustment) reached 2.2% in 2014, up 0.6 percentage point year-on-year. In the future, as insurance assets eligible for consolidation for the year expands, the ROIC-WACC (after adjustment) and capital employed (after adjustment) is expected to continue to increase, so EVA generation is also expected to expand.

Thanks to the efforts made by the insurance business team and the rapid, profound and persistent impact of Fosun's investment capabilities on the return on assets of the invested insurance enterprises, the invested insurance enterprises saw their premium income and return on assets grow rapidly and healthily. Taking Fosun Insurance Portugal as an example, its consolidated return on investment climbed to 8.4% in 2014 from 4.3% in 2013. For the domestic invested insurance enterprise, Yong'an P&C Insurance, its consolidated return on investment also climbed to 12.6% in 2014 from 5.4% in 2013.

It is worth mentioning that we have not achieved the increased return on assets as a result of any aggressive asset allocation that we have adopted. In fact we had been a bit biased towards the conservative end. For instance, 81.3% of Fidelidade's assets were allocated to fixed income investments and cash last year. Only the remaining 18.7% were appropriated to equity and infrastructure real estate assets.

The persistent low interest environment in the US, Europe and Japan made the liability-end of insurance institutions relatively secure. Leveraging Fosun's globalized and professional insurance operations and investment teams, we envisage emergence of more opportunities in investing in local leading insurance institutions at reasonable prices and expanding our insurance assets in coming years. We also strive to discover more innovative models when making our investments. On top of generally investing in insurance companies, it is expected that we will participate in investments in Run-Off insurance assets in near future, focusing our edge in the light-asset investment model.

Note: ROIC-WACC (after adjustment) = adjusted return on invested capital (adjusted ROIC) - adjusted weighted average cost of capital (adjusted WACC)

Fosun's performance on the investment-end was equally outstanding in 2014.

Investment: We focused on planning our ecosystem for the healthcare and happy & fashionable lifestyle, continue to take roots on the China's growth momentum and participate in consolidation of industries around the world through our core platforms.

In the past we had been repeatedly saying that Fosun is an investor taking roots in China with deep industrial management capabilities. That was because we had the ability to develop businesses from scratch (such as the pharmaceuticals and properties businesses in the past and the senior living and care business lately). We have the capability in distinguishing who the strongest and best participant in an industry is. We invested in overseas enterprises and helped them realize rapid growth in China, implementing the true form of "Combining China's Growth Momentum with Global Resources". As an industrial investor, we have the capability in creating value and we have the highly recognized capability in investing at a reasonable price.

Now we are saying Fosun will adopt a more user-centric perspective, paying more attention to user experiences and needs, focusing more on the future detailed planning of an ecosystem for the two major needs of healthcare and happy & fashionable lifestyle that everybody likes and needs in the long-term and forever. We will proactively and thoughtfully plan our ecosystem and put great efforts in the global industrial integration. For instance, the ecosystem planning surrounding the five areas of the need for healthcare of the humankind, Fosun is currently engaged in the healthy environment, healthy nutrition, healthy way of living, to curing the sick: the pharmaceutical industrial chain (research and development, production, logistics, wholesale, retail), healthcare (training, hospitals), senior care and living and healthcare financial services.

Apart from insurance, I guess the most exciting investments we have made in the past year were the privatization of Chindex, our acquisition of the entire Luz Saúde healthcare group of Portugal, becoming a controlling shareholder of Studio 8, the privatization of Club Med and our investment in Thomas Cook which have just been concluded. These famous enterprises are all in the healthcare and happy & fashionable lifestyle industry ecosystem.

The healthcare and happy & fashionable lifestyle business achieved a revenue of RMB11.94 billion in 2014, up 20.3% year-on-year and contributed to 19.3% of the Group's total revenue. Profit attributable to owners of the parent reached RMB1.702 billion, up 53.6% year-on-year and contributed to 24.8% of the Group's profit attributable to owners of the parent. Net assets of the business reached RMB26.747 billion, up 19.5% year-on-year and contributed to 35.3% of the Group's net assets.

In the future, we will continue to make use of the core platform enterprises in which we have controlling interests, our established global capabilities, combining the rapid growth of the consumer market in China to actively participle in consolidation of industries around the world. Our healthcare industry consists of strong and industry-leading participants, including Fosun Pharma, Alma Lasers, Luz Saúde, United Family Hospital, Chancheng Hospital, Multicare Healthcare Insurance, all of which we have controlling interests in. We are also joint venture partners in Sinopharm, Starcastle Senior Living and Pramerica Fosun Life Insurance. Enterprises on our happy & fashionable lifestyle industry platform include strong and industry leading players including Yuyuan, tourism destination enterprises such as Club Med, Atlantis in Sanya, the creative film producer Studio 8, etc. Earlier this year, we put particular emphasis on supporting participation of these platform enterprises in consolidation of industries around the world. We seek to bridge the value mismatches between the robust China's consumption momentum and these brands and services valued by customers around the world. We seek to integrate resources, meet the need for better lifestyle from customers around the world, especially those in China, with the best products and services, building a healthcare and happy & fashionable lifestyle ecosystem that is based on the China's growth momentum and the capability of integrating industries around the world.

This focus strategy can be accumulated rapidly and we see our user count grow rapidly, achieving successes in both riding on the momentum and gaining territories. The vast financial market in China has enabled many industry leading enterprises focusing on local businesses to become the world's top 10 in terms of market capitalization. China's massive consumption will become the world's largest or second largest in middle class lifestyle driven consumption. China's local industry leading enterprises in this domain will also be included the world's top 10 enterprises in terms of market capitalization in the sector. Our ambition is to work hard and become the industry-leading enterprise in the healthcare and happy & fashionable lifestyle industries and the leading enterprise in these two industries with our capabilities in deep integration globally.

Fosun's performance in optimizing its asset structure in 2014 deserves special mention.

Asset allocation: the integrated finance, healthcare and happy & fashionable lifestyle segment assets of high growth and weak cyclicality have taken over the dominant position.

Following years of determined transformation, our integrated financial segment assets expanded rapidly. Apart from the afore-mentioned growing insurance assets, we acquired Hong Kong Hani Securities last year, invested in 2 financial leasing companies, i.e. Chuangfu Finance Leasing and Hangzhou Financial Investment Leasing. Ali

Small Loan, which we had participated in its establishment and operation for many years, has become a showcase model of clientele expansion driven by scalable Internet financial services. It was selected by the China Banking Regulatory Commission officially as one of the main co-founders of the Internet commercial bank "Zhejiang Internet Commerce Banking Co., Ltd." We have recently announced that the Group has collaborated with Fidelidade to invest EUR59.14 million to increase our interests in RHJI (which wholly owns BHF-Bank, one of the largest independent private banks in Germany and the Kleinwort Benson specialized in commercial banking with deep heritage in the United Kingdom). Upon receiving approval from the relevant regulatory authorities, Fosun's indirect interest in RHJI will increase from 19.49% to 28.61%, enabling us to bring to customers in China the world's best-in-class private banking services and allow the invested enterprises to reap benefits from prosperity and growth of the financial market in China.

The growth in integrated financial businesses, together with the previously mentioned healthcare and happy & fashionable lifestyle businesses, constitute two segments of high growth and weak cyclicality. These two segments achieved the revenue of RMB20.954 billion in 2014, up 95.1% year-on-year and contributed to 33.9% of the Group's total revenue. Profit attributable to the owners of the parent was RMB5.279 billion, up 73.4% and contributed to 77.0% of the Group's profit attributable to owners of the parent.

In 2014 Fosun placed a lot of efforts in increasing industry synergies, cross-industry innovation and unrelenting integration with the Internet. There were many highlights:

Innovation: Building on the Hive City foundation, we developed the "Insurance + Industry + Hive 1+1+1" product cross-industry integration closed-loop, instilling unique competitiveness to our healthcare and happy & fashionable lifestyle industries, insurance and finance, logistics and commodities and hive properties. We had been relentlessly integrating mobile Internet into ourselves and had become one of the largest investors in the industry. We had been pursuing O2O transformation across all fronts, established user terminals and enterprise clouds vigorously, pursuing transformation of the vast offline users to internet users.

The "Insurance + Industry + Hive 1+1+1" cross-industry integration innovation closed-loop

Leveraging on our established capabilities in healthcare and happy & fashionable lifestyle, logistics and commodity industries, we encouraged cross-industry integration and proactively promoted connection of industries with insurance and finance, capabilities of creating environment that facilitated integration of industries and insurance into hive cities, creating one cross-industry integration operation platform unique to Fosun after another.

In 2014, Fosun placed great efforts in pursuing the establishment and development of hive cities and sped up the transformation and upgrading of traditional property businesses. Hive cities is a product integrating Fosun's industrial resources to assist local governments in the construction of core urban functions, with a key feature of "industry-backed urban development and urban-industry integration". Through providing core urban functions required by the cities, Fosun is able to take a lead in introducing its core industrial resources and to further introduce ancillary industries that support the core industries, with a view to promoting "Urban-Industry integration" by establishing a 24-hour plus 3-in-1 vibrant community for work, consumption and living, as well as introducing living and consumption services industries. The Hive Community products, therefore, provide clear and distinctive functions with active dispersal of peripheral services. They also provide adequate and diverse job opportunities through forming functional communities that drive employment by industries (no more dormant cities, ghost cities). As such, a new model of communities which is self-sufficient and built with flexible combination of modules comprising different functions are established.

As at 31 December 2014, we, together with our managed funds and investees, launched a total of 12 hive cities in 5 major categories, with total construction areas for hive cities exceeding 4.7 million sqm. We have tried to incorporate multi-industry operations in our hive cities, including the healthcare hive, culture & entertainment, travel & leisure, logistics & trade and financial services.

As for Fosun's travel & leisure hive project in Sanya, Hainan, the world's third Atlantis hotel that integrates tourism, properties and financial industries, the total construction area around 510,000 sqm. By the end of 2014, we already invested RMB2.35 billion in the project. The construction work has been progressing smoothly and is expected to be completed by the end of 2016. It is expected to become the benchmarking product as a 3.0 upgrade version of tourism resort in Hainan. Meanwhile, we have also facilitated the cooperation of Starcastle Senior Living, Forte, Pramerica Fosun Life Insurance in the Shanghai Starcastle Zhonghuan Community, in establishing a senior living community of the highest quality in Shanghai with medical and senior care services. Furthermore, Fosun will also make use of its "Fosun healthcare + Insurance + Leasing + StarHealth Hive" cross-industrial integration model to promote a countrywide healthcare and senior care system. It will launch a pilot scheme of "Club Med + Insurance + Overseas properties" cross-industrial integration to promote development of tourism destinations around the world on both a sale or rental basis. It will also launch a pilot scheme of the "Overseas properties + Insurance + Industry (rental by function)" cross industrial integration model to promote office properties ownership around the world.

In the future, with the healthcare, happy & fashionable lifestyle products as the core, through integration of insurance funds and our property development capability, we seek to launch our products or services to the market to achieve and duplicate our rapid growth. We are seeing integration of our advantages in these three areas including "Insurance + Industry + Hive 1 + 1 + 1", which when integrated with Fosun's global resources, will establish a competitive ecosystem closed-loop unique to Fosun.

We had not been lagging behind the mobile Internet innovation trend.

The mobile Internet, with its vast user base, accessibility, connectivity with the rapidly developing Internet of the Things, has caused everything around us to change. We firmly believe that mobile Internet will allow the Chinese market to perform on par, if not better, than the US market. Mobile Internet will force every traditional industry to make a choice between pursuing full integration into mobile Internet, or to delineate completely from the mobile Internet. Every industry is focused to find an ultimate way of survival under the mobile Internet environment.

In 2014, our Internet investment team and venture capital platform continued to focus on innovations on traditional industries brought about by mobile Internet and mobile Internet related technologies (Internet Plus), persisting in “first or unique in the industry” as the guideline in identifying projects. Its existing investment portfolio has already covered digital healthcare, Internet finance, Internet tourism, online education, mobile social industries, etc. Our showcase projects including Ali Small Loan, Perfect World, Linekong Interactive, guahao.com, Ali’s Dream Castle and My Money, etc. As at 31 December 2014, Fosun has invested HKD836 million in the venture capital area, and more than USD500 million in the entire Internet area over the year.

Going forward, we are very eager to help connect traditional industries with mobile Internet and we have proactively pursued connection of Yong’an P&C Insurance, Great China Financial Leasing and Internet P2P business for a pilot P2P Internet financial leasing program under credit insurance; applying O2O app in novel scenarios, e.g. guahao.com + Fosun Pharmacy. We are fully prepared to promote Internet financial services based on real-world logistics and warehousing control and connecting with the Internet, such as “Hainan Mining + Finance + Internet Ore Trading Platform + Logistics”, “Nanjing Steel + Finance + Internet Steel Trading Platform + Logistics”, “Yuyuan Gold + Finance + Internet Gold Trading Platform”, “ROC + Finance + Internet Oil Product Trading Platform + Logistics”. Accordingly, we have invested heavily in medical cold chain logistics, participated in Cainiao Logistics, commissioned construction of Tianmao Logistics cities, and established cold chain logistics, etc. In the future, we will further promote industries integrating Internet and finance for upgrading and transformation to create a model of “Industry + Investment + Finance + Internet”, e.g. environmental transformation of “Nanjing Steel + Environmental Investment + Insurance + Leasing”.

In 2014, Fosun persistently implemented its “Mobile Fosun” strategy and successfully developed its instant chatting & communications apps/system, namely “FosunLink” (復星通). Fosun also actively explored its O2O business. Fosun wishes to fully promote and establish its “Cloud + Terminal” within the organization based on this system. Through developing mobile Internet technologies and adopting a mobile Internet mentality and methodologies, Fosun can integrate and survive in mobile Internet era by upgrading and transforming all Fosun staff, businesses and systems with mobile Internet technologies. Historically Fosun and its invested enterprises have accumulated a large quantity of offline customers, up to and over several hundred millions. We encourage every enterprise to develop user terminals and improve our product and user experiences, facilitating more frequent transactions among the offline customer results, and getting connected and transformed into online users. With its unreserved integration with mobile Internet, Fosun will not be lagging behind the Internet and mobile Internet innovation trend. You will see Fosun on the cutting edge of mobile Internet and Internet of the Things in the future.

Adhering to investment discipline: persist in value investing, dancing with cyclicality on the value floor

What I want to share with you all is the most important principle of Fosun – adhering to the basic logic and discipline of value investing. I have a feeling that investment is always like exploring the dark. Darkness stems from our greed and fear that shield the wisdom deep in our heart. How to avoid our heart being shielded by darkness? I guess we have to impose stringent requirements on ourselves. That is why Fosun has chosen to adhere to value investing, persisted in dancing with cyclicality on the value floor.

There are two concepts: one is discipline. Firstly, we need to adhere to value investing, investing for the long term. Fosun needs to be keen on the long term growth of its enterprises and emphasize on the services and value creation we can provide for its enterprises. Secondly, Fosun will adjust itself with the economic cycle. Although communication has become more transparent with the emergence of the Internet, I believe that the Internet can never change human nature. I believe that market mismatch opportunities will emerge because of the very existence of human beings. Yet it is not easy to identify these market opportunities swiftly. Similarly, it will be equally difficult to adhere to discipline forever and with strength. That is why we need to persistently apply the most stringent investment discipline on ourselves. We need to learn day after day, accumulate and improve day in day out. Through spiritual training, we will be stronger. We will see ourselves improve to the next level. I hope myself and Fosun are such a self-trainer who will persist in learning, accumulation and improve.

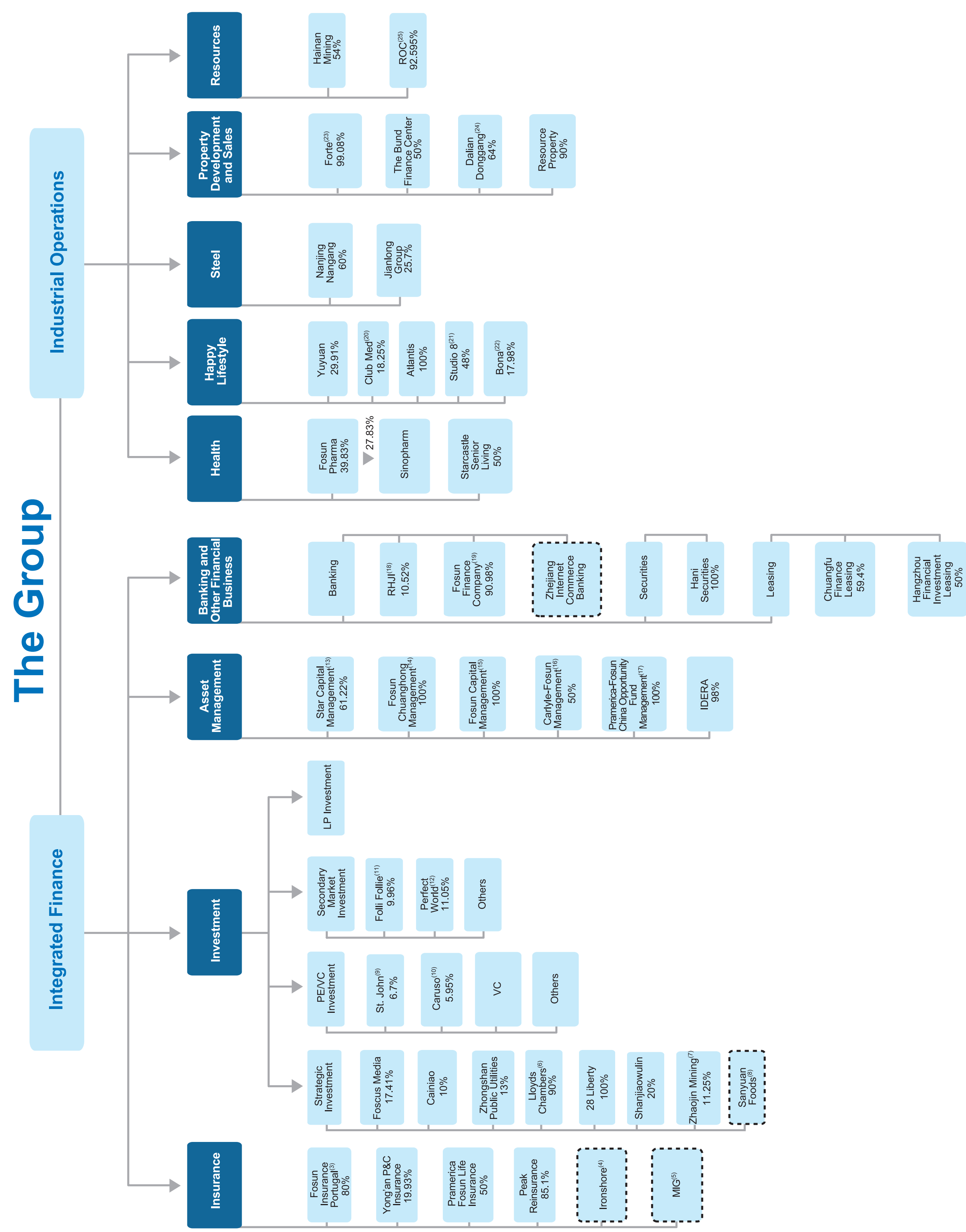
Last of all, I wish to extend my heartfelt gratitude to all of you. Fosun’s successes are indispensable from the trust and support from all shareholders and the society, and the hard work of everyone working in Fosun. Allow me to extend my heartfelt gratitude to all shareholders, members of the board of directors, the entrepreneurial team of Fosun, all staff members and all cooperation partners for your unreserved support.

In 2015, we will move forward.

In 2015, we believe that the world will be different because of Fosun. Life will become better because of Fosun.

Guo Guangchang
25 March 2015

CORPORATE STRUCTURE[1]



Notes:

1. Shareholding held percentages represent effective equity interests as at 31 December 2014.
2. Dotted line indicates the projects which were not yet closed or projects under preparation of establishment as at 31 December 2014.
3. In January 2015, the Group's equity interest in Fidelidade increased to 84.986%.
4. At the beginning of 2015, the Group completed its acquisition of 20% of the total outstanding ordinary shares of Ironshore (on a fully diluted basis).
5. In December 2014, the Group entered into a merger agreement with MIG to acquire 100% equity interest in MIG. The acquisition is currently in the progress of obtaining regulatory approval.
6. The Group held 90% effective equity interest in Lloyds Chambers as a limited partner and 0.005% effective equity interest as a general partner ("**GP**").
7. The Group held 3.57% equity interest in Zhaojin Mining via its wholly-owned subsidiary Shanghai Fosun Industrial Investment Co., Ltd. In addition, Yuyuan, a 29.91% owned associate of the Group, also held 25.69% equity interest in Zhaojin Mining.
8. In February 2014, the Group and a fund managed by the Group entered into a share subscription agreement with Sanyuan Foods to subscribe the shares privately placed by Sanyuan Foods. After the completion of the subscription in February 2015, the Group and the fund held 16.67% and 3.78% equity interest in Sanyuan Foods, respectively.
9. The Group held 6.7% effective equity interest in St. John. In addition, Pramerica-Fosun China Opportunity Fund held its 27.2% effective equity interest.
10. The Group held 5.95% effective equity interest in Caruso. In addition, Pramerica-Fosun China Opportunity Fund held its 29.05% effective equity interest.
11. The Group held 9.96% equity interest in Folli Follie. In addition, Pramerica-Fosun China Opportunity Fund held 3.89% equity interest through its wholly-owned subsidiary.
12. The Group held a total equity interest of 11.80% in Perfect World through the Company, its subsidiaries Peak Reinsurance and Fidelidade.
13. Shanghai Star Capital Investment Management Co., Ltd., GP of Star Capital.
14. Tibet Fosun Investment Management Co., Ltd., GP of Fosun Chuanghong.
15. Shanghai Fosun Capital Investment Management Co., Ltd., GP of Fosun Capital.
16. Carlyle-Fosun (Shanghai) Equity Investment Management Co., Ltd., GP of Carlyle-Fosun.
17. Fosun Equity Investment Ltd., GP of Pramerica-Fosun China Opportunity Fund.
18. Billion Infinity, a 51% indirectly owned subsidiary of the Company, whose the other 49% equity interest is owned by Pramerica-Fosun China Opportunity Fund, and Fidelidade jointly owned 19.49% equity interest in RHJI. In March 2015, Billion Infinity and Fidelidade entered into share purchase agreements respectively to acquire additional shares of RHJI. Upon the completion of the acquisition, the Group's total equity interest in RHJI is expected to increase to 28.61%.
19. The Group held 100% total equity interest in Fosun Finance Company via Fosun Group, Fosun Pharma and Nanjing Nangang.
20. On 23 March 2015, Club Med delisted from the Euronext.
21. The Group held 80% equity interest in Class A investors of Studio 8, and the shares held by Class A investors represent 60% of the total share capital of Studio 8.
22. The Group held a total equity interest of 20.8% in Bona through its subsidiaries of Orrick Investments Limited, Peak Reinsurance and Fidelidade.
23. Results of Forte real estate series fund are included.
24. The Group directly held 50% equity interests while the other 50% were held by Star Capital Fund. As a result the Group held its effective equity interest of 64%.
25. In January 2015, ROC was wholly owned by the Group and officially delisted from the Australian Stock Exchange.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

As at the end of the Reporting Period, net assets attributable to owners of the parent of the Group reached RMB49,408.4 million, representing an increase of 24.7% from the end of 2013. During the Reporting Period, profit attributable to owners of the parent of the Group amounted to RMB6,853.9 million, representing an increase of 24.2% over the same period of 2013.

ASSET ALLOCATION OF THE GROUP

During the Reporting Period, the Group stuck to the philosophy of value investment, actively optimized its asset allocation and continued to implement the investment mode of "Combining China's Growth Momentum with Global Resources" to build an investment portfolio benefiting from China's growth momentum.

Unit: RMB million

Segment	Total assets in 2014 (As at 31 December 2014)	Total assets in 2013 (As at 31 December 2013)	Change over the same period last year
Integrated Finance	**162,728.5**	42,439.8	283.4%
Insurance	**113,085.3**	5,448.1	1,975.7%
Investment	**40,295.1**	30,699.6	31.3%
Asset Management	**4,360.8**	3,139.7	38.9%
Banking and Other Financial Business	**4,987.3**	3,152.4	58.2%
Industrial Operations	**174,378.9**	146,620.6	18.9%
Health	**35,280.9**	29,419.0	19.9%
Happy Lifestyle	**7,406.3**	3,685.2	101.0%
Steel	**43,533.3**	40,212.2	8.3%
Property Development and Sales	**78,803.6**	68,492.2	15.1%
Resources	**9,354.8**	4,812.0	94.4%
Eliminations	**(12,274.6)**	(5,936.5)	106.8%
Total	**324,832.8**	183,123.9	77.4%

Integrated Finance

The Group's integrated financial business includes the four major segments of insurance, investment, asset management, banking and other financial business.


Investment


Insurance

INTEGRATED FINANCE

The Group's integrated financial business includes the four major segments of insurance, investment, asset management, banking and other financial business.

INSURANCE

The Group's insurance segment mainly includes Fosun Insurance Portugal, Yong'an P&C Insurance, Pramerica Fosun Life Insurance, Peak Reinsurance, Ironshore and MIG.

The Group regarded insurance as a good means to connect Fosun's investment capability to high quality long-term capital. On one hand, the above mentioned insurance companies can improve their profits from underwriting by leveraging on the Group's extensive industrial operations experience and expertise in insurance and finance, and on the other hand may also help the Group to realize higher investment revenue through effective investment practices. As a result, insurance plus investment will be our business cores in the future.

During the Reporting Period, the revenue and profit attributable to owners of the parent of insurance segment were as follows:

Unit: RMB million

	2014	2013	**Change over the same period last year**
Revenue	**7,867.6**	276.8	+2,742.3%
Profit attributable to owners of the parent	**1,148.7**	523.6	+119.4%

During the Reporting Period, the increase in both the revenue and profit attributable to owners of the parent of insurance segment were mainly attributable to the Group's acquisition of Fosun Insurance Portugal (Fidelidade, Multicare and Cares)'s 80% stake in May 2014.

With the expansion of the proportion of insurance premium, the debt structure of the Group was also optimized simultaneously. The net debt ratio (net debt/equity) declined by 12.7 percentage points on a year-on-year basis. The adjusted capital employed of the Group increased by 57.2% on a year-on-year basis. The adjusted weighted average cost of capital dropped by 1.1 percentage points on a year-on-year basis. The adjusted ROIC-WACC increased by 0.6 percentage points on a year-on-year basis. Accordingly, the corporate economic value added (EVA) increased by 120.5% on a year-on-year basis.

Fosun Insurance Portugal

In May 2014, the Fosun Group completed the acquisition of Fosun Insurance Portugal's 80% equity interest. Fosun Insurance Portugal is a global operator in the Portuguese insurance market, selling all major kinds of insurance products and benefiting from the largest and most diversified insurance sales network in Portugal.

During the Reporting Period, Fosun Insurance Portugal maintained its leading position in the domestic market, net profit attributable to owners of parent reached RMB865.9 million. Its investible assets totalled Euro12,399.9 million[Note 1], the Non-life business net combined ratio was 99.9% and the comprehensive investment return reached 8.4%. The gross premium income reached RMB31,202 million.

Note 1: The figure refers to book value as at 31 December 2014 without unit-linked portfolios.

International business of Fosun Insurance Portugal continues to reveal stability in more mature markets (e.g. Spain, France), but also has a strong growth in Africa, reaching Euro173 million in international business insurance premiums, an increase of 80% when compared to the corresponding period of last year, mainly attributable to the strong performance of Universal Seguros S.A., a subsidiary of Fidelidade in Angola, and the completion of the acquisition of Garantia-Companhia de Seguros de Cabo Verde, S.A., the leading insurer in Cape Verde, in the first half of 2014. Fosun Insurance Portugal is now proceeding with the setup of two new branches, both life and non-life insurance, in Mozambique.

Fosun Insurance Portugal's strong positioning and levels of service in the Portuguese market, reinforced by the launch of the new brand last year, allowed Fosun Insurance Portugal to win several distinguishing awards, such as Marca Confiança 2014 (2014 Most Trusted Brand), Marktest Reputation Index 2014 and Prémios Marketeer – Seguradora 2014 (Marketeer Award – Insurance 2014), becoming the most awarded insurance company in Portugal in 2014. Fosun Insurance Portugal continues to work actively with the Group's teams in the investment management area in order to benefit from Fosun strong expertise and obtain better returns with prudent and responsible investment strategy.

In January 2015, the Company's equity interest in Fidelidade increased to 84.986%.

Fosun Insurance Portugal Investment Portfolio - Asset Allocation:

Asset Type	**Book Value as at 31 December 2014**	Book Value as at 31 December 2013	Average investible assets in 2014 (million Euros) Note 2	Comprehensive investment return from 1 January to 31 December 2014
Fixed maturity investments	**78.3%**	88.5%	10,500.3	8.0%
Equity investments	**10.4%**	4.5%	955.3	14.6%
Infrastructure investments and investment properties	**8.2%**	4.9%	839.9	9.0%
Cash, cash equivalents and others	**3.1%**	2.1%	329.2	0.6%
Total	**100%**	100%	12,624.7	8.4%

Calculation method: Comprehensive investment return = (Incomes + realized gains & losses + impairments + unrealized gains and losses)/ average investible assets.

Note 2: The figure refers to average book value with unit-linked portfolios.

Yong'an P&C Insurance

During the Reporting Period, Yong'an P&C Insurance had gross premium income of RMB6,994.0 million. Net profit was RMB635.7 million, up 635.0% on a year-on-year basis. Yong'an P&C Insurance had investable assets of RMB9.52 billion, combined ratio reduced from 106.7% at the end of 2013 to 99.1%, comprehensive investment return was 12.59%. Yong'an P&C Insurance has taken the initiative to promote adjustment and transformation in 2014. It has eliminated certain less efficient businesses and optimized business portfolio from its own initiative, the proportion of automobile insurance in total premium income reduced from 80.1% at the end of 2013 to 79.1%; increased per capita production capacity; reduced the claim settlement cost; and enhanced innovative development to actively explore Internet applications.

Pramerica Fosun Life Insurance

Pramerica Fosun Life Insurance was founded in September 2012 and had ever since adhered strongly to the business strategy of multiple sales channels—tied Agency, bancassurance, worksite marketing, alternative distributions, and e-commerce. Pramerica Fosun Life Insurance Co., Ltd grew steadily over the past two years. Pramerica Fosun positions itself as a "Health manager for life" and roll out the "Happiness Guardian" annuity product to complement with the Group's resources of real estate for the elderly and plan a better after-retirement life for high net worth customers. Today, Pramerica Fosun possesses a comprehensive set of product lines spanning life insurance, accident insurance, critical illness insurance, universal life insurance, and health insurance.

During the Reporting Period, the annualized premium income and the total premium of Pramerica Fosun Life Insurance reached RMB57 million and RMB301 million respectively (both including universal insurance policyholders' deposits). As of 31 December 2014, Pramerica Fosun Life Insurance had a solvency adequacy ratio at 1,471.6% and investable assets of RMB483 million, the comprehensive investment return reached 8.7%, the gross premium income reached RMB42 million.

Peak Reinsurance

The Company owns 85.1% equity interest in Peak Reinsurance, while International Finance Corporation owns the remaining 14.9% equity interest. During the Reporting Period, Peak Reinsurance broadened it lines of offering to include credit & surety business, and continued to develop its business and brand globally. Peak Reinsurance has served 175 customers in 30 markets around the world. As at 31 December 2014, Peak Reinsurance's gross premium income was USD288.1 million, compared to USD103.2 million for the same period last year; solvency ratio was 1,555%, technical combined ratio was 92.2%, investable assets were USD781.5 million; and comprehensive investment return was 6.6%.

Ironshore

In August 2014, the Group entered into the equity purchase agreement with Ironshore. Ironshore is a global insurance company specialized in specialty insurance with a global operation platform and has business capabilities in Bermuda, United States, Lloyd's and has international business. Its management team also has an in-depth experience in the insurance industry, broad industry network and outstanding ability to operate a large enterprise, and is regarded highly by peers in the industry. The acquisition will further expand the Group's insurance business and enhance the Group's capability to access long-term high-quality capital. At the beginning of 2015, The Group completed its acquisition of 20% of the total outstanding ordinary shares of Ironshore (on a fully diluted basis) at the price of USD16.62 per share for a total consideration of USD466.6million.

MIG

In December 2014 the Group entered into a merger agreement with MIG, the purchase price was USD8.65 per share in cash, representing an aggregate transaction value of approximately USD433 million to acquire 100% stake of MIG. MIG is a professional property and casualty insurer and insurance administration services company focused on specialty niche markets. MIG markets and underwrites specialty property and casualty insurance programs and products on both an admitted and non-admitted basis through a broad and diverse network of independent retail agents, wholesalers, program administrators and general agencies, that values service, has specialized knowledge and focused expertise. The acquisition is currently in the progress of obtaining regulatory approval.

INVESTMENT

The Group adheres to the concept of value investment and follows the model of "Combining China's Growth Momentum with Global Resources" to invest in a series of enterprises benefiting from the growth momentum of China in both domestic and global markets. The Group's investment business is divided into four segments, which are strategic investment, private equity investment and venture capital investment (PE/VC investment), secondary market investment, capital contribution to the Group's asset management business as a limited partner (LP investment).

During the Reporting Period, the revenue and profit attributable to owners of the parent of investment segment were as follows:

Unit: RMB million

	2014	2013	**Change over the same period last year**
Revenue	**700.5**	96.5	+625.9%
Profit attributable to owners of the parent	**2,055.6**	1,301.3	+58.0%

During the Reporting Period, the increase in both the revenue and profit attributable to owners of the parent of investment segment were mainly attributable to the Group's expansion in investment scale and increase in investment income.

Strategic Investment

The Group's strategic investment includes Focus Media, Cainiao, Zhongshan Public Utilities, Lloyds Chambers of London, 28 Liberty, Shanjiaowulin, Zhaojin Mining and Sanyuan Foods, etc.

Focus Media

Focus Media is an important investment of the Group in the culture and media industry. At the end of December 2012, the Group joined a privatization consortium for a leveraged buyout of Focus Media, and jointly issued a formal offer. Privatization and delisting of Focus Media were successfully completed at the end of May 2013. The Group holds 17.41% of the equity interest in the new holding company, and is entitled to a board seat. The fact that the Group participated in the privatization of Focus Media and remains as one of the significant shareholders of Focus Media reflects its support to Focus Media and its management team. In this mobile internet era, Focus Media capitalizes on its in-depth understanding of advertising and its insights into the consumer landscape and uses its mobile internet technology that integrates offline with online information to target the 200 million most commercially valuable customers as its driver of brand sales. Focus Media strives to build an O2O portal with an offline big data, aiming to be an important player of mobile internet portal.

Cainiao

In May 2013, the Group invested RMB500 million to subscribe for shares in Cainiao, representing 10% of Cainiao's total shares. Cainiao's vision is to develop a China Smart Logistics Network that can help deliver online shopping in all cities across China within 24 hours to enhance merchant's logistics service capabilities and service quality in order to reduce total logistics costs and eliminate the logistics bottleneck.

As of 31 December 2014, Cainiao had commenced construction for 9 projects with a total area of approximately 1,100,000 sq. m. and completed 3 projects in Tianjin, Jinyi, Zhejiang and Haining, Zhejiang. In addition, 8 projects were signed and launched in Guangdong, Jiangsu, Hubei, Shaanxi and Sichuan, etc.

Zhongshan Public Utilities

In August 2014, the Group acquired 13% of the total share capital of Zhongshan Public Utilities at the price of RMB10.52 per share for a total consideration approximately of RMB1.06 billion. Zhongshan Public Utilities, being an industry-leading professional integrated environmental protection enterprise, has extensive investment and operation experience and specialized skill in environmental protection water related assets. This acquisition will further expand the Group's environmental protection water business, the Group hopes to accelerate its development in the environmental protection industry while assisting in the expansion and strengthening of Zhongshan Public Utilities.

Lloyds Chambers

In October 2013, the Group purchased Lloyds Chambers with its partner at a purchase price of GBP64.5 million. The project located at 1 Portsoken Street E1 in the financial district of London. Lloyds Chambers has a sound financing, taxation, property management and corporate governance structure. Its annual rental income for 2014 was GBP7.2 million and profit was GBP4.6 million. Asset management of the project is being implemented in accordance with the business plan and progress has been achieved in value enhancement.

28 Liberty (formerly known as One Chase Manhattan Plaza of New York)

In December 2013, the Group completed the acquisition of 28 Liberty, freehold for investment purposes at a purchase price of USD725 million. 28 Liberty, located in the Financial District of Lower Manhattan of New York, is a 60-storey Grade A office building landmark with a leasable area of 2,215,000 sq.ft. As of 31 December 2014, the rental revenue of the project amounted to USD95 million. One Chase Manhattan Plaza has been rebranded as 28 Liberty with immediate effect as part of a comprehensive repositioning program for the building in January 2015.

Shanjiaowulin

Shanjiaowulin is an associate of the Group with coal and charcoal resources such as prime coking coal. After years of construction, Shanjiaowulin has initially formed a complete industrial chain covering from coal production, special rails to coke processing, manufacture of methanol with coking gas and other deep processing.

During the Reporting Period, Shanjiaowulin produced a total of 993.5 thousand tonnes of coke and 88.0 thousand tonnes of methanol, and achieved total sales of coke of 993.4 thousand tonnes and methanol of 88.1 thousand tonnes, with an accumulated sales revenue of RMB1,187.2 million.

The main product of Shanjiaowulin is coke. Its principal production data was as follows:

	Output of coke ('000 tonnes)	Reserve volume[Note]
2014	993.5	722.3 million tonnes prime coking coal, fat coal
2013	892.1	722.3 million tonnes prime coking coal, fat coal
Change over the same period last year	11.37 %	

Note: Based on the standards of Solid Mineral Geology Exploration of China, the figure for 2014 was an estimated value.

Zhaojin Mining

Zhaojin Mining is a large conglomerate with exploration, mining, processing and smelting operations and focuses on the gold production business, with mine-produced gold as its main product. Zhaojin Mining is committed to maintaining strategic cooperation with local governments, large-scale geological exploration institutes and large enterprises. Through equity mergers and acquisitions as well as implementation of full-scale development strategies, it aims to seize high-quality resources and play a leading role in driving the industrial bases in Shandong, Xinjiang and Gansu. It also increased its efforts in resources integration in the periphery of industrial clusters, which has further enhanced the company's resource strength. Gold production of Zhaojin Mining during 2014 was 20.8 tonnes, representing an increase of 3.4% over the same period of last year and its sales revenue amounted to RMB6,134.0 million, representing a decrease of 5.6% over the same period of last year.

The main product of Zhaojin Mining is mine-produced gold. Its principal production data was as follows:

	Output of mine-produced gold (tonnes)	Gold ore resources reserve (tonnes) Note
2014	20.797	811.12
2013	20.111	791.35
Change over the same period last year	3.4%	

Note: Measured according to the Code of the Joint Ore Reserves Committee in Australia (JORC).

Sanyuan Foods

In February 2014, the Group and Fosun Chuanghong, a fund managed by the Group entered into a share subscription agreement with Sanyuan Foods regarding a private placement by Sanyuan Foods of A shares. Sanyuan Foods issued 306,278,713 ordinary A shares of Sanyuan Foods (the "**A Shares**") to the Group and Fosun Chuanghong at a subscription price of RMB6.53 per A Share through a private placement. The Group subscribed for 249,617,151 A Shares at a consideration of approximately RMB1.63 billion and Fosun Chuanghong subscribed for 56,661,562 A Shares at a consideration of approximately RMB370 million representing approximately 16.67% and 3.78%, respectively, of the enlarged number of issued shares of Sanyuan Foods. The private placement plan of Sanyuan Foods was approved by the China Securities Regulatory Commission in November 2014 and was completed in February 2015. Sanyuan Foods is a renowned dairy product brand in China famous for the quality and safety of its products and enjoys significant market advantage in Beijing and the peripheral areas. Fosun is optimistic about the prospects of dairy consumer goods in China.

PE/VC

The Group's investments in PE include investments in St. John, Caruso, etc..

St. John

St. John, a renowned US luxury womenswear brand, was the first investment project made by the Group in the US in 2013. As at the end of the Reporting Period, the Company indirectly held 6.7% interests in St. John while Pramerica-Fosun China Opportunity Fund, a fund managed by the Group, held 27.2% interests.

Established in 1962, St. John is a famous US high-end womenswear brand renowned for its elegant design, excellent cutting and superior value.

St. John recruited its new global executive chairman and chief executive officer with the assistance of Fosun after its investment in St. John. Such recruitments helped strengthen the management team and operating standards of St. John. In the PRC market, Fosun also helped set up a Chinese team for St. John and it will continue to provide assistance to St. John in respect of store opening and brand promotions in the future.

For 2014 financial year (during the period from 1 November 2013 to 31 October 2014), St. John's 2014 sales revenue decreased by 12.3% comparing with the previous year, due to the weak US wholesale market and adverse weather conditions as well as the fact that the colours of St. John's winter and spring collections did not fully appeal to the customers. New designers have joined the company and new management staff have been recruited for purchasing, wholesaling and retailing departments to particularly strengthen product design, wholesale and retail network. The investment in St. John highly aligns with Fosun's investment philosophy. Fosun will assist St. John's operations at the global level and particularly help it expands its market in China, and aims at enhancing its global brand value by developing China's market.

Caruso

Caruso, an Italian luxury menswear manufacturer, was an overseas investment by the Group in September 2013 and also an important investment of the Group in the European luxury goods industry. The Company indirectly holds 5.95% equity interest in Caruso while Pramerica-Fosun China Opportunity Fund, a fund managed by the Group, holds 29.05% of its equity interest.

As a leading luxury menswear manufacturer in Italy, Caruso has over 600 employees with an annual production of over 100,000 pieces of premium clothes, 10% of which are tailor-made suits for private clients. Caruso's self-owned branded products are sold worldwide through over 300 points of sale in multi-brand boutiques and department stores. Apart from sale of self-owned branded products, Caruso also provides quality OEM apparel services for various major international luxury brands. Caruso is the only company in the Italian fashion and luxury goods industry which has obtained ISO9001 certification. In November 2014, Caruso opened its first global flagship store on 58th Avenue in New York. During the Reporting Period, Caruso also signed a Letter of Intention with the Bund Finance Center, where Caruso's China flagship store will be located in 2016. In January 2015, Caruso's second global flagship was opened in Milan.

VC Investments

The Group has further enhanced the venture capital investments and strengthened the Fosun Kinzon Capital team this year. The Fosun Kinzon Capital team focus on startup to early growth stages projects relationship to Mobile-internet and O2O (including digital healthcare, internet finance, internet related real estate and automotive, internet education and on-line travel). The above actions are taken with a view to assisting the rapid development of invested companies by leveraging the Group's industry background and resources. As at 31 December 2014, the Fosun Kinzon Capital team has invested in 21 projects with total investment amount of approximately HKD836 million.

Secondary Market Investments

The Group's investments in the secondary market include Folli Follie, Perfect World, CNFC Fishery, etc.. For other investments in the secondary market, please refer to "Top 10 Secondary Market Holdings Held by the Group".

Folli Follie

Folli Follie, a globally renowned fashion retail group, was an overseas strategic investment of the Group in 2011. As at the end of September 2014, the Group held 9.96% equity interest and Pramerica-Fosun China Opportunity Fund, a fund managed by the Group, held 3.89% equity interest in Folli Follie, amounting to 13.85% equity interest in total.

During the Reporting Period, the sales revenue of Folli Follie for the first three quarters of 2014 amounted to Euro723.9 million, representing an increase of 13.4% over the same period of last year. Its EBITDA was Euro161.4 million, representing an increase of 26.9% over the same period of last year. The operating profit amounted to Euro146.6 million, representing an increase of 30.9% over the same period of last year. The sales of its core brand business increased by 11.7%, EBITDA increased by 22.1% and operating profit increased by 24.4%. As of the end of the third quarter of 2014, Folli Follie had 620 point of sales all over the world, of which nearly 220 were in China. The other two business segments of Folli Follie – wholesale/retail and department stores achieved growth of 26.3% and 11.1% respectively in sales revenue over the same period of last year.

In June 2014, Folli Follie announced that it successfully issued a 5-year term convertible bond for Euro249.5 million. The majority of the proceeds from the convertible bond will be used to repay bank loans so as to significantly reduce its finance costs. Stimulated by its outstanding performance, Folli Follie's share price in secondary market continued to soar in 2014, recording a growth of 12.8% for the whole year, significantly outperforming the overall Athens stock market.

Since its investment in 2011, the Group has leveraged on its solid industrial foundation and extensive channel resources in China to assist Folli Follie's development in Greater China Region in respect of sales network expansion and brand building. Folli Follie achieved a continuous strong growth in the sales results from China and significant acceleration of shop opening.

Perfect World

The Group has invested in Perfect World since 2012. As at the end of the Reporting Period, the Group held 11.8% equity interest in Perfect World. Perfect World recorded net revenue of USD451.7 million from January to September of 2014, representing an increase of 30.65% over the same period of last year, with a net profit attributable to the shareholders of the listed company of USD68.3 million, representing an increase of 27.35% over the same period of last year.

CNFC Fishery

The Group and several investment funds managed by the Group entered into a share subscription contract with CNFC Fishery in August 2014 and entered into the supplementary agreement to share subscription contract with CNFC Fishery in March 2015 to subscribe for approximately 102 million shares at the price of RMB6.41 per share. After the completion of share issuance, the Group and investment funds will hold approximately 14.04% of the shares of CNFC Fishery. The oceanic aquatic products produced by CNFC Fishery are high-end healthy food products and the investment in CNFC Fishery is consistent with the Group's investment strategy.

Top 10 Secondary Market Holdings Held by the Group

No.	Stock Code	Stock Name	Treasure Stock	Percentage of total share capital	Currency	Closing Price as at 31 December 2014	Market Value as at 31 December 2014 (RMB)	Accounting Treatment
1	01988.HK	Minsheng Bank (H) [3]	784,405,800	2.30%	HKD	10.2	6,746,900,875	A
	600016.SH	Minsheng Bank (A)	40,000,000	0.12%	RMB	10.88		
2	01336.HK	New China Life Insurance (H)	32,598,200	1.04%	HKD	39.15	2,239,272,573	A
			39,907,100	1.28%				B
3	000685.SZ	Zhongshan Public Utilities	101,228,818	13.00%	RMB	22.23	2,250,316,624	B
4	601318.SH	Ping An (A)	3,350,000	0.04%	RMB	74.71	1,535,968,695	A
	02318.HK	Ping An (H)	12,506,818	0.14%	HKD	79.1		B
			8,097,318	0.09%				A
5	FFGRP.GA	Folli Follie	6,669,828	9.96%	EUR	26.4	1,312,807,838	A
6	CU.FP	Club Med	6,565,029	18.25%	EUR	25.1	1,228,550,378	A
7	XS1142380820	ICBC, perp.	99,000,000	—	EUR	1.03	947,349,878	B
	USY39656AA40		30,000,000	—	USD	1.02		
8	601888.SH	CITS	19,250,000	1.97%	RMB	44.4	854,700,000	A
9	PWRD.US	Pefect World	5,348,292	10.76%	USD	15.76	565,970,532	A
			520,614	1.05%				B
10	TTI.GY	Tom Tailor	6,028,050	23.16%	EUR	11.96	537,515,046	B

Notes:

(1) A : Equity investments at fair value through profit and loss; B: Available-for-sale investmnts.

(2) The calculation range covers the stock investment and similar stock investment of the Group, excluding stock rights of the Group's subsidiaries and associate companies, stock invested by associate companies and funds.

(3) Including derivative interests of 390 million shares.

LP Investments

The Group made investment through capital contribution as a limited partner while proactively developing its asset management business. As of 31 December 2014, the Group committed to contribute a total of RMB5,511.82 million (RMB382.8 million to be contributed by Forte), of which RMB4,490.61 million was actually contributed (RMB382.8 million was contributed by Forte to the real estate series funds of Forte).

ASSET MANAGEMENT

During the Reporting Period, the Group continuously expanded the asset management business by upholding the investment philosophy of value investment and "Combining China's Growth Momentum with Global Resources" and consistently generated long term and stable returns for limited partners.

The funds currently managed by the Group mainly include various RMB funds and USD funds, covering various types of assets portfolio, such as growth funds and property development funds, i.e. Weishi Fund, Fosun Capital, Fosun Chuanghong, Star Capital, Shanghai Sunvision Capital Management Co. Ltd, Pramerica-Fosun China Opportunity Fund, Carlye-Fosun, Real Estate series funds of Forte and others. Meanwhile, the Group also actively expanded the size of its managed assets through acquisitions; the Group had acquired IDERA, a Japanese real estate capital management company in May 2014. The asset management business of the Group mainly targeted domestic and international high-end large institutional clients and high net worth individual clients and continued to actively seek institutional investors, large enterprises and family capital to become limited partners of the Group for long term cooperation.

As at the end of the Reporting Period, the scale of the asset management business of the Group reached RMB41,420.19 million, of which RMB1,070.74 million was contributed by the Group through its commitment as a general partner and RMB4,441.09 million was contributed by the Group through its commitment as a limited partner. The management fee derived from the asset management business amounted to RMB464.26 million. In addition, during the Reporting Period, the asset management business of the Group invested in 15 new projects, and increased investments in 4 existing projects, with an accumulated investment of RMB9,645.7 million.

During the Reporting Period, the revenue and profit attributable to owners of the parent of asset management segment were as follows:

Unit: RMB million

	2014	2013	**Change over the same period last year**
Revenue	**446.1**	443.5	+0.6%
Profit attributable to owners of the parent	**276.1**	51.0	+441.4%

During the Reporting Period, the increase in both the revenue and profit attributable to owners of the parent of asset management segment were mainly attributable to the Group's acquisition of 98% equity interest in IDERA in May 2014.

IDERA

In May 2014, the Group completed its acquisition of 98% equity interest in IDERA, a Japanese real estate capital management company, for a consideration of JPY6.81 billion. Such investment is an important step of Fosun's pursuit of "insurance plus investment" strategy to build its global investment capability. IDERA is a leading Japanese independent real estate capital management and fund platform and as of the end of the Reporting Period, its assets under management ("**AUM**") was over JPY152.0 billion (approximately RMB7.81 billion). IDERA will become the real estate investment platform for Fosun in the Japanese market and will continue to provide outstanding real estate fund and asset management services for investors in Europe, the US, Asia, Middle East and Japan.

IDERA recorded an unaudited operating revenue of JPY2,300.9 million, net profit of JPY1,231.8 million and net asset book value of JPY8,511.1 million for the period from 1 April 2014 to 31 December 2014 according to the Japanese accounting standards.

Linekong Interactive

The Group completed its investment in Linekong Interactive, a leading mobile game developer and publisher in China, through a fund under its management in January 2014, thereby holding 14.15% equity interest in Linekong Interactive as of 31 December 2014.

The Group's investing in Linekong Interactive is another important project of Fosun in quality internet content business and also a strategic move in its investment in internet gaming business, particularly the mobile gaming business. Through such collaboration, Linekong Interactive will enjoy appreciation in respect of a number of areas such as project development, brand enhancement and strategic resource sharing leveraging on Fosun's resources in media and movie and TV intellectual properties. In addition, Linekong Interactive can be assisted in implementation of its strategic resources investment and M&A plans by fully utilizing Fosun's globalization and advantages in the internet gaming industry resources.

BANKING AND OTHER FINANCIAL BUSINESS

During the Reporting Period, the revenue and profit attributable to owners of the parent of banking and other financial business segment were as follows:

Unit: RMB million

	2014	2013	**Change over the same period last year**
Revenue	**2.0**	—	/
Profit attributable to owners of the parent	**96.8**	61.0	58.7%

During the Reporting Period, the increase in the profit attributable to owners of the parent of banking and other financial business segment was mainly due to the operation result improvement of Fosun Finance Company.

RHJI

RHJI is a publicly-listed company in Brussels, Belgium and was the majority shareholder of Kleinwort Benson Group Limited ("**KBG**"), which was invested by the Group in March 2014. The Group and Pramercia-Fosun China Opportunity Fund, a fund managed by the Group, contributed in aggregate of Euro100.6 million in the investment and jointly held 19.18% in KBG. In September 2014, the Group participated in a stock swap transaction between KBG and RHJI, exchanging its shareholding of 19.18% in KBG into shareholding of 17.46% in RHJI. From August to September of 2014, the Company purchased 2.03% of RHJI through Fidelidade in public market. As at the end of the Reporting Period, the Group and Pramerica-Fosun China Opportunity Fund hold aggregate equity interest of 19.49% in RHJI. During the Reporting Period, RHJI wholly owned a German private bank BHF-BANK and an UK private bank Kleinwort Benson.

Founded in 1854, BHF-BANK is one of the largest independent private banks in Germany and its headquarters are located in Frankfurt, Germany. It provides private banking and asset management services to its clients. In addition, it has 12 affiliates in Abu Dhabi, Geneva, Luxembourg and Zurich with 1,072 employees. The major clients of BHF-BANK are high net worth and ultra high net worth individuals in Germany, especially active German family-run enterprises. The bank holds approximately Euro39.4 billion funds entrusted by its clients and can make investments around the world. Founded in 1961, Kleinwort Benson is an independently owned private bank providing advisory, wealth management and administration services to private clients and institutions from its offices in the UK, Channel Islands and Isle of Man. As a firm with a heritage established in merchant banking, Kleinwort Benson has been helping clients create, conserve and grow their wealth for over 200 years.

The Group is optimistic about the long term development of the financial services industry. The participation in the acquisition is another good example of the Group's globalization strategy and implementation of its investment strategy of "Combining China's Growth Momentum with Global Resources" which allows the Group's participation in offering personalized financial products and services and thereby strengthening the Group's integrated financial capabilities and for better responding to other business opportunities in Europe.

Fosun Finance Company

China Banking Regulatory Commission ("**CBRC**") granted Shanghai Fosun High Technology Group Finance Co., Ltd. ("**Fosun Finance Company**") the approval to commence operations in June 2011 and completed commercial registration procedure in Putuo District, Shanghai in July 2011 and officially commenced operations in September 2011.

Fosun Finance Company operated in a steady and sound manner in 2014 and achieved operating revenue of RMB164 million, net assets of RMB447 million and net profit after tax of RMB105 million (unaudited), representing a year-on-year increase of 100% over the last year. As of the end of 2014, Fosun Finance Company had 114 members in total, with deposits amounting to RMB3.5 billion and loans amounting to RMB2.03 billion.

Currently, Fosun Finance Company has obtained the loan and entrusted loan business qualification and the interbank lending market business qualification.

Zhejiang Internet Commerce Banking

The Group and other independent third parties received the official reply from China Banking Regulatory Commission in September 2014 to begin preparations for the establishment of Zhejiang Internet Commerce Banking Co., Ltd. (浙江網商銀行股份有限公司) ("**Zhejiang Internet Commerce Banking**") in Hangzhou, Zhejiang Province, the PRC. The reply approved the Group's founder qualification for acquiring shares equivalent to 25% of the total share capital of private banks. The establishment of Zhejiang Internet Commerce Banking is under preparation.

Hani Securities

Hani Securities (H.K.) Limited ("**Hani Securities**") is an overseas investment made by the Group in July 2014 and is also an important investment of the Group to acquire a financial platform in Hong Kong. The Company indirectly holds 100% equity interest in Hani Securities. The acquisition of Hani Securities is of significant importance to the implementation of the globalization strategy, the opening up of domestic and overseas funding channels at home and abroad and the enhancement of overseas assets management capability.

Hani Securities was established in 1987 and is a registered securities broker with a recognized license in Hong Kong to deal in securities on behalf of retail customers and corporate customers. Currently, it owns four types of securities business licenses: dealing in securities (Type 1), advising on securities (Type 4), advising on corporate finance (Type 6) and asset management (Type 9). During the Reporting Period, Hani Securities recorded operating revenue growth of 11.7% over the same period last year. The Group has started to participate in the Shanghai-Hong Kong Stock Connect through Hani Securities and has provided windows for the capital operation of Fosun's overseas assets such as Fosun Insurance Portugal, Peak Reinsurance and BHF-BANK in the capital market of Hong Kong.

Chuangfu Finance Leasing

Chuangfu Finance Leasing is engaged in automobile finance leasing for corporate and individual customers who need mid-high end automobile related financial services. As market leader in its field, the company maintains strategic collaborations with a number of high end automobile manufacturers and dealers such as BMW Automobile Finance, Audi and Mercedes Benz. In August 2013, the Company, through a subsidiary, acquired an equity stake in Chuangfu Finance Leasing. After completion of the acquisition in February 2014, the Company has a shareholding of 59.4% in Chuangfu Finance Leasing. As of 31 December 2014, the scale of leasing assets of Chuangfu Finance Leasing amounted to RMB477 million, representing an increase of 82.6% comparing to the same period of last year.

Hangzhou Financial Investment Leasing

Hangzhou Financial Investment Leasing Co., Ltd. is a financing leasing platform jointly established by the Group and Hangzhou Financial Investment Group in June 2013 with an initial registered capital of USD99 million and a positioning of providing finance optimization, financing and vendor marketing services to quality growth-based small and medium sized enterprises and public utility units. With strong financial and industry background of its shareholders, the company pays close attention to the needs of its customers, implements its differentiation strategy and makes full use of the unique functions of financing leasing so as to serve real economy, small and medium sized enterprises and urban construction. As of 31 December 2014, the scale of leasing assets amounted to RMB594 million.

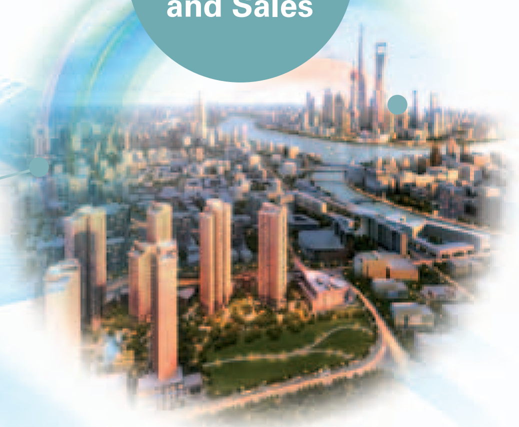
The industrial operations of the Group include five segments, health, happy lifestyle, steel, property development and sales, and resources. Health segment includes Fosun Pharma, Starcastle Senior Living, etc.; happy lifestyle segment includes Yuyuan, Club Med, Atlantis, Studio 8 and Bona; steel segment includes Nanjing Nangang and Jianlong Group; property development and sale segment includes Forte, The Bund Finance Center, Dalian Donggang and Resource Property, etc.; resources segment includes Hainan Mining and ROC.

INDUSTRIAL OPERATIONS

The industrial operations of the Group include five segments, health, happy lifestyle, steel, property development and sales, and resources.

Resources

Property Development and Sales



HEALTH

During the Reporting Period, the revenue and profit attributable to owners of the parent of health segment were as follows:

Unit: RMB million

	2014	2013	Change over the same period last year
Revenue	11,938.2	9,921.5	20.3%
Profit attributable to owners of the parent	1,064.4	818.1	30.1%

During the Reporting Period, the increase in both the revenue and profit attributable to owners of the parent of health segment were mainly due to Fosun Pharma's rapid business development in aspects of drug manufacturing and research and development ("**R&D**"), medical services, investments, etc..

Fosun Pharma

In 2014, despite the challenge circumstances of an incomplete recovery from the global economic downturn, the slowdown in the growth rate of the domestic economy, the continuing reforms of the medical system in the PRC as well as the slow growth in pharmaceutical manufacturing industry have brought policy opportunities to the development of medical services. During the Reporting Period, Fosun Pharma adhered to its business philosophy of "Innovation for Good Health", focused on its core pharmaceutical healthcare businesses, committed to product innovation and management improvement, actively promoted the strategies of organic growth, external expansion and integrated development, and thereby maintaining the growth of the principal businesses. Among which, net profit after extraordinary gains and losses achieved RMB1.331 billion, representing an increase of 29.75% when compared with the same period of last year.

During the Reporting Period, the business of pharmaceutical manufacturing and R&D of Fosun Pharma maintained steady growth, the building of professional operation teams was further reinforced. The sales of major core products in the therapeutic area, such as cardiovascular system, metabolism and alimentary tract and anti-infection areas, maintained relatively faster growth.

During the Reporting Period, Fosun Pharma continued to increase its investments in R&D, and completed its capital injection in Shanghai Henlius Biotech Company Limited, Chongqing Fochon Pharmaceutical Research Company Limited and Shanghai SunTech Pharmaceutical Co., Ltd. so as to effectively advance the R&D of generic biopharmaceutical drugs and innovative drugs. During the Reporting Period, Fosun Pharma applied for 86 patents. In 2014, Fosun Pharma improved its R&D assessment and incentive mechanism, thereby greatly enhancing the R&D efficiency with 57 new registration applications being processed. As at the end of the Reporting Period, Fosun Pharma had 125 pipeline drug, generic drug, generic biopharmaceutical drug and vaccine projects. During the Reporting Period, the R&D expenses in the pharmaceutical manufacturing and R&D segment were RMB451.9982 million, representing 6.16% of the revenue of the pharmaceutical manufacturing and R&D segment.

During the Reporting Period, Fosun Pharma further increased its investment in the healthcare services segment. Fosun Pharma participated in the privatization of Chindex with a view to further strengthening Chindex's working capital, expanding its presence in the high-end healthcare services segment in the PRC and increasing its business scale and improving its profitability. Meanwhile, it continued reinforcing its strategic deployment of healthcare services segment with high-end healthcare institutions in the more developed coastal cities and specialty and general hospitals in second-tier and third-tier cities in the PRC. "Excelsior Tower" (精進樓), a new complex of its subsidiary Chancheng Hospital (禪城醫院), was completed and commenced operation, establishing a foundation for creating differentiated healthcare service platform. The tumor centre jointly established by Chancheng Hospital and Nanyang Cancer Hospital (南洋腫瘤醫院), the laser plastic surgery center established with Alma Lasers Ltd. ("**Alma Lasers**") and the project in respect of establishment of a rehabilitation and body-check hospital initiated by Zhongwu Hospital (鐘吾醫院) have further diversified the healthcare service platform of Fosun Pharma. Furthermore, the "Taizhou Zanyang Medical Care Project" (i.e., Taizhou Public Zhedong Medical Care Investment and Management Company Limited (台州市立浙東醫養投資管理有限公司) and its ancillary hospitals) has commenced construction, which will actively explore new healthcare models.

In 2014, Fosun Pharma further promoted its development in the medical diagnosis and medical devices segment by increasing investments and enhancing business cooperation. During the Reporting Period, Fosun Pharma entered into agreements to invest in miacom Diagnostics GmbH, a German enterprise and Genefirst Limited, a company from the United Kingdom so as to strengthen cooperation with international diagnosis companies. In respect of the medical devices segment, Alma Lasers accelerated its development in the international market and especially those key emerging markets such as China, India and etc. and recorded operating profit of RMB62,141.08 million for the year, increased by 13.40% on a year-on-year basis.

In 2014, Fosun Pharma entered into a share transfer agreement with Sinopharm Group to consolidate and optimize resources allocation of its pharmaceutical distribution and retail business including Shanghai Fosun Pharmaceutical Company Limited, Shanghai For Me Yixing Pharmacy Chain-Store Company Limited and Beijing Golden Elephant Pharmacy Medicine Chain Company Limited. Furthermore, Fosun Pharma tried to develop new business model by cooperating with www.guahao.com.

During the Reporting Period, Sinopharm, an associate company of Fosun Pharma, put continuous efforts in accelerating industry consolidation, expanding distribution network of pharmaceutical products and maintaining rapid growth in business. In 2014, Sinopharm realized revenue of RMB200,131 million, net profit of RMB4,552 million and net profits attributable to shareholders of RMB2,875 million, which represented an increase of 19.94%, 27.15% and 27.77% as compared to 2013, respectively. As at the end of the Reporting Period, the distribution network of Sinopharm covered 31 provinces, autonomous regions and municipalities in China. Its direct customers included 12,264 hospitals (only referring to hospitals with ranking, including 1,718 of the tier-three hospitals, which are the largest and most highly-ranked hospitals). During the Reporting Period, Sinopharm's revenue from pharmaceutical distribution business increased by 20.44% as compared with the previous year to RMB191,468 million. Meanwhile, the pharmaceutical retail business of Sinopharm also maintained growth with revenue of RMB5,904 million generated during the Reporting Period, representing an increase of 22.16% as compared to 2013, while its pharmaceutical retail network further expanded with retail pharmacies owned by Sinopharm Holding GuoDa Drug Store Co., Ltd. (國藥控股國大藥房有限公司), its subsidiary, amounted to 2,096 as at the end of the Reporting Period.

Starcastle Senior Living

Starcastle Senior Living is a joint venture jointly established by the Group and Fortress Investment Group LLC, each holding 50.0% of its equity interest, for the purpose of developing the property market for senior citizens in China. The company's first high-end healthcare project customized for Chinese senior citizens has commenced operations in May 2013. Phase 1 has a total number of 209 units with occupancy rate at 56%.

HAPPY LIFESTYLE

During the Reporting Period, the revenue and profit attributable to owners of the parent of happy lifestyle segment were as follows:

Unit: RMB million

	2014	2013	Change over the same period last year
Revenue	—	—	/
Profit attributable to owners of the parent	473.5	332.2	42.5%

During the Reporting Period, the increase in the profit attributable to owners of the parent of happy lifestyle segment was mainly attributable to the increase in the market value of the Group's equity interest in Club Med, as well as share of profit of Yuyuan.

Yuyuan

Yuyuan is mainly engaged in commercial retail, and wholesale and retail of gold and jewellery, and it holds certain equity interest in Zhaojin Mining. During the Reporting Period, Yuyuan recorded operating revenue of RMB19,152.9 million, representing a decrease of 14.96% over the same period of last year. Profit before tax was RMB1,166 million and decreased by 7.99% year-on-year. The net profit attributable to shareholders of the listed company amounted to RMB1,003.0 million, representing an increase of 2.25% over the same period of last year. Yuyuan recorded lower operating revenue when compared with the same period of last year mainly as a result of fall in global gold price. Net profit of Yuyuan increased over the same period of last year, mainly due to the significant improvement in the results of its investee Wuhan Zhongbei Real Estate Development Co., Ltd. (武漢中北房地產有限公司), which led to the increase in the investment income to RMB326.2 million. During the Reporting Period, Yuyuan adhered to its development of principal businesses and expansion of sales of gold and jewellery with particular emphasis on establishing sales channels for high value products. Yuyuan established Shanghai Yuyuan Gold and Jewellery Group Co., Limited (上海豫園黃金珠寶集團有限公司) by putting its two major brands "Laomiao Gold" and "Yayi Gold" under the same management to promote the integration of its principal businesses and transformation into a new operating model. As of the end of the Reporting Period, the number of chain stores of the two brands increased to 1,809 from 1,689 as at the end of last year. It will explore room for development by duplicating its existing business model in the future. The Group will assist Yuyuan to explore the potential value of the large traffic flows, create O2O business model, actively seeking opportunity to consolidate high-quality assets in order to obtain high returns for shareholders.

Club Med

Club Med was an important investment of the Group in "Combining China's Growth Momentum with Global Resources" investment model in 2010. During the Reporting Period, the Group decided to withdraw the takeover offer made by French Ardian (formerly Axa Private Equity) and senior management of Club Med through Gaillon Invest and instead, proposed the takeover offer led by the holding company of the Group through Gaillon Invest II. After the competing Eurooffer, the final offer price proposed by Fosun was Euro24.6 per share and the total investment amount was Euro958 million in December 2014. In March 2015, Club Med delisted from Euronext.

As for its results, despite the continuous decline in Club Med's major European markets, Club Med recorded a net profit of Euro53.0 million for its 2014 financial year, which stayed flat as compared to that of the same period of 2013, relying on the growth of the emerging markets such as America, China and Russia. After the Group's equity participation in Club Med and forming a strategic alliance with Club Med, the development strategy of Club Med in China has achieved significant progress with stronger ties between the two cooperating parties and increasing synergies from both parties' resources. During the Reporting Period, the third Club Med resort in China opened in Zhuhai. According to Club Med's development plan, China will become the second largest market after France for Club Med by 2015.

Atlantis

The Atlantis project is located in Haitang Bay, Sanya, Hainan, PRC, and is a large-scale high-end theme resort hotel project with a water park and aquarium as its signature jointly developed by the Group and Kerzner Group. The scale of the project amounts to nearly RMB10 billion and it is designated as one of the key construction projects of Hainan Province. The project commenced construction in 2013 and will be completed by the end of 2016. As of 31 December 2014, RMB2,349.8 million was invested; this project had obtained the "Fixed Assets Investment Project Certified Report" and "Construction Land Planning Permit" and the first phase of this project had obtained "Construction Works Commencement Permit".

Name of project	Usage	Land area (sq.m.)	GFA (sq. m.)	Ownership of interests	Land costs* (in RMB million)	Development progress	Expected completion time	Construction and installation costs (in RMB million)
Atlantis*	Accommodation, food and beverage, cultural, sports and entertainment	537,420.2	512,653.0	100%	2,091.4	Under development	2016	258.4

* Since the land use right certificate had not been obtained as at the date of the interim report, the land area was disclosed as the area as agreed in the land contract. To date, the land use right certificate has been obtained, therefore, the land area is disclosed in this Annual Report as the area set out in the land use right certificate.

Studio 8

Studio 8 is an important investment made by the Group in the film industry, a significant step for the Group to start the film and televition entertainment industry. As at the end of the Reporting Period, the Company had 80% equity interest in the Class A investors of Studio 8, the Group exercises significant influence over the distribution arrangement of movies produced by Studio 8 in the mainland China, Hong Kong, Macau and Taiwan, whereby the Company will build a global media entertainment investment, financing and operating platform with its base in China's culture consumer market and focusing on the global film and television industry. As at the end of the Reporting Period, Studio 8 had commenced the selection of scripts of a number of movies. It has been confirmed that Studio 8 and Bona will co-invest in Billy Lynn's Long Halftime Walk, to be directed by Ang Lee.

BONA

Bona is an important strategic investment of the Group in the film and television entertainment industry. As at the end of the Reporting Period, the Group held a total of 20.8% equity interest in Bona, and became the second largest shareholder of Bona. In 2014, the gross box office receipts in China amounted to RMB29,639 million, representing a year-on-year increase of 36.15%. In light of the significant increase in the box office receipts in China, the Group is optimistic about the future prospects of the Chinese film industry in the long run. Bona has extensive experience in local film production, distribution and cinema operation in China, and achieved excellent performance in the Chinese film distribution market in 2014. The Group will integrate resources to complement each other's advantages so as to support the future sustainable development of Bona.

STEEL

During the Reporting Period, the revenue and profit attributable to owners of the parent of steel segment were as follows:

Unit: RMB million

	2014	2013	**Change over the same period last year**
Revenue	**27,272.0**	26,425.3	3.2%
Profit attributable to owners of the parent	**280.0**	415.5	-32.6%

During the Reporting Period, the increase in the revenue of steel segment was mainly due to an increase in sales volume of products of Nanjing Nangang. Excluding the gain on disposal of available-for-sales investment in 2013 and 2014 respectively, the profit attributable to owners of the parent of steel segment actually increased by RMB414.1 million over the last year, mainly due to the increase in gross profit margin, as well as the decrease in overall operating expenses.

Nanjing Nangang

During the Reporting Period, the economic performance of the entire steel industry were improved. In 2014, the projects such as wide and heavy plate mill of Nanjing Nangang were successively put into operation, resulting in an increase in the production scale of steel. Meanwhile, with the decline in ore prices, the corporate profit margins were improved. During the Reporting Period, Nanjing Nangang vigorously promoted the adjustment of its product mix, increased the proportion of the production and sales of products with higher profitability and turned losses into profits for the year. Nanjing Nangang invested in the establishment an energy saving and environmental protection investment holding company in March 2015, which was an important move to transform and upgrade Nanjing Nangang according to the "steel and energy saving and environmental protection" philosophy. Mergers and acquisitions of domestic and overseas high quality energy saving and environmental protection resources is expected to help transform and upgrade Nanjing Nangang thus improving its corporate profitability, innovation capability and core competitiveness.

For the full year of 2014, Nanjing Nangang produced 8.04 million tonnes of steel. Meanwhile, Jin'an Mining, in which Nanjing Nangang owns a controlling stake, produced 980 thousand tonnes of iron concentrate, representing an increase of 2.32% on a year-on-year basis.

The main product of Jin'an Mining is iron concentrate. Its major production data was as follows:

	Output of iron concentrate ('000 tonnes)	Reserve volume Note
2014	980	73.82 million tonnes iron ore
2013	958	76.95 million tonnes iron ore
Change over the same period last year	2.3%	

Note: Based on the standards of Solid Mineral Geology Exploration of China, the figure for 2014 was an estimated value.

Jianlong Group

Jianlong Group is a large enterprise group which integrates resources, steel, shipping and electrical equipment. During the Reporting Period, in the midst of continous downturn and deficit of the national steel industry, Jianlong Group maintained overall smooth production and operation and profitability by adhering to its low-cost strategy, focusing on adjustment to its product structure, enhancing the development of new product offerings and product upgrade, which contributed to the decreasing production costs which is leading in the industry in terms of unit manufacturing cost of a number of products.

For the full year of 2014, Jianlong Group produced steel of 15.26 million tonnes, representing a year-on-year increase of 6.12%; iron concentrate of 3,427.53 thousand tonnes, representing a year-on-year increase of 26.1%; phosphor concentrate of 103.96 thousand tonnes; and sulfur concentrate of 129.09 thousand tonnes, with a total profit of RMB144.7 million, representing a year-on-year decrease of 64.6%.

Meanwhile, Jianlong Group also has a controlling stake in Huaxia Mining which focuses on iron ore concentrate production. Huaxia Mining has been maintaining a sound level of profitability by actively responding to the changes in the market. In 2014, Huaxia Mining produced iron concentrate of 3,427,529 tonnes, representing a year-on-year increase of 26.1%; phosphor concentrate of 103,956 tonnes; and sulfur concentrate of 129,091 tonnes, with a sales revenue of RMB2,830.9 million, representing a year-on-year increase of 1.9% and total profit of RMB144.7 million, representing a year-on-year decrease of 64.6%.

The main product of Huaxia Mining is iron concentrate. Its principal production data was as follows:

	Output of iron concentrate ('000 tonnes)	Reserve volume Note
2014	3,427.5	4.15 billion tonnes iron ore
2013	2,719.1	4.18 billion tonnes iron ore
Change over the same period last year	26.1%	

Note: Based on the standards of Solid Mineral Geology Exploration of China, the figure for 2014 was an estimated value.

PROPERTY DEVELOPMENT AND SALES

During the Reporting Period, the revenue and profit attributable to owners of the parent of property development and sales segment were as follows:

Unit: RMB million

	2014	2013	**Change over the same period last year**
Revenue	**12,149.2**	11,664.8	+4.2%
Profit attributable to owners of the parent	**2,516.6**	2,087.0	+20.6%

During the Reporting Period, the increase in the revenue of property development and sales segment was mainly attributable to the increase in sales area of Forte's property under development as compared with last year, while the increase in the profit attributable to owners of the parent was attributable to the appreciation of investment properties.

Forte

In 2014, the manner in which the PRC Government regulates the PRC property market changed from mandatory administration to differentiation control. Starting from the second half of 2014, various regional governments gradually cancelled the policy of restricting housing purchases. Meanwhile, the central bank began to cut interest rates in the fourth quarter. In line with changes in way of regulation and control as well as economic environment, the transaction volume in the market dropped before it surged up.

Against the backdrop of intensive adjustments in the real estate market in 2014, Forte maintained steady development. With the support of the majority shareholder, the deployment of annual tasks was executed diligently with unified dedication and endeavours, the overall corporate operation quality was enhanced. The ratio of low-cost non-bank financing further increased, with investments from various categories of low-cost insurance funds. The effective implementation of various tasks, among others, a large operation system, integrated design, cost optimization and internet orientation, will further enhance the corporate management level.

Forte is cautiously optimistic about 2015. Attention will be focused on market changes; marketing strategies will be strengthened to capture market opportunities; active and effective measures will be adopted to dispose of inventories, and to ensure the sales rate of new products launched in the market. Through the financing facilities provided by insurance funds in internal and external channels of the Fosun Group system, together with internet finance, further reduction of the overall funding cost of the Group was realized. Coherence & Integration and Hive City will be the core strategies of Forte in 2015, which plays a critical role in the process of its development. In the future, Forte will implement the differentiation strategy that is to initially create new demand through Hive City in order to response to future development and changes, seek new profit models and operate in the increment market.

Project Development

During the Reporting Period, Forte's GFA under development was approximately 6,626,393 sq.m., and attributable GFA amounted to approximately 4,062,132 sq.m., representing a decrease of approximately 16.6% compared with the same period of last year (2013: attributable GFA of approximately 4,873,054 sq.m.).

During the Reporting Period, the GFA of newly commenced projects was approximately 1,625,162 sq.m., and attributable GFA amounted to approximately 964,788 sq.m., representing a decrease of approximately 23.2% compared with the same period of last year (2013: attributable GFA of approximately 1,255,549 sq.m.).

During the Reporting Period, the GFA of completed projects was approximately 1,968,122 sq.m., and attributable GFA amounted to approximately 1,299,823 sq.m., representing a decrease of approximately 24.8% compared with the same period of last year (2013: attributable GFA of approximately 1,727,468 sq.m.).

Project Reserves

During the Reporting Period, Forte obtained 6 projects as additional project reserves with planned GFA of approximately 1,245,000 sq.m. and attributable GFA was approximately 889,212 sq.m., representing a decrease of approximately 38.2% compared with the same period of last year (2013: attributable GFA of approximately 1,439,252 sq.m.).

As at 31 December 2014, Forte owned project reserves with planned GFA of approximately 16,089,826 sq.m., and attributable GFA was approximately 10,063,876 sq.m., representing a decrease of approximately 0.96% compared with the same period of last year (2013: the attributable GFA was approximately 10,161,074 sq.m.).

Property Sales

During the Reporting Period, Forte realized property contract sales area and contract sales revenue of approximately 1,441,193 sq.m. and RMB19,666.6 million respectively, and attributable contract sales area and contract sales revenue were approximately 1,011,106 sq.m. and RMB13,474.4 million respectively, representing an increase of approximately 1.3% and an increase of approximately 5.0% respectively, compared with the same period last year (2013: total attributable contract sales area and contract sales revenue were approximately 997,974 sq.m. and RMB12,837.6 million, respectively).

Property Booked

During the Reporting Period, the property area (booked area) and property amount (booked amount) by Forte were approximately 1,498,093 sq.m. and RMB15,945.1 million respectively. Attributable booked area and booked amount were approximately 1,056,940 sq.m. and RMB11,375.1 million, representing a decrease of approximately 7.1% and 9.4% respectively, compared with the same period of last year (2013: attributable booked area and booked amount of approximately 1,137,754 sq.m. and RMB12,554.5 million).

As at 31 December 2014, the area and amount sold but not booked were approximately 1,238,313 sq.m. and RMB16,076.3 million respectively, and the attributable area and amount sold but not booked were approximately 783,604 sq.m. and RMB10,854.4 million respectively, representing an increase of approximately 4.3% and a decrease of approximately 3.2% respectively, compared with the same period of last year (2013: attributable area and amount sold but not booked were approximately 751,310 sq.m. and RMB11,217.1 million respectively).

The Bund Finance Center

The Bund Finance Center is a high-end complex project located in the core location of the Bund in Shanghai and is expected to pass acceptance examination upon its completion in the first half of 2016. The Bund Finance Center is an experiential finance complex in the Bund financial zone and this project will comprise five different business modes including corporate clubs, corporate headquarters, shopping centre, art gallery and boutique hotel in order to facilitate multiple functions of finance, commerce, tourism, culture and arts under one roof.

During the Reporting Period, the particulars of the project is as follows:

Name of project	Floor	Area (sq. m.)
GFA		425,153
Corporate clubs	S1	80,569
Corporate headquarters	S2	78,297
	N1	10,898
	N2	12,848
	N4	5,263
Commerce		88,509
Hotel		36,331
Art and cultural center		3,959

Dalian Donggang

The project is located in the Donggang District, which will be the Central Business District (CBD) of Dalian in the future and is a district of the highest development and appreciation potential in Dalian. It is the home to a number of world-class landmark buildings and functional buildings such as Dalian International Conference Center (the venue for the Summer Davos), Dalian Arts Gallery, Seaview Area, Israeli Kardan Shopping Center, International Cruise Terminal, etc. Upon completion and hence appreciation in its value, Donggang is expected to become the window to the world and a hub of Dalian. The project is comprised of five parcels of land with a total site area of approximately 141,600 sq. m. and a GFA of approximately 584,000 sq. m.

The project was launched for sale at the end of 2012 and had achieved contracted sales of approximately RMB1,666.72 million in the end of December 2014. It is estimated that the construction of first phase will be completed in 2015 with overall project completion in 2016.

Name of project	Usage	Land area (sq.m.)	GFA (sq. m.)	Ownership of interests	Land costs (in RMB million)	Development progress	Expected completion time	Construction and installation costs (in RMB million)
The Bund Finance Center	Office, commerce and hotels	45,472	425,153	50%	9,550	Under development	2016	2,489
Dalian Donggang	Residential, office and hotels	141,600	761,003	64%	3,825	Under development	2016	1,064

Resource Property

Resource Property is an integrated service provider in the property circulation sector of the Group. In 2014, it overcame the adverse effects brought by the policy of restricting housing purchases in main cities, and maintained a continuous rising trend in its new business development. Based on the global development strategy of Fosun, Resource Property is dedicated to build an overseas housing purchase and living O2O service platform for Fosun Property in 2014. It will comprehensively integrate overseas industrial resources of Fosun and work together with the renowned global companies. Taking housing purchase as a starting point, Resource Property is striving to provide Chinese customers with one-stop services covering whole industry chain, including housing purchase, immigration, education, health, finance and other aspects of living abroad. The services offered combine online convenient transaction and offline friendly experience, helping Chinese customers to realize their global living dreams.

RESOURCES

During the Reporting Period, the revenue and profit attributable to owners of the parent of resource segment were as follows:

Unit: RMB million

	2014	2013	**Change over the same period last year**
Revenue	**1,589.2**	2,654.4	-40.1%
Profit attributable to owners of the parent	**172.2**	602.4	-71.4%

During the Reporting Period, the decrease in both revenue and profit attributable to owners of the parent of resource segment were mainly due to a decrease in both sales volume of products and average selling prices, as affected by market fluctuation.

Hainan Mining

The Group engages in iron ore production and operation through a subsidiary, Hainan Mining. Hainan Mining owns a large open-pit, high-grade iron ore mine in China. Its core business includes mining and sales of iron ore. By investing in the existing mining projects and other mining companies, Hainan Mining aims to accelerate the expansion of its scale and promote its industry position.

The main product of Hainan Mining is iron ore. During the Reporting Period, prices of iron ore fell sharply, affected by market fluctuation in the downstream steel industry. Leveraging on its own advantages, Hainan Mining overcame market difficulties and enhanced its sales, with its sales of iron ore reaching 3,307,971 tonnes in 2014, representing a decrease of 18.4% as compared with the same period last year. The finished ore production reached 3,974,858 tonnes, representing a decrease of 2.5% as compared with the same period last year. Hainan Mining obtained the regulatory approval by China Securities Regulatory Commission in November 2014 and completed the public offering of 186,670,000 ordinary (A) shares on 25 November, raising net proceeds of RMB1,758.8 million, and was listed on the Shanghai Stock Exchange on 9 December.

The main product of Hainan Mining is iron ore. Its major production data was as follows:

	Output of iron ore ('000 tonnes)	Reserve volume[Note]
2014	3,974.9	270 million tonnes iron ore
2013	4,077.03	275 million tonnes iron ore
Change over the same period last year	-2.5%	

Note: Based on the standards of Solid Mineral Geology Exploration of China, the figure for 2014 was an estimated value.

ROC

The Company launched a tender offer to ROC in August 2014. As of 31 December 2014, the Company successfully acquired 92.595% shares of ROC, with a total investment of approximately AUD490 million. In January 2015, ROC was wholly owned by the Group and officially delisted from the Australian Stock Exchange.

During the Reporting Period, ROC realized sales income of USD276 million, net profit of USD49.45 million, EBITDA of USD158 million and net cash inflow from operating activities of USD112 million. The income statement and cash flow statement of ROC are consolidated into the financial statements of the Company from 1 January 2015.

The Company intended to utilize ROC as its strategic platform in the oil and gas sector in future. Leveraging on its leading operational and management capabilities and business development potentials, the Company will integrate its existing business bases in the PRC, Southeast Asia and Australia, to capture the global oil and gas investment opportunities under the overall oil price drop environment, so as to obtain sustainable returns.

RECENT DEVELOPMENT

THOMAS COOK

In March 2015, the Group entered into a share subscription agreement with Thomas Cook Group plc ("**Thomas Cook**") for the subscription of 73,135,777 new ordinary shares of Thomas Cook, representing 5% of the existing issued ordinary share capital of Thomas Cook, at a price of 125.59 pence per share, for a total consideration of GBP91.85 million. The Group intends to purchase further Thomas Cook's shares on the open market at the appropriate time with a view to increase its shareholding in Thomas Cook up to approximately 10% of the enlarged issued ordinary share capital of Thomas Cook. The strong brand heritage and its leading position in the European travel market held by Thomas Cook (stock code: TCG) as one of the world's leading leisure travel groups, combining with the Group's extensive expertise and resources, will capitalise on the increasing demand for international leisure travel. The investment in Thomas Cook complements other recent investments of the Group in the sector, providing opportunities for further value creation.

RHJI

In March 2015, Fidelidade and Billion Infinity (a 51% indirectly owned subsidiary of the Company) entered into the Fidelidade Share Purchase Agreement and the Billion Infinity Share Purchase Agreement respectively, pursuant to which (i) Fidelidade agreed to purchase and the sellers agreed to sell to Fidelidade, 8,879,157 ordinary shares of RHJI at a price of EUR4.9 per share for a consideration of EUR43,507,869.3 and (ii) Billion Infinity agreed to purchase and the sellers agreed to sell to Billion Infinity, 3,191,099 ordinary shares of RHJI at a price of EUR4.9 per share for a consideration of EUR15,636,385.1 (the "**Acquisition**"). The total consideration for the Acquisition is EUR59,144,254.4.

After the completion of the Acquisition, RHJI will be owned as to 19.87% by Billion Infinity and 8.74% by Fidelidade and the Company's indirect equity interest in RHJI is expected be increased from 19.49% to 28.61%. The completion of the Acquisition is still subject to the satisfaction of certain conditions precedent including, but not limited to, regulatory approvals.

FINANCIAL REVIEW

NET INTEREST EXPENDITURES

Net interest expenditures, net of capitalized amounts of the Group, increased to RMB3,667.4 million in 2014 from RMB2,661.0 million in 2013. The increase in net interest expenditures in 2014 was mainly attributable to the growth in scale of total borrowings. The interest rates of borrowings in 2014 were approximately between 0.52% and 11%, as compared with approximately between 0.96% and 11% in 2013.

TAX

Tax increased to RMB3,119.2 million in 2014 from RMB1,908.5 million in 2013. The increase in tax was mainly resulted from the increase in taxable profit from the Group.

BASIC EARNINGS PER SHARE OF ORDINARY SHARES

Basic earnings per share attributable to ordinary equity holders of ordinary shares of the parent was RMB1.02 in 2014, representing an increase of 18.6% from RMB0.86 per share in 2013. Diluted earnings per share attributable to ordinary equity holders of ordinary shares of the parent was RMB0.99 in 2014. The weighted average number of shares was 6,727.6 million shares for 2014, which was 6,421.6 million shares for 2013.

EQUITY PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

As at 31 December 2014, equity per share attributable to owners of the parent was RMB7.14, representing an increase of RMB0.97 per share from RMB6.17 per share as at 31 December 2013. The increase in equity per share attributable to owners of the parent was primarily due to the difference between RMB6,806.9 million and RMB816.4 million, which were the total comprehensive income attributable to owners of the parent in 2014 and the dividend distributed on 28 May 2014, respectively.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a proposed final dividend of HKD0.17 per ordinary share for the year ended 31 December 2014. Subject to the approval of the Company's shareholders at the Company's annual general meeting to be held on 28 May 2015, the proposed final dividend will be paid to the Company's shareholders on or around 16 July 2015. There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENT

The capital expenditures of the Group mainly consists of additions to property, plant and equipment, prepaid land lease payments, exploration and evaluation assets, mining rights and intangible assets. We have been increasing our investment in the research and development of pharmaceutical products in order to produce more proprietary products with higher gross profit margin. We continued our commitment in property development, but will adjust our strategy according to market conditions. In order to enhance the optimization of product mix, we have properly invested in the steel segment. With an aim to continuously strengthen our leading role in the resources industry, we have made extra efforts in the resources segment. The amount of capital expenditures of the Group during the Reporting Period was RMB5,301.9 million. Details of capital expenditures of each business segment are set out in note 5 to financial statements.

As at 31 December 2014, the Group's capital commitment contracted but not provided for was RMB32,362.1 million, these were mainly committed for property development, addition of plant and machinery and investments. Details of capital commitment are set out in note 58 to financial statements.

INDEBTEDNESS AND LIQUIDITY OF THE GROUP

As at 31 December 2014, the total debt of the Group was RMB95,834.2 million, representing a relatively large increase over RMB69,084.4 million as at 31 December 2013, which was mainly due to the increase in borrowings as a result of business expansion of all segments of the Group. As at 31 December 2014, mid-to-long-term debt of the Group accounted for 51.4% of total debt, as opposed to 54.1% as at 31 December 2013. As at 31 December 2014, cash and bank and term deposits increased by 146.2% to RMB40,338.6 million as compared with RMB16,387.2 million as at 31 December 2013.

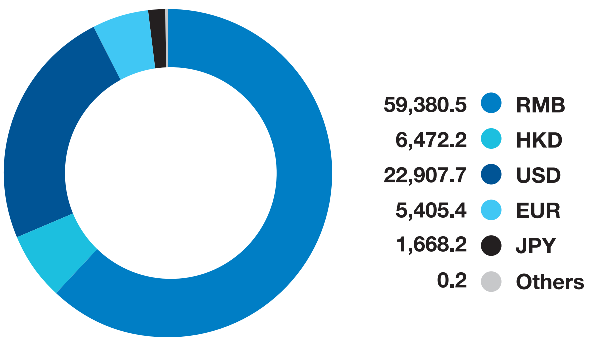
Unit: RMB million

	31 December 2014	31 December 2013
Total debt	**95,834.2**	69,084.4
Cash and bank balances and term deposits	**40,338.6**	16,387.2

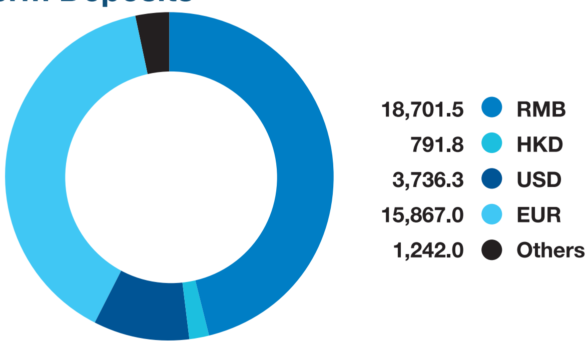
The original denomination of the Group's debt as well as cash and bank balances by currencies, equivalent in RMB, as at 31 December 2014, is summarized as follows:

Unit: RMB million equivalent

Total Debt



Cash and Bank Balances and Term Deposits



TOTAL DEBT TO TOTAL CAPITALISATION RATIO

As at 31 December 2014, the ratio of total debt to total capitalisation was 55.9% as compared with 53.0% as at 31 December 2013. This ratio has increased slightly as a result of the increase of the borrowing scale. Healthy debt ratios and abundant funds can reinforce the Group's ability to defend against risk exposure, and provide support to the Group in capturing investment opportunities.

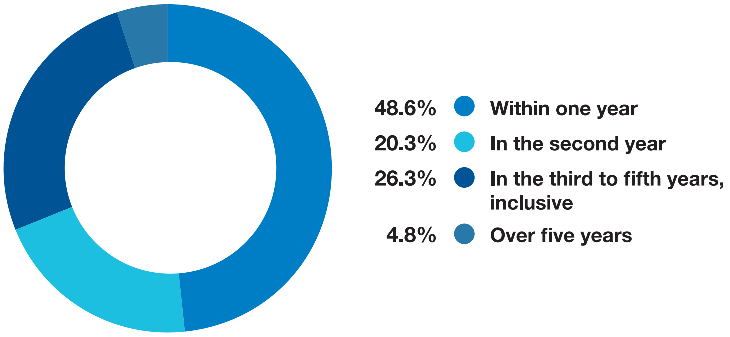
BASIS OF CALCULATING INTEREST RATE

To stabilize interest expenses, the Group endeavored to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to the debt structure according to the interest rate policy, seeking to optimise the interest rate level. As at 31 December 2014, 48.5% of the Group's total borrowings bore interest at a fixed interest rate.

THE MATURITY PROFILE OF OUTSTANDING BORROWINGS

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

Outstanding borrowings classified by year of maturity as at 31 December 2014 are as follows:



AVAILABLE FACILITIES

As at 31 December 2014, save for cash and bank balances of RMB40,338.6 million, the Group had unutilized banking facilities of RMB107,158.8 million. The Group has entered into cooperation agreements with various major banks in China. According to these agreements, the banks granted the Group general banking facilities to support its capital needs. Prior approval of individual projects from banks in accordance with bank regulations of China must be obtained before the use of these banking facilities. As at 31 December 2014, available banking facilities under these arrangements totaled RMB174,587.5 million, of which RMB67,428.7 million was utilized.

CASH FLOW

In 2014, net cash flow generated from operating activities was RMB2,793.7 million. Profit before tax for the year was RMB12,705.3 million. After making aggregate adjustment for the items such as investment gain and loss and financing costs included in profit before tax and offsetting the total amount of depreciation and amortisation which did not result in cash outflow, cash flow generated from operating activities decreased by RMB7,476.7 million. However, owing to the increase in properties under development of RMB14,437.7 million, the decrease in accrued liabilities and other payables of RMB2,043.4 million and amounts due to the holding company of RMB1,131.8 million, the increase in amounts due from related companies of RMB1,965.9 million, interest payment of RMB1,282.7 million and income tax payment of RMB1,960.0 million, all these reasons caused decrease in cash flow generated from operating activities. The decrease in completed properties held for sale of RMB8,852.3 million, the increase in investment contract liabilities of RMB6,490.8 million and trade and notes payables of RMB4,743.6 million contributed to an increase in the cash flow from operating activities. The increase in properties under development was mainly due to the increase in the investment in property development projects; the decrease in accrued liabilities and other payables was mainly due to the decrease in Fosun Insurance Portugal's other payables; the increase in amounts due to the holding company was mainly due to the partially repayment to the holding company in current year; the increase in amounts due from related companies was mainly due to the non-trade payment to associates and joint ventures; the decrease in completed properties held for sale was mainly due to the sales of Forte; the increase in investment contract liabilities was mainly due to the increase in Fosun Insurance Portugal's investment contract liabilities; the increase in trade and notes payables was mianly due to the increase in Nanjing Nangang's trade and notes payables.

In 2014, net cash flow used in investing activities was RMB15,376.8 million, mainly used for the purchase of property, plant and equipment, purchase of available-for-sale investments and equity investments at fair value through profit and loss, acquisition of subsidiaries, associates and jointly-controlled entities, which was partly offset by proceeds from disposal of available-for-sale investments and equity investments at fair value through profit and loss, disposal of associates, disposal of partial interests in associates and dividends received from available-for-sale investments.

In 2014, net cash flow from financing activities was RMB25,972.4 million, mainly generated from the new bank and other borrowings, which was partly offset by the repayment of bank and other loans, interest payment of bank loans and payment of dividends.

PLEDGED ASSETS

As at 31 December 2014, the Group had pledged assets of RMB30,629.0 million (31 December 2013: RMB25,738.5 million) for bank borrowings. Details of pledged assets are set out in note 39 to financial statements.

CONTINGENT LIABILITIES

The Group’s contingent liabilities of RMB2,657.8 million as at 31 December 2014 (31 December 2013: RMB3,166.4 million), were primarily applied to guarantee the mortgage loans of qualified property buyers. Details of contingent liabilities are set out in note 59 to the financial statements.

INTEREST COVERAGE

In 2014, EBITDA divided by net interest expenditures was 5.1 times as compared with 5.3 times in 2013, mainly due to the net interest expenditures increased 37.8% as a result of the growth in scale of total borrowings compared with last year. In addition, the EBITDA increased 31.9% compared with last year.

FINANCIAL POLICIES AND RISK MANAGEMENT

General policy

The Company maintains the financial independence of different business segments. Nevertheless, the Company also gives appropriate guidance on the fund management of different segments so as to ensure that risks of the Group are monitored and financial resources are being effectively applied. In an effort to maintain multiple financing channels, the Group tries to obtain funds from different channels through banks and capital markets. Finance arrangements are organized to meet the business development needs and match the Group’s cash flow.

Foreign currency exposure

Since the Group conducts its business mainly in Mainland China, RMB is also the functional and presentation currency. Most of the Group’s revenue is received in RMB, with part of it converted into foreign currencies for the purchase of imported raw materials. Since the exchange rate reform in July 2005, the exchange rate of RMB against USD has appreciated steadily. However, we are uncertain of the stability of RMB in the future. The cost of conversion of RMB into foreign currencies will be subject to the fluctuation of the exchange rate of RMB.

With the launching of global strategy, the Group held the proportion of assets denominated in currencies other than RMB had increased. Financial settlement and currency conversion as at the reporting date of these non-RMB assets may generate a certain amount of foreign exchange losses or gains, thereby affecting the Group’s profits or net assets.

Interest rate exposure

The Group uses bank loans and other borrowings to meet its capital expenditure and working capital requirements from time to time and is subject to the risk of interest rate fluctuation. Since a certain amount of the Group's borrowings is provided at floating interest rates which are subject to change by the lenders as required by amendments of regulations of the People's Bank of China and the market conditions in and outside Mainland China, the interest expenses of the Group will increase if the People's Bank of China or foreign banks increase their interest rates.

Application of derivatives

The Group will apply derivative instruments as necessary to hedge the risk exposure instead of speculation.

FORWARD-LOOKING STATEMENTS

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

FIVE-YEAR STATISTICS

Unit: RMB million

Year	2010	2011	2012	2013	**2014**
Total equity	44,999.1	48,486.2	57,218.4	61,299.8	**75,684.5**
Equity attributable to owners of the parent	29,873.1	31,830.2	35,197.3	39,628.2	**49,408.4**
Equity per share attributable to owners of the parent (in RMB)	4.65	4.96	5.48	6.17	**7.14**
Indebtedness					
Total debt	43,935.4	54,057.5	56,902.6	69,084.4	**95,834.2**
Total debt/Total capitalization (%)	49.4%	52.7%	49.9%	53.0%	**55.9%**
Interest coverage (times)	8.0	4.9	3.9	5.3	**5.1**
Capital employed	73,808.5	85,887.7	92,099.9	108,712.6	**145,242.6**
Cash and bank balances	21,335.0	16,777.8	22,088.5	16,387.2	**40,338.6**
Property, plant and equipment	20,553.3	21,513.2	24,295.9	30,215.7	**36,037.9**
Investment property	2,551.2	3,026.0	3,985.0	9,896.3	**16,883.9**
Property under development	16,787.6	29,313.9	35,300.9	30,859.9	**37,101.8**
Prepaid land lease payments	1,278.1	1,405.9	1,801.2	1,994.0	**2,921.4**
Mining rights	717.7	421.6	821.6	794.6	**784.9**
Interest in associates	15,238.6	17,275.6	15,258.7	20,369.7	**26,976.4**
Available-for-sale investments	7,327.0	8,437.3	7,382.9	10,050.3	**77,237.8**
Equity investments at fair value through profit or loss	6,478.6	7,406.7	10,656.1	13,466.0	**14,867.2**
Profit attributable to owners of the parent	4,227.1	3,403.6	3,707.2	5,518.9	**6,853.9**
Basic earnings per share (in RMB)	0.66	0.53	0.58	0.86	**1.02**
Diluted earnings per share (in RMB)	0.66	0.53	0.58	0.86	**0.99**
Profit contribution by each business segment					
Insurance	—	—	(54.9)	523.6	**1,148.7**
Investment	1,365.5	249.7	1,884.8	1,301.3	**2,055.6**
Asset management	(3.0)	6.4	61.0	51.0	**276.1**
Banking and Other Financial Business	—	0.9	26.8	61.0	**96.8**
Health	410.0	560.3	721.4	818.1	**1,064.4**
Happy Lifestyle	174.3	79.7	169.1	332.2	**473.5**
Steel	302.5	416.5	(335.0)	415.5	**280.0**
Property Development and Sales	1,271.8	1,649.1	1,494.9	2,087.0	**2,516.6**
Resources	932.1	743.3	462.8	602.4	**172.2**
EBITDA	12,014.5	11,460.5	10,748.9	14,163.2	**18,682.1**
Proposed dividend per share (in HKD)	0.170	0.157	0.170	0.150	**0.170**

Note: For comparison purpose, figures in profit contribution by each business segment for the years 2010 to 2013 were restated to reflect changes of business segment.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Group for the year ended 31 December 2014.

CORPOARTE GOVERNANCE PRACTICES OF THE COMPANY

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

During the Reporting Period, the Company applied the principles of the code provisions as set out in the CG Code, except Mr. Guo Guangchang, the Executive Director and Chairman of the Company, had not attended the annual general meeting of the Company held on 28 May 2014 as required under code provision E1.2 of the CG Code due to important business engagement. The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

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, internal control and risk management 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.

c) Board Composition

The Board for the year ended 31 December 2014 comprised the following Directors:

Executive Directors
Mr. Guo Guangchang *(Chairman)*
Mr. Liang Xinjun *(Vice Chairman and Chief Executive Officer)*
Mr. Wang Qunbin *(President)*
Mr. Ding Guoqi
Mr. Qin Xuetang
Mr. Wu Ping

Non-executive Director
Mr. Fan Wei

Independent Non-executive Directors
Mr. Zhang Shengman
Mr. Zhang Huaqiao
Mr. David T. Zhang
Mr. Yang Chao (appointed on 23 December 2014)

The former independent non-executive Director Mr. Andrew Y. Yan resigned on 26 September 2014.

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. None of the members of the Board is related to another.

As a result of Mr. Andrew Y. Yan's resignation effective from 26 September 2014, the number of independent non-executive Directors fell below the minimum number required under Rule 3.10A of the Listing Rules; and there was a vacancy for chairman of the remuneration committee of the Company as required under Rule 3.25 of the Listing Rules. On 23 December 2014, the Company appointed Mr. Yang Chao as an independent non-executive Director of the Company and Mr. Zhang Huaqiao as the chairman of the remuneration committee of the Company, upon which the Company was in compliance with the requirements under Rule 3.10A, Rule 3.11 and Rule 3.25 of the Listing Rules. Following the appointment of Mr. Yang Chao as the independent non-executive Director, the Board met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received a written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

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

d) Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee of the Company 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.

Mr. Yang Chao was appointed as an independent non-executive Director on 23 December 2014 and has entered into a service contract with the Company for a term of 3 years from the date of his appointment. Other Directors have entered into service contracts with the Company for a term of 3 years from 23 June 2014.

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 for re-election by shareholders at the next following general meeting after appointment.

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.

e) Continuous Professional Development of Directors

Each newly appointed Director receives comprehensive induction on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the businesses and operations of the Company and that he is fully aware of his 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 for 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 arranged a training session conducted by Herbert Smith Freehills on update on Companies Ordinance amendments and offered relevant reading materials including legal and regulatory update to the Board of Directors of the Company.

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 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. 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 3 days before each Board meeting or committee meeting 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 managements 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 contains 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.

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The posts of Chairman and Chief Executive Officer are held by Mr. Guo Guangchang and Mr. Liang Xinjun respectively. This 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 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 discussing all important and appropriate matters in a timely manner; 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 adopted 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 non-executive Directors (including the independent non-executive Director), without the presence of the executive Directors; to ensure appropriate procedures to keep effective communication with the shareholders and to ensure shareholder’s opinion are delivered to the whole Board; to promote open and positive culture to discuss, to promote Directors (especially non-executive Directors) to contribute 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 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 Board’s consideration; implement the strategy and policy approved by the Board and Board Committee and achieve the goal of the Group with the assistance of the management; continuous discussion with the Chairman on those key and fundamental topics and to ensure the Board are informed of those topics; to ensure the management providing report to the Board in priority, including appropriate, accurate 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, to encourage the Group to maintain the highest integrity, justice and corporate governance level.

C. BOARD COMMITTEES

The Board has established the Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company were established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website (www.fosun.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 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.

Remuneration Committee

The Remuneration Committee comprises five Directors, namely Mr. Zhang Huaqiao (Chairman), Mr. Liang Xinjun, Mr. Zhang Shengman, Mr. David T. Zhang and Mr. Yang Chao and the majority of them are independent non-executive Directors.

The primary work of the Remuneration Committee include 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 associates will participate in deciding his 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 held one meeting during the Reporting Period to review and make recommendation to the Board on, among others, the remuneration policy and structure of the Company, the remuneration packages of the Directors and senior management 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".

Audit Committee

The Audit Committee comprises four independent non-executive Directors, namely Mr. Zhang Shengman (Chairman), Mr. Zhang Huaqiao, Mr. David T. Zhang and Mr. Yang Chao. 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.
- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system (including the adequacy of resources, qualification and experience of staff of the Company's accounting and financial reporting function, their training programmes and budget) and risk management system 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, connected transactions and arrangements for employees to raise concerns about possible improprieties. 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 year ended 31 December 2014 have been reviewed by the Audit Committee.

Nomination Committee

The Nomination Committee comprises five Directors, namely Mr. David T. Zhang (Chairman), Mr. Wang Qunbin, Mr. Zhang Shengman, Mr. Zhang Huaqiao and Mr. Yang Chao and the majority of them are independent non-executive Directors.

The main duties of the Nomination Committee include the following:

- To review the structure, size and composition (including the skills, knowledge and experience) 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 held two meetings during the Reporting Period to review the structure, size and composition of the Board, the independence of the independent non-executive Directors and make recommendation to the Board in relation to the appointment of Mr. Yang Chao as the independent non-executive Director and the change of the composition of the relevant Board committees. The attendance records of each member of the Nomination Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

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.

D. ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings, and annual general meeting of the Company held for the year of 2014 is set out in the table below:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Remuneration Committee**	**Audit Committee**	**Nomination Committee**	**Annual General Meeting**
Guo Guangchang	4/4	—	—	—	0/1
Liang Xinjun	4/4	1/1	—	—	0/1
Wang Qunbin	4/4	—	—	2/2	1/1
Ding Guoqi	4/4	—	—	—	1/1
Qin Xuetang	4/4	—	—	—	1/1
Wu Ping	4/4	—	—	—	1/1
Fan Wei	4/4	—	—	—	0/1
Zhang Shengman	4/4	1/1	2/2	2/2	1/1
Andrew Y. Yan(1)	4/4	1/1	2/2	1/1	0/1
Zhang Huaqiao(2)	4/4	N/A	2/2	2/2	0/1
David T. Zhang(2)	4/4	1/1	2/2	N/A	1/1
Yang Chao(3)	N/A	N/A	N/A	N/A	N/A

Notes:

(1) The former independent non-executive Director of the Company Mr. Andrew Y. Yan resigned on 26 September 2014. He attended all the Board meeting and Board committee meetings held prior to his date of resignation.

(2) Mr. Zhang Huaqiao was appointed as Chairman of Remuneration Committee and Mr. David T. Zhang was appointed as Chairman of Nomination Committee on 23 December 2014. No Board committee meeting has been held subsequent to their date of appointment.

(3) Mr. Yang Chao was appointed as an independent non-executive Director on 23 December 2014. No Board meeting, Board committee meeting and annual general meeting have been held subsequent to his date of appointment.

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 employees who are likely to be in possession of 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' RESPONSIBILITES 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 year ended 31 December 2014. 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 AND AUDITORS' REMUNERATION

The statement of Ernst & Young, the external auditors of the Company, about their reporting responsibilities for the financial statements is set out in the "Independent Auditors' Report" on page 91.

During the Reporting Period, the remuneration paid to Ernst & Young, the external auditors of the Company, in respect of professional audit services, amounted to RMB9.8 million and no significant non-audit services were provided by Ernst & Young to the Company.

H. INTERNAL CONTROLS

The Board is responsible for maintaining a robust and effective internal control system, and overseeing the effective operation of the Company's internal control system to ensure the safety and integrity of the assets of the Company and the interests of shareholders of the Company and to facilitate the implementation of the Company's development strategy. The Company identifies, evaluates and monitors significant risks faced by the Company and builds up its risk-based internal control system, taking into consideration findings of internal audits and issues revealed during operation and management as well as audit findings of external auditors. Such significant risks include decision-making risks of operation, financial control risks, and the risks arising from changes in business environment.

The internal audit department of the Company conducts independent evaluation on the effectiveness of the existing internal control system according to the audit strategy and annual audit plan of the Company. It is also responsible for monitoring the proper operation and improvement of the internal control system. Audit findings of the Company are reported to the Board and 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 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 internal audit department of the Company has carried out independent internal control audits in respect of those significant risk areas, such as corporate governance, income and expenditure, equity investment, project management, asset management, information management etc., and has reported to the Directors regularly in respect of the effectiveness of the 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 internal control systems.

The Anti-Corruption and Supervision Department of the Company was established in 2013, which continued to strengthen anti-corruption risk control by adopting measures including the formation of the "One Fosun" system for disciplinary inspection and supervision, the establishment of a joint working conference for anti-corruption supervisors, the deployment of general managers for anti-corruption supervision to subsidiaries, as well as the establishment of a vertical leadership mechanism for anti-corruption supervisors. The anti-corruption supervision hotline and mailbox were announced through the portal website for the collection of reported information internally and externally and conducting relevant investigations, the probity of managers in performing their duties was supervised. The anti-corruption system was continuously improved through exploring the feasibility of establishing a concurrent anti-corruption supervision system for post-investment management of material investment projects and implementing the requirements under the "Personal Matters Reporting System for Key Position Cadres of Fosun Group" to build an atmosphere of integrity in performing duties by combining self-discipline and supervision. Meanwhile, anti-corruption inspections on subsidiaries continued to increase. Inspection opinions of supervisors were issued in the course of inspection on aspects of material risks, such as tender and bidding, project management, financial income and expenses, and reported directly to the Board and the management. Non-compliances with legal and disciplinary requirements were supervised by the management for rectifications. The rectification result was reported to the Board and attained the expected effects.

I. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor 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 Hong Kong 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 chairmen of the Audit, Remuneration and Nomination Committees 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 Company's Articles of Association during the Reporting Period. The up-to-date version of the Company's Articles of Association is available on the Company's website and the Hong Kong 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.fosun.com, where information and updates on the Company's business developments and operations, financial information and other information are available to the public.

J. SHAREHOLDER RIGHTS

Shareholders holding not less than one-twentieth of the paid-up capital of the Company may request the Board to convene an extraordinary general meeting of the Company ("**EGM**") subject to Sections 566 to 580 of the Companies Ordinance (Chapter 622) and Article 56 of the Articles of Association. The objects of the meeting must be stated in the related requisition which must be signed by the requisitionist(s) and deposited at the registered office of the Company.

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

Subject to Sections 580 to 583 of the Companies Ordinance (Chapter 622), qualified shareholder(s) may put forward any proposals for discussion at the next annual general meeting of the Company by making requisition to the Board using contact details below in the section "Contact Details".

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholder meetings are contained in the Articles of Association and the Companies Ordinance (Chapter 622). 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 Hong Kong Stock Exchange in the manner prescribed by the Listing Rules.

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 International Limited
Address: Room 808, 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

EXECUTIVE DIRECTORS

Guo Guangchang　　Liang Xinjun　　Wang Qunbin

Guo Guangchang, aged 47, is an Executive Director and Chairman of the Company. Mr. Guo was one of the founders of the Group and has been chairman of Fosun Group since its establishment in November 1994. Mr. Guo is also chairman of Fidelidade, Multicare and Cares, vice chairman of Nanjing Nangang, a director of Forte, Peak Reinsurance and Club Med and a non-executive director of Fosun Pharma and Minsheng Bank. Mr. Guo is also a member of the 12th National Committee of the Chinese People's Political Consultative Conference, a member of the 11th standing committee of All-China Federation of Industry & Commerce and All-China Youth Federation, chairman of The Zhejiang Chamber of Commerce in Shanghai, vice council chairman of China Foundation for Glory Society, etc.. Mr. Guo was a deputy to the 10th and 11th National People's Congress of the PRC and a member of the 9th National Committee of the Chinese People's Political Consultative Conference. Mr. Guo was awarded among others, the nationwide "Outstanding Entrepreneur in Private Sector on Staff Caring", "Industry & Commerce Category Winner" of "Ernst & Young Entrepreneur of the Year", "Award of Outstanding Contribution to Guangcai Program" issued by China Society for Promotion of the Guangcai Program, the Awardee for Directors of the Year Awards 2010 (Non Hang Seng Index Constituents) issued by The Hong Kong Institute of Directors, "Outstanding Zhejiang Entrepreneur Award" at "The First World Zhejiang Entrepreneurs Convention", and named in the *Bloomberg Markets* "50 Most Influential List 2014 - Corporate Power Broker" and a famous American business magazine Fast Company (Chinese edition) "China 100 Most Creative People in Business 2014". Mr. Guo received a bachelor's degree in philosophy in 1989 and a master's degree in business administration in 1999, both from Fudan University.

Liang Xinjun, aged 46, is an Executive Director, Vice Chairman and Chief Executive Officer of the Company. Mr. Liang was one of the founders of the Group. Mr. Liang has been vice chairman of Fosun Group since its establishment in November 1994. Mr. Liang is also a non-executive director and vice chairman of Zhaojin Mining. Mr. Liang was an independent director of Shanghai Oriental Pearl (Group) Co., Ltd. (listed on the Shanghai Stock Exchange with stock code: 600832). Mr. Liang is a member of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference, vice council chairman of Shanghai League of TMT Industry Service, first batch specially appointed professor of Capital Market Institute, vice chairman of the China Young Entrepreneurs Association, executive vice council chairman of China Science and Technology Private Entrepreneurs Association, chairman of the Taizhou Chamber of Commerce in Shanghai, chairman of the Shanghai Fudan University Alumni Association, executive vice council chairman of Cheung Kong Graduate School of Business Alumni Association, a member of China Industrial and Commerce Council and Management Committee of Asia-Pacific Economic Cooperation (APEC) and vice chairman of the 11th committee of Shanghai Youth Federation, etc.. Mr. Liang was awarded, among others, "Management Innovation Award for Young Entrepreneur in China", "Top Ten Outstanding Youth of Shanghai", "Chinese Business

Fan Wei | Ding Guoqi | Qin Xuetang | Wu Ping

Leader of the Year" at the 7th Horasis Global China Business Meeting in Spain in 2011, "Bauhinia Cup Outstanding Entrepreneur Award" of The Hong Kong Polytechnic University in February 2012, "Top Ten China Private Equity Investor" in 2012 and in 2014 by Zero2IPO Group, "Top Ten Financial Industry Leaders in Shanghai" issued by Shanghai Finance Services Office in 2012, "Outstanding Zhejiang Entrepreneurs Award" by the 2nd World Zhejiang Entrepreneurs Convention, the Awardee for "Directors of the Year Awards 2013 (Non Hang Seng Index Constituents)" issued by The Hong Kong Institute of Directors, "2013 Chinese Business Leaders" issued by Grand Ceremony for Chinese Business Leaders Annual Award 2013, "Asia's Best CEO" at the Asian Excellence Recognition Awards 2014 issued by *Corporate Governance Asia* and "2014 Achievement Awards — Capital Markets Person of the Year" issued by *FinanceAsia*. Mr. Liang received a bachelor's degree in genetic engineering in 1991 from Fudan University and a master's degree in business administration in 2007 from Cheung Kong Graduate School of Business.

Wang Qunbin, aged 45, is an Executive Director and President of the Company. Mr. Wang was one of the founders of the Group. Mr. Wang has been a director of Fosun Group since its establishment in November 1994. Mr. Wang is also a director of Nanjing Nangang, Fidelidade, Multicare, Cares, Henan Lingrui Pharmaceutical Co., Ltd. (listed on the Shanghai Stock Exchange with stock code: 600285), Yuyuan and Forte, chairman of Peak Reinsurance, a non-executive director of ROC, Sinopharm and Fosun Pharma. Prior to joining Fosun Group, Mr. Wang was a lecturer at the Genetic Research Institute of Fudan University. Mr. Wang holds various positions including honorary chairman of the Shanghai Bio Pharmaceutics Industry Association, chairman of The Huzhou Chamber of Commerce in Shanghai and vice chairman of China Chamber of International Commerce. Mr. Wang was awarded "Asia Pacific Outstanding Entrepreneur Awards" by Enterprise Asia and was named "Best Asian Corporate Director" at the Best of Asia 2014 by Corporate Governance Asia in 2014. In addition, Mr. Wang was named one of "The Best-Performing CEOs in the World" by Harvard Business Review, "Young Global Leader Honoree 2009" of World Economic Forum, Chinese Pharmaceutical "60 Years, 60 People" and "Outstanding Technical Experts Allowance by State Council". Mr. Wang received a bachelor's degree in genetic engineering from Fudan University in 1991.

Ding Guoqi, aged 45, is an Executive Director, Senior Vice President and Chief Financial Officer of the Company. Mr. Ding is also a director and chief financial officer of Fosun Group, and a director of Forte, Fidelidade, Multicare, Cares and Shanghai Ganglian E-Commerce Holdings Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code: 300226). Prior to joining the Group in 1995, Mr. Ding worked in the accounting department of Shanghai Jinshan Petrochemical Construction Company. Mr. Ding received a bachelor's degree in accounting from Shanghai University of Finance and Economics in 1991.

Qin Xuetang, aged 51, is an Executive Director and Senior Vice President of the Company. Mr. Qin is also a director of Fosun Group and a supervisor of Forte. Mr. Qin was a director of Nanjing Nangang and the secretary of the board of directors of Fosun Pharma. Before joining in Fosun Group in 1995, Mr. Qin was a lecturer at the law department of Fudan University. Mr. Qin received a bachelor's degree in laws in 1985 from the Southwest University of Political Science and Law and was admitted to practice law in the PRC in 1990.

Wu Ping, aged 50, is an Executive Director and Senior Vice President of the Company. Mr. Wu is also a director of Fosun Group. Mr. Wu joined the Group in 1995, and was the chairman of Yuyuan, a non-executive director of Zhaojin Mining and the vice chairman of Shanghai Commercial Federation. Mr. Wu is now the director of Bailian (Group) Co., Ltd. (listed on the Shanghai Stock Exchange with stock code: 600827). Mr. Wu was named one of "The Best-Performing CEOs in the World" by Harvard Business Review.

INDEPENDENT NON-EXECUTIVE DIRECTORS

NON-EXECUTIVE DIRECTOR

Fan Wei, aged 45, is a Non-Executive Director of the Company. Mr. Fan was one of the founders of the Group. Mr. Fan has been a director of Fosun Group since its establishment in November 1994. Mr. Fan was a director of Forte. Mr. Fan is vice council chairman of the Institute of Real Estate Shanghai Academy of Social Sciences, and was chairman of the Housing Industry Association of Shanghai Federation of Industry and Commerce and vice chairman of the Shanghai Real Estate Trade Association. Mr. Fan was awarded the "Top 100 Property Entrepreneur in China in 2005" and "the First Session of Outstanding Young Entrepreneur of Shanghai in Property Sector". Mr. Fan received a bachelor's degree in genetic engineering from Fudan University in 1991.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Shengman, aged 57, has been an Independent Non-Executive Director of the Company since December 2006. Mr. Zhang is chairman of Asia Pacific of Citigroup (listed on the New York Stock Exchange with stock code: C), before that he was president of Asia Pacific of Citigroup. Mr. Zhang joined Citigroup in February 2006 as chairman of the Public Sector Group. Mr. Zhang worked in the PRC Ministry of Finance as deputy director and vice secretary from 1994 to 1995. From 1994 to 1995, Mr. Zhang was an executive director for China at the World Bank. From 1995 to 1997, Mr. Zhang was vice president and chief secretary of the World Bank. From 1997 to 2001, Mr. Zhang was senior vice director of the World Bank. Mr. Zhang was a managing director of the World Bank and chairman of World Bank's operations committee, the sanctions committee and the corporate committee on fraud and corruption policy from 2001 to 2005. Mr. Zhang received a bachelor's degree in English literature in 1978 from Fudan University and a master's degree in public administration in 1985 from University of the District of Columbia. Mr. Zhang completed the Harvard Advanced Management Program in 1997.

Zhang Huaqiao, aged 51, has been an Independent Non-Executive Director of the Company since March 2012. Mr. Zhang is also a non-executive director and chairman of China Smartpay Group Holdings Limited (stock code: 08325, previously known as Oriental City Group Holdings Limited), a non-executive director of Boer Power Holdings Ltd. (stock code: 01685), an independent non-executive director of Zhong An Real Estate Limited (stock code: 00672), China Huirong Financial Holdings Limited (stock code: 01290), Logan Property Holdings Company Limited (stock code: 03380), Luye Pharma Group Ltd. (stock code: 02186) and Wanda Commercial Properties (Group) Co., Limited (stock code: 00169), all of which are listed on the Hong Kong Stock Exchange, a director of Nanjing Central Emporium (Group) Stocks Co., Ltd. (listed on the Shanghai Stock Exchange with stock code: 600280) and an independent non-executive director of Yancoal Australia Ltd (listed on the ASX with stock code: YAL). From July 1986 to January 1989, Mr. Zhang was employed at the People's Bank of China in Beijing and from June 1999 to April 2006, Mr. Zhang worked at the Equities Department of UBS AG, Hong Kong Branch at which he first served as the head of the China research team and later became the co-head of the China research team. Mr. Zhang was the chief operating officer from March 2006 to September 2008 and executive director from May 2006 to September 2008 of Shenzhen Investment Limited (listed on the Hong Kong Stock Exchange with stock code: 00604). From September 2008 to June 2011, he was deputy head of China Investment Banking at UBS Securities Asia Limited. Mr. Zhang was an executive director and chief executive officer of Man Sang International Limited (listed on the Hong Kong Stock Exchange with stock code: 00938) from September 2011 to April 2012 , an independent non-executive director of Fuguiniao Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code: 01819) from May 2013 to June 2014 and Ernest Borel Holdings Limited (listed on the Hong Kong Stock Exchange with stock code: 01856) from June 2014 to November 2014. Mr. Zhang graduated from the Graduate School of the People's Bank of China with a master's degree in economics in 1986; and from the Australian National University with a master's degree in economics in January 1991.

David T. Zhang, aged 52, has been an Independent Non-Executive Director of the Company since June 2012. Mr. Zhang is also a partner of Kirkland & Ellis LLP, a leading international law firm. Admitted to the practice of law in the State of New York, USA and based in Hong Kong, Mr. Zhang specializes in securities offerings and M&A transactions. He has extensive experience representing Chinese issuers and leading investment banks in US initial public offerings, Hong Kong initial public offerings and other Rule 144A and Regulation S offerings of equity, debt and convertible securities. Additionally, Mr. Zhang has represented a number of leading private equity funds, multinational corporations and sovereign wealth funds in connection with their investments and M&A transactions in the Greater China region and Southeast Asia. Mr. Zhang has been rated as a top capital markets attorney by Chambers Global, Legal 500 Asia Pacific, IFLR1000 and Chambers Asia Pacific. Prior to joining Kirkland & Ellis LLP in August 2011, Mr. Zhang was a partner of Latham & Watkins LLP, another leading international law firm, for eight years. Mr. Zhang graduated from Beijing Foreign Studies University in 1981 and received his J.D. degree from Tulane University Law School in 1991.

Yang Chao, aged 64, has been an Independent Non-Executive Director of the Company since December 2014. Mr. Yang is also an independent non-executive director of SRE Group Limited (listed on the Hong Kong Stock Exchange with stock code: 01207). Mr. Yang was the chairman of China Life Insurance Company Limited (listed on the Hong Kong Stock Exchange with stock code: 02628) from July 2005 to June 2011 and the president and secretary of party committee of China Life Insurance (Group) Company from May 2005 to May 2011. Mr. Yang is currently a member of the National Committee of the Chinese People's Political Consultative Conference and its Social and Legislative Committee. Mr. Yang, a Senior Economist, has more than 30 years of experience in the insurance and banking industries, and was awarded special allowance by the State Council. Mr. Yang graduated from Shanghai International Studies University and Middlesex University in the United Kingdom, majoring in English and Business Administration respectively, and obtained a Master's degree in Business Administration.

SENIOR MANAGEMENT OF THE COMPANY, FOSUN PHARMA, FORTE, NANJING NANGANG AND HAINAN MINING

The Company

Chen Qiyu, aged 42, is the Vice President of the Company, an executive director and chairman of Fosun Pharma. Mr. Chen is also a non- executive director and vice chairman of Sinopharm and a director of Zhejiang D.A. Diagnostic Company Limited (a company listed on the Growth Enterprise Board of the Shenzhen Stock Exchange with stock code: 300244). Mr. Chen was a non-executive director of Forte. Mr. Chen joined Fosun Pharma in April 1994 and was appointed a director in May 2005. Prior to joining the Group, Mr. Chen worked in Shanghai RAAS Blood Product Corporation, now known as Shanghai RAAS Blood Product Company Limited (listed on the Growth Enterprise Board of the Shenzhen Stock Exchange with stock code: 002252). Mr. Chen is the chairman of China Medical Pharmaceutical Material Association, vice president of China Pharmaceutical Industry Research and Development Association, vice council chairman of China Medicinal Biotechnology Association, vice president of China Pharmaceutical Industry Association, chairman of the Shanghai Biopharmaceutical Industry Association and a council member of the Shanghai Society of Genetics. Mr. Chen received a bachelor's degree in genetics in 1993 from Fudan University and an EMBA degree in 2005 from China Europe International Business School.

Pan Donghui, aged 45, is the Vice President of the Company, President of Fosun TMT & Entertainment Group. Mr. Pan joined Fosun Group in 1994. For the past twenty years, he served as project manager, general manager of Investor Relations Department. Mr. Pan has helped the Group achieve exponential growth and high turnarounds by managing investment in telecom, media and technology, venture capital and secondary market investment, directing investor relations affairs, and leading several large real estate development projects as well as pharmaceutical projects. Mr. Pan has rich experience in effective execution and value creation in respect of LBO and IPOs. Mr. Pan received a bachelor's degree in 1991 from Shanghai Jiao Tong University and graduated from University of Southern California with a master's degree in business administration in 2009.

Fosun Pharma

Chen Qiyu, aged 42, is the Vice President of the Company, an executive director and chairman of Fosun Pharma. Details of Mr. Chen's biography are set out in the biographical details of senior management of the Company.

Yao Fang, aged 45, is an executive director, vice chairman and president (chief executive officer) of Fosun Pharma. Mr. Yao is also a chief supervisor of Sinopharm. Mr. Yao joined Fosun Pharma in April 2010 and was appointed a director in June 2010. Prior to joining Fosun Pharma, from 1993 to 2009, Mr. Yao served successively as assistant general manager of the International Business Department of Shanghai Wanguo Securities Company Limited, now known as Shenyin & Wanguo Securities Company Limited, general manager of Shanghai Industrial Assets Management Company Limited, general manager of Shanghai Industrial Management (Shanghai) Company Limited, managing director of Shanghai Industrial Pharmaceutical Investment Company Limited, chairman of Shanghai Overseas Company, a non-executive director of Lianhua Supermarket Holdings Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code: 00980), and an executive director of Shanghai Industrial Holdings Limited (listed on the Hong Kong Stock Exchange with stock code: 00363). From January 2011 to March 2014, Mr. Yao was a non-executive director of BioSino Bio-Technology and Science Incorporation (listed on the Hong Kong Stock Exchange with stock code: 08247) ("**BioSino**"). Mr. Yao is a vice chairman of the Shanghai Pharmaceutical Industry Association since 2010. Mr. Yao received a bachelor's degree in economics from Fudan University in 1989 and a master's degree in business administration from The Chinese University of Hong Kong in 1993.

Hongfei Jia, aged 47, is the senior vice president and chief financial officer of Fosun Pharma. Mr. Hongfei Jia is also a non-executive director of BioSino. Prior to joining Fosun Pharma in June 2013, Mr. Jia worked in Gillette from September 1989 to December 1993; worked in audit department of NCH Corporation in the United States from October 1994 to October 1996; was a financial budgeting & planning manager of Tianjin Smith Kline & French Laboratories Ltd. and then a financial manager of Glaxo Wellcome (China) Co., Ltd. from November 1996 to May 1999; financial manager of SAMTACK COMPUTER INC. from November 1999 to October 2002; financial director of Achieve Global Consulting from January 2003 to November 2003; deputy general manager and finance director of Simon Electric (China) Co. Ltd. from December 2003 to June 2007; chief financial officer of Jingrui Properties (Group) Co. Ltd. from September 2007 to May 2010; and group director of finance of Goodbaby International Holdings Limited (listed on the Hong Kong Stock Exchange with stock code: 01086) from July 2011 to October 2012. Mr. Jia received a bachelor's degree in management science from Fudan University in July 1989 and a master's degree in business administration from the University of Dallas of the United States in December 2005.

Forte

Chen Zhihua, aged 48, is the chairman of Forte. Mr. Chen joined Forte in December 2011 as executive vice president, was appointed president and vice chairman of Forte from July 2012 to December 2014 and was appointed chairman of Forte in December 2014. Mr. Chen was previously employed by Tongji University, Shanghai Nuclear Engineering Research and Design Institute, Shanghai New Changning (Group) Co., Ltd. In March 2008, he joined Greenland Group as a general manager of Beijing and Tianjin real estate business division and an assistant to the president. Mr. Chen was appointed the rotating chairman of the 8th Council of Shanghai Real Estate Trade Association in November 2014. Mr. Chen received a bachelor's degree in engineering from Tongji University in 1988.

Wang Jiping, aged 45, is the president of Forte. Mr. Wang joined Forte in 2000 and he was appointed the project manager of Shanghai Zhiyin, general manager of Wuhan Forte Real Estate Development Co., Ltd. and Changsha Forte Real Estate Development Co., Ltd. Mr. Wang was appointed senior vice president of Forte in November 2013, executive president in November 2014 and president of Forte in December 2014. Mr. Wang graduated from Tongji University in civil engineering and received master degree in business administration from Wuhan University - University of Northern Virginia.

Nanjing Nangang

Yang Siming, aged 61, is the chairman of Nanjing Nangang. Mr. Yang is also the chairman of Nanjing Iron & Steel United Co., Ltd. ("**Nanjing Steel United**") and Nanjing Iron & Steel. Since June 1991, Mr. Yang held several positions in Nanjing Iron & Steel Group Co., Ltd., ("**Nanjing Iron & Steel Group**") as vice general manager, director, general manager and party deputy secretary, chairman, and director, general manager, chief executive officer of Nanjing Steel United, etc. Mr. Yang was named researcher level senior engineer by the government's department of personnel in September 2002. Mr. Yang received a doctorate in management from Nanjing University in June 2007.

Huang Yixin, aged 49, is the director and general manager of Nanjing Nangang. Mr. Huang is also the chairman of Nanjing Iron & Steel Group, a director and general manager of Nanjing Steel United and the vice chairman of Nanjing Iron & Steel. Since December 1994, Mr. Huang held several positions, including manager of new product R&D department of Nanjing Iron & Steel Group, vice manager of technology and quality department, director of new product R&D and promotion centre, assistant to general manager and vice general manager of Nanjing Steel United, vice general manager and vice executive general manager and director of Nanjing Iron & Steel. Mr. Huang graduated from University of Science and Technology Beijing in 1988 and received a master's degree in business administration from Nanjing University in 2009.

Qian Shunjiang, aged 50, is the vice general manager and chief accountant of Nanjing Nangang. Mr. Qian is also the vice general manager and chief accountant of Nanjing Steel United and a director of Nanjing Iron & Steel. Mr. Qian was accounting manager of SC Johnson Co., Ltd. from September 1989 to January 1996, manager of finance department of Orient Overseas Container Line (China) Co., Ltd. from February 1996 to January 1998, financial manager and chief financial officer of Johnson & Johnson (China) Investment Co., Ltd. and Johnson & Johnson Vision Care Department from February 1998 to April 2004, group deputy chief accountant and manager of the financial department of China Worldbest Group Co., Ltd. from May 2004 to October 2006, vice president and chief financial officer of Lianlian Pay Inc. from November 2006 to January 2009. Mr. Qian joined the Group in 2009 and had held the position of vice general manager and chief financial officer of Fosun Pharma. Mr. Qian graduated from Shanghai University of Finance and Economics in 1986 and received a master's degree in business administration from the same university in 1995.

Hainan Mining

Chen Guoping, aged 57, is the chairman and party deputy secretary of Hainan Mining. Mr. Chen is also senior assistant to the president of Fosun Group and the chairman of Hainan Fuxin Titanium Co., Ltd. and Hainan Fuda Titanium Dioxide Co., Ltd.. Mr. Chen was a non-executive director of Zhaojin Mining. Mr. Chen joined Fosun Group in September 2003 and held various positions such as chief technology officer, vice general manager of the iron and steel division, general manager of the mineral resources division of Fosun Group. Prior to joining Fosun Group, Mr. Chen held various positions in Shanghai Pudong Iron and Steel Company from June 1983 to July 1998. He was the project manager and technology marketing manager of Shanghai Krupp Stainless Co., Ltd. from July 1998 to September 2003. Mr. Chen is a deputy to the 4th and 5th People's Congress of Hainan Province and a member of 5th Standing Committee of the People's Congress of Hainan Province. Mr. Chen received a bachelor's degree in engineering from Shanghai University of Technology in 1988 and qualified as a senior engineer in 1997.

Liu Mingdong, aged 47, is a director, general manager and party deputy secretary of Hainan Mining. Mr. Liu held various positions such as head of planning department, head of financial planning department, assistant to general manager, vice general manager in Hainan Iron & Steel Company from August 2000 to July 2007. He was appointed the general manager and party deputy secretary of Hainan Mining in August 2007. Mr. Liu received a master's degree in engineering from University of Science & Technology Beijing in 1996 and was qualified as a senior economist in February 2001.

Feng Yilin, aged 56, is the vice general manager and chief financial officer of Hainan Mining. Mr. Feng joined Fosun Group in May 2003 and worked as an investment director of Fosun Group and then the supervisor of Hainan Mining, and was appointed the vice general manager and chief financial officer of Hainan Mining in May 2008. Before joining Fosun Group, Mr. Feng had worked in Shanggong Co., Ltd. for over 20 years. He was also the chief financial officer of the medical appliances department of Fosun Pharma, the vice general manager and chief financial officer of Shanghai Forever Co., Ltd. and the general manager of Shanghai Fortune ACT Medical Appliance Co., Ltd. from January 1999 to April 2003. Mr. Feng obtained a bachelor's degree in industrial accounting from Shanghai University of Finance and Economics in September 1986 and was qualified as an accountant in April 1997.

Company Secretary

Sze Mei Ming, aged 37, was appointed Company Secretary of the Company in March 2009. Ms. Sze joined the Company in November 2007. Ms. Sze holds a bachelor's degree in Arts from the University of Hong Kong, a bachelor's degree in laws from the University of London and a master's degree in Chinese and Comparative Law from the City University of Hong Kong. Ms. Sze has experience in the company secretarial industry for years and is a fellow member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

DIRECTORS' REPORT

The Board is pleased to present its report and the audited financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Group's principal activities include the provision of integrated finance (insurance, investment, asset management and banking and other financial business) and industrial operations (health, happy lifestyle, steel, property development and sales and resources).

REVIEW OF THE GROUP'S BUSINESS IN 2014

Review of the Group's business is set out in the section headed "Business Review" under Management Discussion and Analysis in this annual report.

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 December 2014 and the state of affairs of the Group at that date are set out in the financial statements and the accompanying notes on pages 93 to 247.

The Board has recommended the payment of a final dividend of HKD0.17 per ordinary share for the year ended 31 December 2014 to the shareholders of the Company whose names appear on the register of members of the Company on 5 June 2015. Subject to approval by the shareholders of the Company at the annual general meeting of the Company to be held on 28 May 2015 (the "**AGM**"), the proposed final dividend is expected to be paid on or around 16 July 2015 to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 22 May 2015 to Thursday, 28 May 2015, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at 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 share registrar of the Company (the "**Share Registrar**"), at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "**Registrar Address**"), for registration no later than 4:30 p.m. on Thursday, 21 May 2015.

The register of members of the Company will also be closed from Wednesday, 3 June 2015 to Friday, 5 June 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be proposed at the AGM, all share transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with the Share Registrar at the Registrar Address for registration no later than 4:30 p.m. on Tuesday, 2 June 2015.

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 AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Company and the Group during the Reporting Period are set out in notes 14 and 15 to financial statements, respectively.

ISSUED SHARES

Details of movements in the Company's share during the Reporting Period are set out in note 53 to financial statements.

SUBSIDIARIES

The names of the principal subsidiaries, their principal places of operation, their countries of incorporation and particulars of their issued share capital are set out in note 4 to financial statements.

BORROWINGS

Particulars of borrowings of the Group are set out in note 39 to 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 Shares during the Reporting Period.

CONVERTIBLE BONDS

On 22 November 2013, the guaranteed convertible bonds due 2018 in an aggregate principal amount of HKD3,875,000,000, bearing interest at the rate of 1.50% per annum were issued by Logo Star Limited, an indirect wholly-owned subsidiary of the Company, and guaranteed by the Company ("**Convertible Bonds**"). The Convertible Bonds may be convertible into a maximum of 387,500,000 Shares at the initial conversion price of HKD10.00 per share (subject to adjustment) at any time after the 41st day after 22 November 2013 up to the close of business on the 7th day prior to 22 November 2018 or if such Convertible Bonds shall have been called for redemption by Logo Star Limited before 22 November 2018, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Convertible Bonds, then up to the close of business on the day prior to the giving of such notice ("**Conversion**").

The issue of the Convertible Bonds provided strong capital support for the development of the Company's key businesses, enhanced the Company's market presence and competitiveness, and is expected to strengthen the Company's capital basis effectively after the full conversion of the Convertible Bonds.

The net proceeds from issue of Convertible Bonds, after deduction of commission and expenses, amounted to approximately HKD3,830 million, which has been used for working capital, re-financing and investment.

During the Reporting Period, no Conversion was exercised under Convertible Bonds.

RIGHTS ISSUE

On 9 April 2014, the Company proposed to raise proceeds by way of the rights issue of not less than 500,884,371 rights shares and not more than 531,109,371 rights shares on the basis of 39 rights shares for every 500 Shares held by each qualifying shareholder on the record date at the subscription price of HKD9.76 per rights share payable in full on acceptance.

After the completion of the Rights Issue, on 22 May 2014, the number of total issued Shares of Company was enlarged from 6,421,594,500 to 6,922,478,871.

The shareholding structure of the Company immediately before and after completion of the Rights Issue was as follows:

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue	
Shareholder	**No. of Shares**	**Approximate %**	**No. of Shares**	**Approximate %**
Fosun Holdings	5,074,698,000	79.03	5,510,793,609	79.61
Directors and their associates (other than Fosun Holdings)	24,580,000	0.38	26,497,240	0.38
Public	**1,322,316,500**	**20.59**	**1,385,188,022**	**20.01**
Total	6,421,594,500	100.00	6,922,478,871	100.00

The net proceeds from the Rights Issue, after deduction of commission and expenses, amounted to approximately HKD4,864 million. As at 31 December 2014, the proceeds had been used in the following manner:

- approximately HKD4,230 million was used for repayment of bank loans;
- approximately HKD333 million was used for strategic investment; and
- approximately HKD301 million was used as the ordinary working capital.

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 on pages 98 to 101 of this annual report and details of movements in the reserves of the Company during the Reporting Period are set out in note 54 to financial statements.

At 31 December 2014, the Company's reserves available for distribution, calculated in accordance with the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to RMB4,712,812,000, of which RMB928,359,000 has been proposed as a final dividend for the year. In addition, the amount previously included in the Company's share premium account and transferred to share capital during the year, in the amount of RMB11,785,713,000, may be distributed in the form of fully paid bonus shares.

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 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.

SHARE OPTION SCHEME

The Company adopted its Share Option Scheme on 19 June 2007. The major terms of the Share Option Scheme are as follows:

1) The purpose of the Share Option Scheme is to provide incentive and/or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of the Group.

2) The participants of the Share Option Scheme are any Director (including independent non-executive Director), employee (whether full-time or part-time), consultant or advisor who in the sole discretion of the Board has contributed or will contribute to the Group.

3) The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% (or other percentage as stipulated in the Listing Rules) of the Shares in issue from time to time. Subject to the aforesaid limit, the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes must not, in aggregate, exceed 643,750,000 Shares, being 10% of the issued shares of the Company, the date of listing of the Shares, unless separate shareholders' approval has been obtained. The total of 643,750,000 Shares available for issue under the Share Option Scheme representing approximately 9.3% of the issued shares as at the date of this annual report.

4) The maximum entitlement of each participant under the Share Option Scheme is 1% of the issued shares of the Company unless such grant has been duly approved by resolution of the shareholders of the Company in general meeting.

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

6) The acceptance amount for the option is determined by the Board from time to time.

7) The exercise price determined by the Board shall be at least the highest of (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the offer date, which must be a business day; (ii) the average of the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date; and (iii) the nominal value of a share.

8) Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period to be determined and notified by the Board to the grantee during which the option may be exercised and in any event shall not be more than 10 years commencing on the date on which the offer in relation to such option is deemed to have been accepted in accordance with the terms of the Share Option Scheme and expiring on the last day of the ten-year-period.

Since the adoption of the Share Option Scheme, no share option has been granted by the Company.

DIRECTORS

The Directors during the Reporting Period were:

Executive Directors

Mr. Guo Guangchang (Chairman)
Mr. Liang Xinjun (Vice Chairman and Chief Executive Officer)
Mr. Wang Qunbin (President)
Mr. Ding Guoqi
Mr. Qin Xuetang
Mr. Wu Ping

Non-Executive Director

Mr. Fan Wei

Independent Non-Executive Directors

Mr. Zhang Shengman
Mr. Zhang Huaqiao
Mr. David T. Zhang
Mr. Yang Chao (Appointed on 23 December 2014)

The former independent non-executive Director, Mr. Andrew Y. Yan resigned on 26 September 2014.

According to Articles 106 and 107 of the Articles of Association, Mr. Wang Qunbin, Mr. Ding Guoqi, Mr. Zhang Huaqiao and Mr. David T. Zhang shall retire by rotation at the AGM. All of the above four retiring Directors, being eligible, will offer themselves for re-election at the same meeting.

The Board appointed Mr. Yang Chao as the independent non-executive Director at the Board meeting held in December 2014 and the appointment came into effect on 23 December 2014. According to article 111 of the Articles of Association of the Company, Mr. Yang Chao shall retire at the Annual General Meeting and shall be eligible for re-election.

The Company has received annual confirmation of independence from all independent non-executive Directors, and as at the date of this report considers all 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 on pages 60 to 65 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Yang Chao was appointed as an independent non-executive Director on 23 December 2014 and has entered into a service contract with the Company for a term of 3 years from the date of his appointment. Other Directors have entered into service contracts with the Company for a term of 3 years from 23 June 2014.

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS AND SENIOR MANAGEMENT REMUNERATION

The Remuneration Committee of the Company considers and recommends to the Board the remuneration and other benefits paid 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 and senior management remuneration are set out in note 9 to financial statements.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors subsequent to the date of 2014 interim report are set out below:

(1) CHANGES IN THE MAJOR POSITIONS HELD WITHIN THE GROUP

Name of Director	Date of changes	Original position	Current position
Andrew Y. Yan	26 September 2014	independent non-executive director of the Company	—
Wang Qunbin	24 November 2014	—	non-executive director of ROC
	15 December 2014	chairman of Forte	director of Forte
Yang Chao	23 December 2014	—	independent non-executive director of the Company

(2) CHANGES IN OTHER DIRECTORSHIPS HELD IN PUBLIC COMPANIES THE SECURITIES OF WHICH ARE LISTED ON ANY SECURITIES MARKET IN HONG KONG OR OVERSEAS AND OTHER MAJOR APPOINTMENTS

Name of Director	Date of changes	Original position	Current position
Wang Qunbin	10 September 2014	—	director of Yuyuan
Wu Ping	21 August 2014	director of Yuyuan	—
Zhang Huaqiao	1 September 2014	—	independent non-executive director of Wanda Commercial Properties (Group) Co., Limited (Stock Code: 00169.HK)
	10 November 2014	independent non-executive director of Ernest Borel Holdings Limited (Stock Code: 01856.HK)	—

DIRECTORS' INTERESTS IN CONTRACTS

No Director 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 at 31 December 2014, 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 at 31 December 2014, 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:

(1) Long positions in the Shares, underlying shares and debentures of the Company

Name of Director/chief executive	Class of Shares	Number of Shares	Type of interests	Approximate percentage of Shares in issue
Guo Guangchang	Ordinary	5,510,793,609(1)	Corporate	79.60%
Ding Guoqi	Ordinary	13,949,320	Individual	0.20%
Qin Xuetang	Ordinary	4,182,640	Individual	0.06%
Wu Ping	Ordinary	8,365,280	Individual	0.12%

(2) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO)

Name of Director/ chief executive	Name of associated corporation	Class of shares	Number of shares	Type of interests	Approximate percentage of shares in issue
Guo Guangchang	Fosun Holdings	Ordinary	1	Corporate	100.00%
	Fosun International Holdings	Ordinary	29,000	Individual	58.00%
	Fosun Pharma	A Shares(2)	114,075	Individual	0.01%
			920,641,314	Corporate	48.24%
Liang Xinjun	Fosun International Holdings	Ordinary	11,000	Individual	22.00%
Wang Qunbin	Fosun International Holdings	Ordinary	5,000	Individual	10.00%
	Fosun Pharma	A Shares(2)	114,075	Individual	0.01%
Fan Wei	Fosun International Holdings	Ordinary	5,000	Individual	10.00%
Qin Xuetang	Fosun Pharma	A Shares(2)	114,075	Individual	0.01%

Notes:

(1) Pursuant to Division 7 of Part XV of the SFO, 5,510,793,609 Shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun Holdings and Fosun International Holdings.

(2) A Shares mean the equity securities listed on the Shanghai Stock Exchange.

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

As at 31 December 2014, 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 the substantial shareholder	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Fosun Holdings	5,510,793,609[2]	79.60%
Fosun International Holdings[1]	5,510,793,609[2]	79.60%

Notes:

(1) Fosun International Holdings is owned as to 58%, 22%, 10% and 10% by Messrs. Guo Guangchang, Liang Xinjun, Wang Qunbin and Fan Wei, respectively.

(2) Fosun International Holdings is the beneficial owner of all the issued shares in Fosun Holdings and, therefore, Fosun International Holdings is deemed, or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.

(3) Mr. Guo Guangchang is the sole director of Fosun Holdings and Fosun International Holdings. Mr. Guo, by virtue of his ownership of shares in Fosun International Holdings as to 58%, is deemed or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.

Save as disclosed above, so far as was known to the Directors, as at 31 December 2014, 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules during the Reporting Period.

CONNECTED TRANSACTION

For the year ended 31 December 2014, the Company entered into the following connected transaction:

On 28 February 2014, Shanghai Fosun Pharmaceutical Industrial Development Limited ("**Fosun Pharmaceutical Industrial**"), a wholly-owned subsidiary of Fosun Pharma, entered into a new equity transfer agreement and an equity pledge agreement with Xinjiang Boze Equity Investment Limited Partnership (the "**Xinjiang Boze**"), Jinzhou Aohong Pharmaceutical Company Limited (the "**Aohong Pharma**"), and Mr. Yu Hongru (the "**Mr. Yu**"), pursuant to which, Fosun Pharmaceutical Industrial shall acquire an aggregate of 28.146% equity interest in Aohong Pharma from Xinjiang Boze at a consideration of not more than RMB1,866,079,800. The consideration will be settled by internal resources and/or external financing. As at 28 February 2014, Fosun Pharmaceutical Industrial held 70% equity interest in Aohong Pharma. Upon completion of the transaction, Fosun Pharmaceutical Industrial will hold 98.146% equity interest in Aohong Pharma. Both the Boards of Fosun Pharma and the Company are of the view that the acquisition can help to facilitate the formulation and implementation of strategies of Aohong Pharma, strengthen its research and development of new products and increase its reserve, further strengthen the pharmaceutical manufacturing business of Fosun Pharma and benefit the Group as a whole. As Mr. Yu is a director of Aohong Pharma, a non-wholly owned subsidiary of Fosun Pharma, and that Mr. Yu holds 98.33% equity interest in Xinjiang Boze which in turn holds 28.146% equity interest in Aohong Pharma, Mr. Yu and Xinjiang Boze are both connected persons of Fosun International pursuant to the Listing Rules. Further details are set out in the announcement of the Company dated 28 February 2014.

DISCLOSEABLE TRANSACTIONS

1. On 23 October 2013, Chongqing Fochon Pharmaceutical Co. Ltd. ("**Chongqing Fochon**"), an indirectly-owned subsidiary of Fosun Pharma entered into transfer agreements with SELLAS Clinicals Holding AG (the "**SELLAS**") pursuant to which Chongqing Fochon agreed to sell and transfer, and the SELLAS agreed to purchase all of Chongqing Fochon's and its wholly-owned subsidiaries' right, title and interest in the intellectual property in respect of Fotagliptin Benzoate and Pan-HER inhibitors. The transaction constituted a discloseable transaction of the Company under the Listing Rules.

   As the SELLAS has failed to timely perform its payment obligations under the transfer agreements, and pay the balance of the consideration due and payable upon reasonable notices and requests made by Chongqing Fochon, on 30 June 2014, Chongqing Fochon notified the SELLAS in writing that the transfer agreements be terminated pursuant to the terms of the transfer agreements. Chongqing Fochon reserves its right to claim against the SELLAS in respect of any and all losses, damages, costs and expenses which may be suffered or incurred by Chongqing Fochon arising from the termination of the transfer agreements as a result of the default of the SELLAS. Further details are set out in the announcements of the Company dated 23 October 2013 and 30 June 2014.

2. On 7 February 2014, Millennium Gain Limited ("**Millennium Gain**"), an indirect wholly-owned subsidiary of the Company, and the Company entered into a direct reference sale agreement with Caixa Geral de Depósitos, S.A. and Caixa Seguros e Saúde, SGPS, S.A. (collectively referred to as the "**Vendor**") in Lisbon, Portugal, pursuant to which the Company agreed to purchase and the Vendor agreed to sell shares, representing 80% of the share capital and voting rights of each of Fidelidade, Multicare and Cares, for an aggregate consideration of Euro 1,038 million. In addition, the Millennium Gain has agreed to purchase additional shares of Fidelidade representing up to 5% of the share capital and voting rights of Fidelidade at the same price, to the extent such shares are not purchased by employees of Fidelidade, Multicare and Cares as part of Fidelidade's privatization process. Further details are set out in the announcements of the Company dated 19 December 2013, 9 January 2014, 7 February 2014 and 15 May 2014.

3. On 4 August 2014, the Company and ROC entered into a bid implementation agreement, pursuant to which Transcendent Resources Limited ("**Transcendent Resources**"), an indirect wholly-owned subsidiary of the Company, shall make a conditional cash takeover offer for all of the fully paid ordinary shares in the capital of ROC (the "**ROC Shares**") on issue as at 15 September 2014, the date set by the Transcendent Resources pursuant to section 633(2) of the Corporations Act 2001 (Cth) of Australia (the "**the Corporations Act**"). The offer price is AUD0.69 per ROC Share.

   On 11 September 2014, Transcendent Resources issued a bidder's statement in relation to the takeover bid in compliance with Part 6.5 of the Corporations Act. Transcendent Resources' offer opened on 15 September 2014, and the closing date for the offer is 14 November 2014. As at 14 November 2014, as far as Transcendent Resources is aware, Transcendent Resources has received acceptances of 636,698,799 ROC Shares, representing 92.595% of all ROC Shares on issue. At the offer price of AUD0.69 per ROC Share, as far as Transcendent Resources is aware the total amount of consideration payable by Transcendent Resources in respect of ROC Shares which have been accepted into the offer as at 7:00 pm on 14 November 2014 (Sydney time) (that is, 92.595% of all ROC Shares on issue) is approximately AUD439,322,171.31. As Transcendent Resources has acquired at least 90% of all ROC Shares on issue, it is entitled to compulsorily acquire all of the ROC Shares on issue in accordance with the Corporations Act. Transcendent Resources intends to proceed with compulsory acquisition in accordance with the Corporations Act. In January 2015, ROC was officially delisted from the Australian Stock Exchange. Further details are set out in the announcements of the Company dated 4 August 2014, 20 October 2014 and 14 November 2014.

4. On 17 August 2014, the Company and Mettlesome Investments Limited ("**Mettlesome**"), an indirect wholly-owned subsidiary of the Company, entered into an equity purchase agreement with Ironshore, pursuant to which Mettlesome agreed to purchase and Ironshore agreed to issue and sell to Mettlesome its class A ordinary shares, par value USD0.01 per share, representing 20% of the total outstanding ordinary shares of Ironshore, on a fully diluted basis, as of the closing of the purchase and sale of the shares and after giving effect to the transaction for a total consideration of USD463,831,645, subject to adjustment. Further details are set out in the announcement of the Company dated 18 August 2014.

5. On 12 September 2014 (Paris time), the Company, Fosun Luxembourg Holdings S.à r.l. (wholly owned subsidiary of Fosun Industrial Holdings Limited), Fosun Industrial Holdings Limited (a subsidiary of the Company), Fosun Property Holdings Limited (a subsidiary of the Company), Fidelidade, Mr. Henri Giscard d' Estaing and Michel Wolfovski, ACF II S.à r.l., JD Moon River S.à r.l. (the "**Co-Initiators**"), among others, entered into an investment agreement together, pursuant to which the parties decided to join forces to acquire Club Med, through the launching of a voluntary tender offer (the "**Tender Offer**") for all the shares of Club Med (the "**Target Shares**") and bonds issued by Club Med convertible and/or exchangeable into new or existing shares of Club Med (the "**OCEANEs**"). The Co-Initiators proposed to form a joint venture named Holding Gaillon II, which will launch the Tender Offer through its wholly owned subsidiary Gaillon Invest II, whereas Fidelidade will directly participate in the Tender Offer as a co-offeror with Gaillon Invest II. Gaillon Invest II and Fidelidade, as co-offerors, have filed a draft tender offer document with Autorité des Marchés financiers on 12 September 2014, pursuant to which they offered Euro22 per share for the outstanding Target Shares and Euro23.23 per OCEANE for all the outstanding OCEANEs. On 1 December 2014 (Paris time), the Co-Initiators decided to improve the terms of the offer for the Target Shares and OCEANEs by increasing the offer price per Target Share from Euro22.00 to Euro23.50 and the offer price per OCEANE from Euro23.23 to Euro24.82. On 19 December 2014 (Paris time), the Co-Initiators decided to improve the terms of the tender offer by increasing the offer price per Target Share from Euro23.50 to Euro24.60 and the offer price per OCEANE to Euro25.98, whereas Fidelidade will invest directly in Holding Gaillon II, making Gaillon Invest II the sole offeror for the Target Shares and OCEANEs for the purpose of the improved offer. Further details are set out in the announcements of the Company dated 12 September 2014, 1 December 2014 and 19 December 2014.

6. On 22 September 2014 (Portugal time), Fidelidade made public a preliminary announcement, pursuant to which Fidelidade has launched a general and voluntary takeover offer over the shares representing all of the fully paid ordinary shares in the capital of ESPÍRITO SANTO SAÚDE - SGPS, SA (ES SAÚDE) (the "**ESS Shares**"). The period of the offer ended on 14 October 2014 (Portugal time) and Fidelidade has received acceptances of 91,782,932 ESS Shares. Based on the offer price of Euro5.01 per ESS Share, the total amount of consideration payable by Fidelidade is approximately Euro459.83 million. Accordingly, approximately 96.07% of the voting rights corresponding to the registered capital of ESS as at 14 October 2014 will be held by Fidelidade. Further details are set out in the announcements of the Company dated 23 September 2014, 28 September 2014, 10 October 2014 and 15 October 2014.

7. On 30 December 2014 (U.S. time), Miracle Nova II (US), LLC (the "**Merger Parent**"), an indirect wholly-owned subsidiary of the Company, Miracle Nova III (US), Inc. (the "**Merger Sub**"), a wholly-owned subsidiary of the Merger Parent, and MIG entered into a merger agreement in relation to the acquisition, pursuant to which the Merger Sub shall be merged with and into MIG, and MIG shall continue as the surviving corporation and shall succeed to and assume all the rights and obligations of the Merger Sub and MIG in accordance with the Michigan Business Corporations Act, as a wholly-owned subsidiary of the Merger Parent (and an indirect wholly-owned subsidiary of the Company) after the closing for a purchase price of USD8.65 per share in cash, representing an aggregate transaction value of approximately USD433 million. The Company has provided a guarantee in favour of MIG and a funding commitment in favour of Merger Parent, pursuant to which the Company is guaranteeing the performance and payment of the Merger Parent's and the Merger Sub's obligations under the merger agreement. Further details are set out in the announcement of the Company dated 31 December 2014.

NON-COMPETITION UNDERTAKING

As disclosed in the prospectus of the Company, the independent non-executive Directors will review all the matters, if any, relating to the enforcement of the deed of non-competition undertaking dated 26 June 2007 ("**Deed of Non-competition Undertaking**"). During the Reporting Period, the independent non-executive Directors have reviewed matters relating to the enforcement of the Deed of Non-competition Undertaking. Fosun International Holdings, Fosun Holdings, Mr. Guo Guangchang, Mr. Liang Xinjun, Mr. Wang Qunbin and Mr. Fan Wei (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 provided the Company with all information necessary for the enforcement of the Company's rights under the Deed of Non-competition Undertaking, all information reasonably requested by the Company from time to time relating to Excluded Businesses (as defined in the Deed of Non-competition Undertaking) and such other business opportunities or activities related to any business of the Group as the Company reasonably believed were available to the Controlling Shareholders or that the Controlling Shareholders may be planning to participate in, as well as access 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 60 to financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period of the Group are set out in note 65 to financial statements and the section headed "Recent Development" under Management Discussion and Analysis in this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

Though the Company is incorporated in Hong Kong, its business activities and investments cover various jurisdictions in addition to Hong Kong including but not limited to mainland China, United States of America and 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.

FUTURE DEVELOPMENT OF THE GROUP

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

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties of the Company is set out in the "Letter to Shareholders" and "Management Discussion and Analysis" in this annual report.

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 forthcoming annual general meeting of the Company.

On Behalf of the Board

Guo Guangchang
Chairman

Shanghai, the PRC
25 March 2015

CORPORATE SOCIAL RESPONSIBILITY

MESSAGE FROM MANAGEMENT

In 2014, Fosun continued to integrate its investment model of "Combining China's Growth Momentum with Global Resources" with its value investing principle and moved significantly closer towards its goal of becoming a world-class investment group underpinned by the twin drivers of "Insurance-oriented Comprehensive Financial Capability" and "Global Industrial Integration Capability Taking Roots in China". In the area of philanthropy, Fosun was also always committed to integrate resources of all members of the Group and all walks in the community to promote internal and external resources integration and optimization and propel the ongoing evolution of the Group.

Looking back in 2014, Fosun Foundation received 30 donations aggregating RMB39.5627 million from various sectors of the community and sponsored 51 charitable projects totaling approximately RMB3,414.41 million. These helped generate positive impacts in areas including supporting youth education, encouraging entrepreneurship, caring for health of the elderly and protecting traditional Chinese culture.

Looking forward to 2015, Fosun Foundation will continue to identify the "trigger points" and adhere to the cultural concepts of "Self-improvement, Teamwork, Performance and Contribution to Society". With a firm belief in servicing the public well-being and dedicating to the community, we will actively develop premium internal and external resources of the Group and combine strengths of public welfare from all sectors of the community to establish an industrial closed-loop, striving to create an intelligent and vital public welfare organization and accomplish evolution of Fosun in the area of corporate social responsibility, facilitating contributions of more value from all staff of Fosun to the society. Meanwhile, efforts will be dedicated to promoting public welfare programs focused on "education + culture", with a view to building up the international branding of Fosun philanthropy.

FOSUN AND ITS INVESTEES PAID TAXES OF RMB14.9 BILLION IN 2014

In 2014, the total tax payment by the Group and its investees nationwide amounted to RMB14.9 billion, of which the total tax payment contributed by the Shanghai region was RMB2.679 billion. While seeking development in various regions of the country, Fosun has also made practical contributions to the economic development of various regions.

Fosun regards the principles of compliance and transparency as the foundation for all systems. For this purpose, Fosun has pioneered among private enterprises in China in establishing the position of Chief Taxation Officer and recruited top-notch tax experts from the domestic market to the position to ensure complete and fully compliance of tax payments.

ACTIVE PARTICIPATION IN THE DISCUSSION ON PUBLIC POLICIES TO PERFORM CORPORATE SOCIAL RESPONSIBILITY

In March 2014, Mr. Guo Guangchang, Chairman of the Company and a member of the 12th National Committee of the Chinese People's Political Consultative Conference, followed the Shanghai delegation to participate in the Chinese People's Political Consultative Conference. Mr. Guo Guangchang contributed opinions and proposed strategies actively on a number of topics, including mixed ownership reforms, jointly promoting overseas investments, facilitating development of high-end healthcare and medical services, etc., and received warm attention from domestic and foreign media participating in the conference.

During the conference period, Mr. Guo Guangchang participated in the discussions on public policies actively and submitted eight proposals to the conference, which aroused widespread attention from the media and the society.

The eight proposals are as follows:

1. Proposal on accelerating the development of the mixed ownership economy driven primarily by private enterprises
2. Proposal on encouraging collaboration by state-owned and private companies on foreign investment
3. Proposal on facilitating development of high-end healthcare and medical services with mixed ownership model
4. Proposal on expediting development of enterprise annuity market by tax incentives
5. Proposal on encouraging private investments in the healthcare insurance sector
6. Proposal on accelerating the reform of private hospitals
7. Proposal on providing greater convenience for the express delivery vehicles in the urban areas
8. Proposal on accelerating construction of financial inclusion system by Internet

FIGHTING AGAINST CORRUPTION THROUGH ANTI-CORRUPTION AND SUPERVISION MEASURES TOWARDS A DIRECTION GUIDED BY CORPORATE CULTURE

During repetitive self-operation, Fosun emphasizes on prevention of corruption and upholds the development direction of honesty, integrity and compliance, consistently spreads its corporate mission, vision and core values, and continues to play a leading role for other private enterprises while rectifying the internal organization of the enterprise.

In 2014, through comprehensive work such as top-level designs, system improvements, organization building, investigation probes and culture guidance, Fosun continued to improve its vertical and horizontal three-dimensional anti-corruption network, achieving enhanced effectiveness in its fight against corruption.

Fosun insists on parallel execution of prevention, supervision and anti-corruption investigations. Suspicious cases are exposed through seizing criminal clues together with judicial investigations to obtain evidence and elimination of interferences. Progresses are made through accepting and reporting complaints, conducting internal investigations, implementing accountability systems and rectifications. Corruptions are prevented at the sources and followed all the way through improving tender bidding and invitation platforms, synchronized supervision over tender bidding and invitation activities and processing vendor complaints.

Fosun adheres to both system improvement and team building. By improving establishment to lay the foundation for anti-corruption, Fosun has developed and implemented the “Anti-corruption Risk Assessment and Red-Yellow-Green Light Management Approach of Fosun Group” (《復星集團廉政風險評估暨紅、黃、綠燈管理辦法》), “ Regulations on Anti-corruption Inspection of Fosun Group” (《復星集團廉政巡視工作條例》), “Basic Standards for Procurement Management” (《採購管理基本準則》), “Management Regulations on Dealing with Procurement-related Complaints” (《採購相關投訴處理管理條例》). The foundation of anti-corruption has been consolidated by strengthening team building, the “One Fosun” Disciplinary Inspections and Anti-corruption Joint Conference has been held to promote anti-corruption works among companies under the Fosun Group, the scale of vertical delegation of authority has been extended through appointment of personnel as the general manager of the supervision department of investee, and outstanding professionals have been recruited to join the Anti-corruption and Supervision Department.

Fosun puts constant emphasis on both cultural guidance and interaction. Through delivering briefs on performance of anti-corruption duties to new recruits and offering warning education using typical cases, Fosun has strengthened anti-corruption cultural exchanges by reporting its anti-corruption work to investees. Fosun has also carried out interactive exchanges with external institutions by, among other means, initiating and organizing state-level contact point seminars of anti-corruption for 15 non-state-owned enterprises in nine provinces and municipalities, delivering topical speeches in training courses for national private discipline inspection business organized by CPC Central Commission for Discipline Inspection, participating in contact point work promotion meetings for anti-corruption construction for non-state-owned enterprises in Shanghai, as well as benchmarking studies among enterprises.

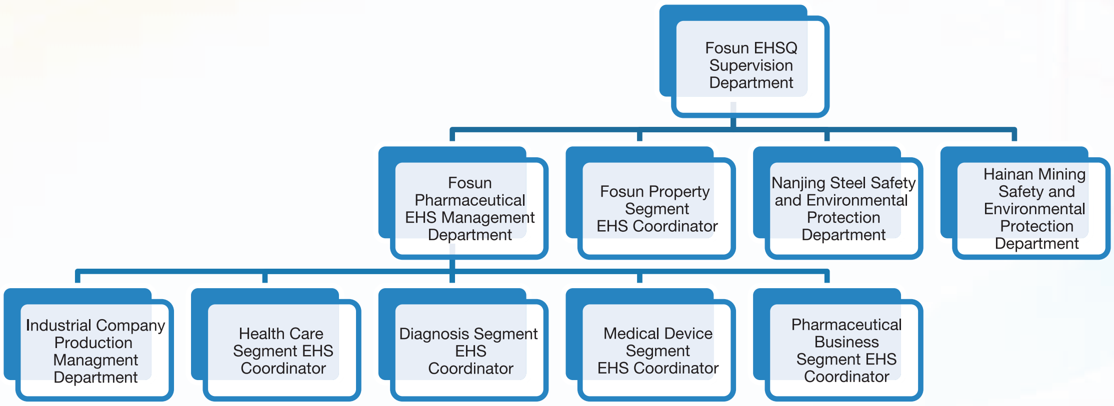
In 2014, the Group played a full positive role as a national contact point for anti-corruption in non-state-owned enterprises and a “Two New Organizations” integrity culture demonstration point in Shanghai. It has not only created a clean atmosphere for performance of duties, but also contributed to promotion of anti-corruption among private enterprises in the city and even in the country as a whole and to the establishment of a new regional environment for corruption-free commercial societies.

ESTABLISHMENT OF SAFETY AND ENVIRONMENTAL PROTECTION CULTURE

"Self-improvement, Teamwork, Performance and Contribution to Society" constitute the core corporate cultural values of the Group. We have always been adhering to the concept of people-oriented sustainable development, strictly implementing national and local safety and environmental laws and regulations, and consistently enacting energy saving measures to improve the working environment of employees. No matter whether it is on the investment and management levels, or daily work routines and on the operation levels, Fosun has taken practical actions.

1. IMPROVEMENT OF THE GOVERNANCE STRUCTURE OF EHSQ

The Group established an EHSQ Supervision Department at the headquarters in 2012, and fully coordinated supervision of its production safety, environmental protection and product quality. With the impetus from the Group level, until 2014, the Group has been optimizing the organizational structure of major segments within EHSQ year after year.

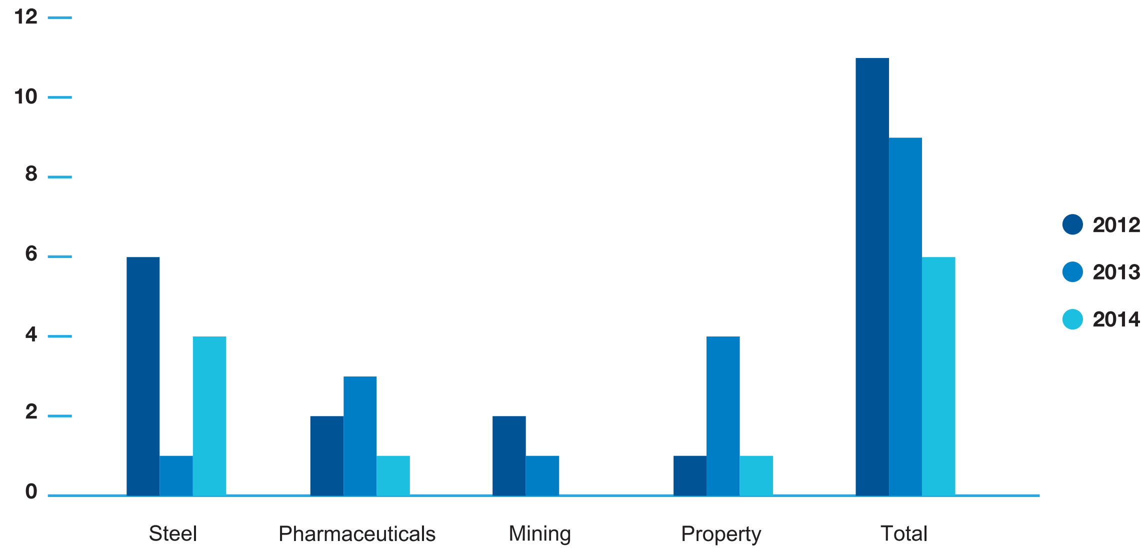


2. ENHANCING DISCIPLINES OF INVESTMENT RISK CONTROL AND STRENGTHENING ENVIRONMENTAL AUDIT TO LEAD THE GREEN DEVELOPMENT OF THE ENTERPRISE

Fosun as an investment group has, in the due diligence phase of risk control, required that all investment teams should carry out environmental audits on the relevant investees and even partners to clarify whether the investees meet the country's industry orientation for energy-saving and environmental protection, with promotion of industrial upgrade of the investees as a starting point. The investment philosophy of energy conservation and environmental protection was further strengthened and investment projects were strictly checked. The relevant investment teams of Fosun focused on high value-add, low energy consumption, innovative, technological and low carbon enterprises as far as the selection of investment projects was concerned and was also required to conduct due diligence on environmental protection, safety and quality of invested projects, and in particular, regarded checking environmental protection issues of enterprises as an important aspect of due diligence as a transaction sponsor. Fosun has set a strict bottom line for not investing in projects that do not comply with the national industrial policy and environmental protection standards. The EHSQ Supervision Department of the Group will coordinate with the EHS departments of relevant investees so as to provide relevant EHS due diligence technical support to each investment team.

3. SUMMARY OF THE GROUP'S CONTROL INDICATORS STATISTICS

The Group launched "Major Safety Quality Environmental Accident Reporting System" in 2012. After three years of operation, the statistics of reported accidents are as follows:



Major accidents are defined and specified differently from those in the PRC's National level, including personal injuries, occupational ailments, environment pollution, fire accidents and product recall due to quality issues. The Group adopts some standards which are more stringent than the PRC's National protocol. For example, personal injury accidents in which one person suffered from serious injuries (including employees from contractors) or any fire accidents and natural disasters resulted in certain losses that are required to report for insurance claims occurred within enterprises, all of these are listed in the reporting scope of the major accidents of the Group and statistics summaries of which are required to be reported to our headquarters. Investigations into the accidents are to be carried on and rectification measures are to be implemented, while other accidents (such as loss time accident including minor injury) are tallied and investigated by the relevant enterprises.

4. ESTABLISHING THE GROUP'S EHS SYSTEM AND STRENGTHENING GROUP AUDIT

In 2013, the Group launched an EHS system manual and reviewed the system against international requirements and Fosun's specific circumstances. In 2014, our headquarters commenced group audit with 10 controlling companies after carrying out training and trial-operations focusing the system, covering every major segment such as pharmaceuticals, steel and mining, while other enterprises implemented their own audit exercises. The audit results were reported to the Board, and the internal reports based on audit findings were sent to each enterprise for implementing relevant rectification measures to effectively control relevant risks. Each enterprise actively participated in and competed against one another after implementation of this enterprise scoring system, thereby created an excellent EHS control atmosphere within the Group. The Group will continue to implement group audit in 2015.

This system is based on the foundation of OHSAS18001, ISO14001 and national safety production standards, while adopt risk control theories as its core rationale and PDCA cycle (Plan, Do, Check, Act) as its implementation protocol, including 5 major parts, namely systemic management elements, environment, safety, occupational hygiene, firefighting and loss prevention.

5. FULLY SUPPORT ENTERPRISES TO COMMENCE SAFETY AND ENVIRONMENTAL PROTECTION ACTIVITIES

The Group actively supports safety and environmental protection upgrades and transformation of the investees, and truly protected enterprises' investments in safety and environmental protection.

EMPLOYEE TRAINING AND DEVELOPMENT

Fosun always pays attention to the growth and development of its employees and ensures the workforce structure and caliber talents can meet the medium-to-long term strategic development requirements of the Group through a continuous training mechanism. At the talents training center of Fosun, Fosun Management Institute is committed to building Fosun's "Whampoa Military Academy" and establishing a talent training system with its own characteristics focusing on the Group's business.

Corporate Ladder Training

In accordance with the development strategy and the human resources planning requirements of the Group and taking into account its own development characteristics, Fosun Management Institute was established with a 4-step talent training system, namely "Leadership Development Program", "Management Excellence Program", "Young Leaders Program" and "Fo-Star Program", striving to build talent teams for the Group's and promote implementation of succession plans. With the system positioned as an "entrepreneur incubator", the Chairman and the President were invited to join the plan as mentors to give professional coaching to the learners to assist in their rapid growth. With "project based" studies as a starting point, the training will cater to business requirements through diverse ways including self-help workshops and CEO interviews, hence ensuring that the Group will have a stable and sustainable supply of talents to provide constant drive and support for its rapid business expansion and development.

Platform Building

Fosun pays attention to creation of platforms that fully utilizes talent potential: investment practice training camps are actively organized to interpret macro policies, share and promote investment case reviews, assist the Group in achieving the strategic development goal of innovative investments; professional courses such as finance and human resources are offered to satisfy training needs of each business line and realize vertical communications and exchanges; Lunch-time sharing sessions are organized regularly to effectively undertake establishment of learning and exchange systems for various specialized areas under the Fosun system. In addition, Fosun Management Institute makes use of resources of the Tai Chi House to let employees experience the Tai Chi culture and teams up with the Tai Chi House to promote courses so that the cultural values of the Fosun system can be communicated and inherited through this platform.

Personal Development

Fosun emphasizes on attracting talents by business and nurturing talents through on-the-job training. With regards to its internal talent nurturing, Fosun provides ways of training that match needs of employees at different levels: Apart from studies in classes, training models such as job rotations, on-the-job training, and secondment programs are also offered to create various communication and exchange channels through which our employees' skills, quality and professional standards are greatly enhanced, enabling them to realize development in their career paths and utilization of their individual values.

EMPLOYEE CARING AND SERVICES

Fosun not only cares for employees, but also their families. These are consistent with the value of "Self-improvement, Teamwork, Performance and Contribution to Society" which has been upheld by Fosun. The Group persists in improving and innovating based on creating a sound enterprise atmosphere, establishing an employee overall caring system and promoting sense of belongings of the employees to the Group, in order to provide various benefits to every employee.

Employee Caring

Fosun actively cares for various employee groups. We established an employee overall caring system, which enhances caring for expatriate employees and creating junior and senior employees caring models, in order to promote a sense of belongings among our core employees, outperforming employees, young and potential employees and special group employees. Special attention and support in the areas of physical examination, birthdays, festivals and holidays, settlement, housing and family are given to employees. We also provided benefits such as group life insurance, overseas travel insurance, senior management health insurance, while enhancing our caring to expatriate employees and employees seconded to work in Shanghai.

Employee Services

Fosun has established full-time employee service positions and obtained various certificates for its employees, such as employment permits/residence permits for expatriate employees, high caliber employees introduction/residence certificates for employees from other cities, college graduates settlement, collective residence affiliation (集體戶口掛靠) and title assessment so as to reduce efforts spent by employees on applying for these certificates.

We actively innovated benefit types and philosophy and fully utilized government resources to improve employee benefits. We have successfully applied for Putuo District government youth talent housing subsidies, under which the first batch 15 youth talents received the benefits. In cope with Fo-Star Program, 23 Fo-Star fresh participants successfully completed resident registrations in Shanghai, which effectively coped with introduction of young and excellent talents.

The Group provides a certain amount to each department as team building activity funds, which encourage each department to organize team building activities and demonstrates the team spirit of Fosun.

The Group cares for the physical and mental health of its female employees and provides special care to them. On the 8 March Women's Day each year, female employees receive greetings from the Group. The Group also regularly conducts seminars on female health care knowledge and the prevention of occupational diseases, etc.

FULFILLING OUR COMMITMENTS TO THE SOCIETY

Fosun Foundation was officially established in September 2012, which was the 20th anniversary of Fosun Group. Fosun Foundation has been integrating resources of all member companies of the Group and all walks in the community since its establishment. Upholding our cultural philosophy of "Self-improvement, Teamwork, Performance and Contribution to Society", we promote resources integration and optimization with internal and external enterprises, which forms resource "Closed-Loops" based on the platform of Fosun Foundation and propels the ongoing "Evolution" of Fosun.

The sponsored projects of Fosun Foundation covers the key focus of Fosun's philanthropy objectives – helping children and the youths in education, promoting youth employment and ventures, caring for health of the aged, protecting traditional Chinese cultures, etc. During 2014, Fosun Foundation received 30 donations from various sectors of the community for a total amount of RMB39.5627 million, and sponsored 51 charitable projects with a total fund of approximately RMB3,414.41 million. The foundation also conducted results evaluation of some of the key programs.

1. PRAMERICA FOSUN SPIRIT OF COMMUNITY AWARDS

On 20 March 2014, the First PRC Award Ceremony of Pramerica Fosun Spirit of Community Awards was held in Shanghai, which was led by China Communist Youth League Shanghai Municipal Committee, jointly organized by Fosun Foundation and Prudential Financial, Inc., and co-organzied by Pramerica Fosun Life Insurance. The organizer elected 2 golden prize winners in total and awarded them "Charity Ambassadors", 15 celebrity volunteers and 30 premier volunteers, and golden prize winners were arranged to be awarded in the United States. Various media such as Xinhuanet, ifeng.com, QQ and Sina also reported the election and awards comprehensively.

Pramerica Fosun Spirit of Community Awards is the largest award given to the youth and entirely based on voluntary community volunteer services in the United States, which were introduced to China by Fosun Foundation and Prudential Financial, Inc., targeting at the youth aged 12 to 18 throughout China to help others, serve the community and contribute to the society through participating in voluntary activities. "Started from Nearby, Started from Minors, Started from Interests", Pramerica Fosun Spirit of Community Awards guides the youth to participate in voluntary activities, starting as minors. The program is meaningful to the long-term establishment of voluntary teams in China.

2. "FOSUN FAMILY, CARING ELDERS": FOSUN AND FORTE'S COMMUNITY ACTIVITY HAS BEEN "ON THE ROAD"

In November 2014, Fosun Foundation and Forte co-organized a major community "Fosun Family, Caring Elders" in eight cities simultaneously, including Shanghai, Nanjing, Beijing, Changsha, Wuhan, Chengdu, Chongqing and Hangzhou, for a one-month term, for the purpose of assisting the elderly to establish distinctive lifestyles. Every elderly caring under "Fosun Family, Caring Elders" was "tailor-made" according to habits and customs and culture of these eight cities, covering consultation and seminars in respect of healthcare experiences of Tai Chi, calligraphy and photography, and also interactions covering health kitchen and talent competition. Various cross-broader resources including Fosun Pharma, For Me Pharmacy, i-Taichi, Pramerica Fosun Life Insurance and Club Med participated in the activity and lifestyles of the elders were "redefined". This the first activity of its kind in the entire industry.

The community activities were supported and helped by relevant departments of organized cities and invited enthusiastic responses. Popular websites such as Xinhuanet, Sina and Net Ease, Inc also conducted tracking reports. It actively promotes the cultural atmosphere of "Honor Elders, Respect Elders and Love Elders".

3. LITTLE CITY DREAMER——COLORS LIGHTING CHILDREN'S HEART SERIES COMMUNITY ACTIVITY

Conserve the creative soul and imagine the future of city: Fosun Foundation and Fosun Forte initiated a community activity, namely "Little City Dreamer", which uses the form of theme painting and production exhibition for encouraging children's artistic imagination and originality. During the course of utmost creation, children will be complemented by the guidance of wisdom and knowledge, so that they see the world with a broad vision, be kind to their homes, close to nature and advocate environmental protection.

Fosun has been dedicated to helping youth education and learning, helping them to achieve their dreams of art, promoting youths and children to participate in the community and charity undertakings, and to promoting the society's attention and investments in youths and children's spiritual health, mental cultivation and artistic education, so that the creative art is not only an art course for the youth and children, but also a hall of love.

4. RESPECT TEACHERS AND FOCUS ON TEACHING, ASSISTING IN CULTIVATING TALENTS

The Group has been interested in education since its establishment, and has been constantly helping many students to become talents.

Concerning youth education: on 9 September 2014, the award ceremony of the 13th Fosun “Respect Teacher Award” was held in Jiulong Model Secondary School. In the past 13 years, Fosun Foundation donated RMB500,000 every year to Jiulong Model Secondary School since its establishment of Fosun Respect Teacher Award development fund in 2001, for awarding outstanding teachers in Jiulong. RMB6.5 million was donated as of today and awarded 821 teachers in total.

Sponsoring university students to become talents: the Group has attached importance to and supported education in China. In recent years, Fosun Pharma set up scholarships and teaching awards with five universities, including Shanghai Fudan University, Shenyang Pharmaceutical University and China Pharmaceutical University, for constantly driving development of education and helping awarded teachers and students to achieve great achievements in the scientific research area. On 31 December 2014, the award ceremony of China Pharmaceutical University Fosun Pharma scholarship and teaching awards was held in the Economy Management Art Building, where it played an important role to encourage staff of youth education to ascertain their educational position, to cultivate the comprehensive quality and innovative capability of university students, especially postgraduate students in this era, and to promote cultivation of talents in the university.

The Group not only cares for students in Shanghai but also actively supports educational undertakings in other provinces and cities. On 15 August 2007, the Hainan Province Fosun Guangcai Educational Incentive Fund Donation Ceremony was held in Haikou. Fosun established Hainan Province Fosun Guangcai Educational Incentive Fund with a total amount of RMB10 million, and provide a standard living subsidy of not less than RMB1,800 per person per year to 400 outstanding and poor high school students from five senior high schools each year through China Guangcai Foundation for 20 consecutive years starting from 2007.This was the first large-scale donation for subsidizing senior high school students, which was well-received by Hainan Provincial Government. The establishment of this incentive fund has not only satisfied needs of poor students to continue their studies but also has extended expectations of families of the students for in their future dream pursuits.

5. "COMMUNITY HEALTHY RUN"——HELPING CHILDREN IN NEED TO GROW HEALTHILY

On 27 December 2014, "Community Healthy Run" co-organized by Fosun Foundation and Fosun Pharma was held in the headquarters of Fosun Pharma. The objective of this event was "Raising awareness of fitness, environmental protection and energy saving, and demonstrate team cooperation spirit". The event saw participation from various stakeholders including Fosun staff, family members of our staff and media. Meanwhile, Fosun Pharma set up community donation boxes for this activity, allowing all people with a caring heart to contribute their kindness to community according to their capabilities.

Each team that completed the race would raise RMB3,000 donated by Fosun Pharma and Fosun Foundation, respectively. Together with the donation boxes placed on the site, "Community Healthy Run" actually raised RMB84,000 in total.

Fosun Foundation and Fosun Pharma will apply these donations in charity and community affairs, for helping the joyful and healthy growth of children in need. Fosun wishes to gather various stakeholders to contribute to community affairs, and to build up a harmonious industry ecosystem and to form a healthy organic body.

6. FOSUN SHOWS ITS CARE FOR LUDIAN AND HAINAN

At 16:30 on 3 August 2014, a 6.5-magnitude earthquake suddenly occurred in Ludian County, Zhaotong City, Yunnan Province. Fosun immediately initiated the response mechanism. Fosun Foundation mobilized Fosun Pharma and its subsidiaries, Yaoyou Pharmaceutical and Guilin Pharmaceutical, organized the urgent delivery of the first batch of pharmaceuticals valued at RMB2 million by overcoming difficulties such as transportation and manpower to the site, delivering immediate emergency relief at the disaster site through the Yunnan Provincial Department of Civil Affairs, thereby providing actual support to the front line of earthquake and disaster relief. In addition, during the disaster caused by a windstorm in Hainan, Fosun Group joined hands with Hainan Mining to donate RMB5 million to the Yunnan Provincial Department of Civil Affairs to show its care for the disaster area.

7. BEING COMMITTED TO PROMOTING TRADITIONAL CHINESE CULTURE

Over the years, adhering to the principle of economic rejuvenation based on cultural revitalization, Fosun Group and Fosun Foundation have always been committed to promoting traditional Chinese culture and facilitating the exchange between Chinese and Western cultures, thereby achieving "Self-improvement, Teamwork, Performance and Contribution to Society". In 2014, Fosun continued to provide strong support for promoting traditional culture such as Guqin and Tai Chi and established the Fosun Qin Academy (復星琴院) that offers door-to-door tuitions to agencies and enterprises and communities in need. Besides, Fosun continued to sponsor RMB5 million for the Shanghai Symphony Orchestra to assist in the better growth of the orchestra.

MAJOR HONORS RECEIVED BY FOSUN IN 2014

- On 17 April, Fosun International named "Best Managed Company" of the "Asia's Best Companies 2014" by FinanceAsia, an international authoritative journal.
- On 18 April, the "2014 China Investment Annual Conference • Shanghai" organized by China Venture Group announced the 2013 China PE/VC Institution rankings. Fosun Capital was named "2013 Top 10 Best China Private Equity Investment Institutions" by China Venture Group, and Mr. Liang Xinjun, Vice Chairman and CEO of Fosun Group, was named "2013 Top 10 Best China Private Equity Investor" by China Venture Group; furthermore, Star Capital was named as "2013 Top 10 Best China Real Estate Funds" by China Venture Group.
- On 20 April, "2014 Top 100 Green Companies in China", the first cross-industry rankings on sustainable competitiveness of enterprises and ranking system for competitiveness of companies with the most forward-looking vision in China, was formally announced, Fosun Group was named on the ranking list for the fifth consecutive year.
- In May, Forbes, the U.S. magazine, announced the latest rankings of "The 2014 Global 2000", Fosun International was elevated to the 751th position from the 1019th position of the previous year.
- On 30 June, Fosun Group was granted the honor of "Demonstration window for the creation and construction of Party foothold in non-public owned enterprises".
- On 14 July, the 2014 rankings of "Fortune China 500" was announced, Fosun International was ranked 115th with RMB51.017 billion in revenue and RMB5.519 billion in net profit.
- On 25 July, at the 6th Annual Conference on Corporate Social Responsibilities for Enterprises in China organized by Southern Weekend, Fosun Group was awarded the honor of the "Best Enterprise of the Year" in the 2013 PRC (Domestic) Private Enterprise Wealth Creation rankings.
- On 18 August, at the announcement ceremony of "2014 Top 500 Private Enterprises in China" organized by All-China Federation of Industry & Commerce, Fosun was ranked 37th on the list of 2014 Top 500 Private Enterprises in China and ranked 24th on the list of Top 500 Private Enterprises of the Manufacturing Sector in China.
- On 10 September, on the ranking list of 2014 Top 100 Enterprises in Shanghai jointly announced by the Federation of Enterprises in Shanghai, Association of Entrepreneurs in Shanghai and Federation of Economic Groups in Shanghai, Fosun Group was ranked 25th on the list of Top 100 Enterprises in Shanghai and ranked 2nd on the list of Top 100 Private Enterprises.
- The Asset, the renowned international asset management and investment magazine, announced in its October edition that Fosun International is honored to receive a "Triple A Greater China Award" in the "Investment" sector.
- Fortune magazine released its Top 50 "Most Admired Companies in China" in its October edition, with Fosun International once again honored with the title of "Most Admired Companies in China".
- On 24 October, Fosun International received "Asia's Most Promising Company on Corporate Governance" Award at the Best of Asia 2014 by Corporate Governance Asia, and Mr. Wang Qunbin, President of Fosun International, also named "Best Asian Corporate Director".
- On 24 October, at the award ceremony of the "2013-2014 Most Respected Enterprises in China" organized by the Economic Observer, Fosun Group named one of the "2013-2014 Most Respected Enterprises in China" again.
- On 30 October, Fosun International received "Innovative Enterprise" Business Merit Award from Portuguese-Chinese Chamber of Commerce & Industry, in recognition of the Group's contribution to fostering economic and trade relations between China and Portugal.
- In November, World Finance, a UK professional financial magazine, announced the winner list of Project Finance Deals of the Year 2014. Fosun's acquisition into Fidelidade was named the "Best Privatization Deal of the Year" by the World Finance.

- On 6 December, at the 6th Global Private Equity Forum in Beijing organized by China Association of Private Equity Investors, Fosun Group was ranked 2nd on the list of 2014 Top 10 PE Investors in China.
- On 4 December, the annual rankings of “2014 China Private Equity Investment Institutions” were released by Zero2IPO, Fosun Group honored as the “2014 Best Fund Raising Private Equity Investment Institution in China” and was ranked 6th among the Top 10 Private Equity Investment Institutions of China in 2014; Mr. Liang Xinjun, Vice Chairman and CEO of Fosun was also awarded the 6th ranking on the list of “2014 Top 10 China Private Equity Investors”.
- On 11 December, Fosun International received a gold award in “The Corporate Awards 2014” by The Asset, an international renowned asset management and investment magazine.
- Mr. Guo Guangchang, Chairman of Fosun Group, was named in the Bloomberg Markets’ “50 Most Influential List 2014 - Corporate Power Broker”.
- Mr. Guo Guangchang, Chairman of Fosun Group, was named “China 100 Most Creative People in Business 2014” by a famous U.S. business magazine “Fast Company” (Chinese edition) in its July issue.
- Mr. Liang Xinjun, Vice Chairman and CEO of Fosun International, named “Asia’s Best CEO” at the Asian Excellence Recognition Awards 2014 by Corporate Governance Asia.
- Mr. Wang Qunbin, President of Fosun Group, received “Asia Pacific Outstanding Entrepreneur Award”.

HUMAN RESOURCES

As at 31 December 2014, the Group had approximately 51,000 employees.

In 2014, Fosun Group, as a world-class investment group empowered by the “Insurance-oriented Comprehensive Financial Capability” and “Global Industrial Integration Capability Taking Roots in China”, we progressed according to our strategy of globalization and accelerated the establishment of globalized platform and ancillary management, as well as recruited outstanding talents from different industries. Meanwhile, we focused on optimizing the system of staff performance and incentives, and optimization of talents cultivation system.

Against the backdrop of acceleration of Fosun’s globalization and completion of the establishment oversea relevant platform, we promoted oversea investment overall through various methods such as talent internationalization, global talent localization, deepening its foothold in invested districts and external resources radiation. In 2014, we continued to enhance organizational establishment, and newly established the Food and Beverage Department, the Jewelry and Fashion Department, the Utilities Department, the Fixed Income Investment Department, the Iberia Department and the London Office. We established a project-based organizational structure based on internal flow of talents and exerted the advantage of big platform, and established a efficiency organizational model “Big Group”-“Small Organization”. Focusing on departments of different geographical locations worldwide and investment departments of new industries, we actively recruited external talents and strengthened the recruiting and cultivation of outstanding college graduates, namely Fo-Star Program (星冉計劃); meanwhile, we constantly implemented the Star Movement Programme (星動計劃) to encourage internal flow of talents, ensuring that the right talents hold the most suitable positions to create greater value for the Company.

Fosun Management Institute implemented to meet the needs of investment staff of the Group; shared and communicated with relevant experience and skill of the Group’s strategy; enhanced immediacy of strategic learning and simultaneously lowered learning cost of staff; implemented a directed, timely and systemically talent cultivation proposal according to our strategic development requirements. The Group now owns a better and stronger reserve talent team for every key position. Through innovative and rich training channels combining internet platform, online and on-site, we could help our team building by implementing human resources assessment system “Organization Red Yellow Green Light”(「組織紅黃綠燈」).

In respect of staff performance management, we built up and strengthened the performance tracking and talents assessment system, and retained outstanding employees and eliminated under-performed employees through regular assessment by utilizing financial, pre-investment and post-investment data to complete performance regular tracking of our team, and we also concerned about serving capability of function departments via the satisfactory survey of function departments. Through such measures, the Group's talent structure was further optimized and the Group could always remain energetic. The emolument of the Company's employees will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

In respect of employee incentives and development, along with business development, we improved and established the Fosun overall incentives system through various incentives such as the Design Department, fund-level and function supporting platform. Targeting the overall information system, we introduced the EHR system to connect with the management system of investment group, and further improved the system establishment of project-based assessment incentives.

The human resources team of the Group constantly strengthened its own capability establishment, defined business orientation, cultivated market sensitivity of strategy, enhanced effective enforcement and serving awareness, regarded development of our employees and team building, upheld and promoted the cultural value of "From implementation of concept to conduct code" (「從概念落實到行為細則」), and effectively implemented the corporate strategic development.

INDEPENDENT AUDITORS' REPORT

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To the shareholders of Fosun International Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Fosun International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 93 to 247 which comprise the consolidated and company statements of financial position as at 31 December 2014, 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 a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
25 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
REVENUE	6	**61,738,449**	51,016,883
Cost of sales		**(47,122,683)**	(40,658,491)
Gross profit		**14,615,766**	10,358,392
Other income and gains	6	**13,789,378**	8,853,449
Selling and distribution expenses		**(3,271,268)**	(2,747,372)
Administrative expenses		**(8,078,137)**	(3,860,339)
Other expenses		**(3,264,172)**	(1,365,895)
Finance costs	7	**(3,884,565)**	(2,765,899)
Share of profits and losses of:			
Joint ventures		**1,127,179**	(118,653)
Associates		**1,671,110**	1,407,597
PROFIT BEFORE TAX	8	**12,705,291**	9,761,280
Tax	10	**(3,119,231)**	(1,908,511)
PROFIT FOR THE YEAR		**9,586,060**	7,852,769
Attributable to:			
Owners of the parent	11	**6,853,944**	5,518,930
Non-controlling interests		**2,732,116**	2,333,839
		9,586,060	7,852,769
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the year (RMB)	13	**1.02**	0.86
Diluted			
– For profit for the year (RMB)	13	**0.99**	0.86

Details of the dividends payable and proposed for the year are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
PROFIT FOR THE YEAR		**9,586,060**	7,852,769
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent years:			
Available-for-sale investments:			
Changes in fair value		**2,235,085**	19,015
Reclassification adjustments for gains included in the consolidated statement of profit or loss - gain on disposal		**(1,883,168)**	(455,892)
Income tax effect	29	**10,592**	118,608
		362,509	(318,269)
Change in other life insurance contract liabilities due to potential gains on financial assets		**292,530**	—
– Income tax effect		**12,091**	—
		304,621	—
Share of other comprehensive income of joint ventures		**—**	4,978
Share of other comprehensive income of associates		**158,954**	93,723
Exchange differences on translation of foreign operations		**(1,107,465)**	35,722
Net other comprehensive loss to be reclassified to profit or loss in subsequent years		**(281,381)**	(183,846)
Net other comprehensive income not being reclassified to profit or loss in subsequent years		**—**	—
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(281,381)**	(183,846)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**9,304,679**	7,668,923
Attributable to:			
Owners of the parent		**6,806,853**	5,041,187
Non-controlling interests		**2,497,826**	2,627,736
		9,304,679	7,668,923

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	36,037,896	30,215,747
Investment properties	15	16,883,890	9,896,252
Prepaid land lease payments	16	2,921,393	1,993,975
Exploration and evaluation assets	17	156,846	5,189
Mining rights	18	784,882	794,636
Oil and gas assets	19	1,512,206	—
Intangible assets	20	2,226,693	1,871,056
Goodwill	21	6,842,031	3,050,328
Investments in joint ventures	23	7,589,150	6,470,034
Investments in associates	24	26,976,404	20,369,716
Available-for-sale investments	25	60,849,499	10,050,291
Properties under development	26	13,671,828	10,528,713
Loans receivable	27	1,296,977	3,161,103
Prepayments, deposits and other receivables	28	3,862,611	853,654
Deferred tax assets	29	4,372,070	2,645,312
Inventories	30	87,722	207,541
Policyholder account assets in respect of unit-linked contracts	31	3,769,975	—
Insurance and reinsurance debtors	32	68,099	—
Reinsurers' share of insurance contract provisions	33	481,360	—
Term deposits	34	147,815	—
Total non-current assets		190,539,347	102,113,547
CURRENT ASSETS			
Cash and bank	34	40,190,807	16,387,191
Investments at fair value through profit or loss	35	14,867,194	13,465,979
Trade and notes receivables	36	6,371,003	4,684,199
Prepayments, deposits and other receivables	28	7,619,585	7,049,612
Inventories	30	6,252,883	6,313,952
Completed properties for sale		7,626,912	8,949,037
Properties under development	26	23,429,966	20,331,229
Loans receivable	27	843,086	100,000
Due from related companies	37	5,249,357	3,175,550
Available-for-sale investments	25	16,388,314	—
Policyholder account assets in respect of unit-linked contracts	31	1,535,931	—
Insurance and reinsurance debtors	32	2,063,919	341,333
Reinsurers' share of insurance contract provisions	33	624,909	—
		133,063,866	80,798,082
Non-current assets/assets of a disposal group classified as held for sale	38	1,229,570	212,293
Total current assets		134,293,436	81,010,375

	Notes	2014 RMB'000	2013 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	39	**46,389,197**	31,539,941
Loans from related companies	41	**193,000**	196,477
Trade and notes payables	42	**19,590,569**	14,928,283
Accrued liabilities and other payables	43	**23,289,484**	19,445,737
Tax payable		**3,210,555**	2,834,905
Finance lease payables	44	**119,110**	46,587
Deposit from customers	45	**1,696,120**	1,636,739
Due to the holding company	37	**673,617**	3,144,864
Due to related companies	37	**3,118,393**	2,392,109
Derivative financial instruments		**65,670**	—
Unearned premium provisions	46	**2,860,227**	207,427
Provision for outstanding claims	47	**6,534,777**	318,667
Provision for unexpired risks		**438,465**	—
Financial liabilities for unit-linked contracts	48	**1,104,752**	—
Investment contract liabilities	48	**8,929,945**	—
Other life insurance contract liabilities	49	**1,561,511**	—
Insurance and reinsurance creditors	50	**1,453,267**	67,895
		121,228,659	76,759,631
Liabilities directly associated with the assets classified as held for sale	38	**589,118**	—
Total current liabilities		**121,817,777**	76,759,631
NET CURRENT ASSETS		**12,475,659**	4,250,744
TOTAL ASSETS LESS CURRENT LIABILITIES		**203,015,006**	106,364,291
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	39	**46,766,499**	35,028,323
Convertible bonds	40	**2,485,546**	2,319,675
Finance lease payables	44	**148,117**	43,085
Deferred income	51	**311,683**	526,864
Due to related companies	37	**—**	157,851
Other long term payables	52	**3,944,791**	3,220,349
Deferred tax liabilities	29	**6,577,690**	3,768,315
Provision for outstanding claims	47	**7,622,616**	—
Financial liabilities for unit-linked contracts	48	**4,201,132**	—
Investment contract liabilities	48	**43,042,687**	—
Other life insurance contract liabilities	49	**12,229,753**	—
Total non-current liabilities		**127,330,514**	45,064,462
Net assets		**75,684,492**	61,299,829

	Notes	2014 RMB'000	2013 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital: nominal value	53	—	621,497
Other statutory capital reserves		—	11,795,181
Share capital and other statutory capital reserves	53	16,281,011	12,416,678
Equity component of convertible bonds	40	721,171	721,171
Other reserves	54	31,477,882	25,733,056
Proposed final dividend	12	928,359	757,328
		49,408,423	39,628,233
Non-controlling interests		26,276,069	21,671,596
Total equity		75,684,492	61,299,829

Guo Guangchang
Director

Ding Guoqi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

Group

	Attributable to owners of the parent													
	Issued capital RMB'000 (note 53)	Share premium RMB'000	Other deficits RMB'000 (note 54(b))	Statutory surplus reserve RMB'000 (note 54(c))	Available-for-sale investment revaluation reserve RMB'000	Capital redemption reserve RMB'000	Other reserve RMB'000	Convertible bonds RMB'000 (note 40)	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Proposed final dividend RMB'000 (note 12)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	621,497	11,793,716	(443,540)	3,079,315	713,716	1,465	1,001,959	721,171	21,969,291	(587,685)	757,328	39,628,233	21,671,596	61,299,829
Profit for the year	–	–	–	–	–	–	–	–	6,853,944	–	–	6,853,944	2,732,116	9,586,060
Other comprehensive income for the year														
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	1,237,640	–	–	–	–	–	–	1,237,640	461,800	1,699,440
Reclassification adjustments for gains included in the consolidated statement of profit or loss – gain on disposal, net of tax	–	–	–	–	(850,770)	–	–	–	–	–	–	(850,770)	(486,161)	(1,336,931)
Share of other comprehensive income/(loss) of associates	–	–	–	–	159,299	–	–	–	–	4,996	–	164,295	(5,341)	158,954
Change in other life insurance contract liabilities due to potential gains on financial assets, net of tax	–	–	–	–	–	–	243,697	–	–	–	–	243,697	60,924	304,621
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	(841,953)	–	(841,953)	(265,512)	(1,107,465)
Total comprehensive income/(loss) for the year	–	–	–	–	546,169	–	243,697	–	6,853,944	(836,957)	–	6,806,853	2,497,826	9,304,679

Group *(Continued)*

	Attributable to owners of the parent													
	Issued capital RMB'000 (note 53)	Share premium RMB'000	Other deficits RMB'000 (note 54(b))	Statutory surplus reserve RMB'000 (note 54(c))	Available-for-sale investment revaluation reserve RMB'000	Capital redemption reserve RMB'000	Other reserve RMB'000	Convertible bonds RMB'000 (note 40)	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Proposed final dividend RMB'000 (note 12)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries (note 55(a))	–	–	–	–	–	–	–	–	–	–	–	–	2,529,920	2,529,920
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	4,368,698	4,368,698
Rights issue of new shares	3,886,511	–	–	–	–	–	–	–	–	–	–	3,886,511	–	3,886,511
Share issue expenses	(14,175)	–	–	–	–	–	–	–	–	–	–	(14,175)	–	(14,175)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(1,223,348)	(1,223,348)
Final 2013 dividend declared	–	–	–	–	–	–	–	–	(59,071)	–	(757,328)	(816,399)	–	(816,399)
Proposed final dividend	–	–	–	–	–	–	–	–	(928,359)	–	928,359	–	–	–
Transfer from retained profits	–	–	–	150,060	–	–	–	–	(150,060)	–	–	–	–	–
Share of other reserve of associates	–	–	–	–	–	–	(142,646)	–	–	–	–	(142,646)	(203,071)	(345,717)
Disposal of subsidiaries (note 55(b))	–	–	–	–	–	–	–	–	–	–	–	–	(311,038)	(311,038)
Deemed disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	–	1,114,729	–	–	–	–	1,114,729	(1,114,729)	–
Fair value adjustment on the loan from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	(738)	–	–	–	–	(738)	738	–
Fair value adjustment on the stock redemption option granted to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	(2,859)	–	–	–	–	(2,859)	(14,698)	(17,557)
Equity-settled share-based payments (note 56)	–	(8,003)	–	–	–	–	21,308	–	–	–	–	13,305	25,055	38,360
Deemed acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(10,877)	–	–	–	–	(10,877)	10,877	–
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(1,053,514)	–	–	–	–	(1,053,514)	(1,961,757)	(3,015,271)
Transition to no-par value regime**	11,787,178	(11,785,713)	–	–	–	(1,465)	–	–	–	–	–	–	–	–
At 31 December 2014	16,281,011	–	(443,540)*	3,229,375 *	1,259,885 *	–	1,171,059 *	721,171	27,685,745 *	(1,424,642)*	928,359	49,408,423	26,276,069	75,684,492

* These reserve accounts comprise the consolidated other reserves of RMB31,477,882,000 (2013: RMB25,733,056,000) in the consolidated statement of financial position.

** Pursuant to the transitional provisions for the abolition of the nominal value of share capital included in the new Hong Kong Companies Ordinance which became effective on 3 March 2014, the balances of the share premium and capital redemption reserve as at 3 March 2014 have been transferred to issued capital.

Group *(Continued)*

	Attributable to owners of the parent													
	Issued capital RMB'000 (note 53)	Share premium RMB'000	Other deficits RMB'000 (note 54(b))	Statutory surplus reserve RMB'000 (note 54(c))	Available-for-sale investment revaluation reserve RMB'000	Capital redemption reserve RMB'000	Other reserve RMB'000	Convertible bonds RMB'000 (note 40)	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Proposed final dividend RMB'000 (note 12)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	621,497	11,790,924	(443,540)	2,860,587	1,275,674	1,465	1,431,556	—	17,445,857	(671,900)	885,181	35,197,301	22,021,095	57,218,396
Profit for the year	—	—	—	—	—	—	—	—	5,518,930	—	—	5,518,930	2,333,839	7,852,769
Other comprehensive income for the year														
Changes in fair value of available-for-sale investments, net of tax	—	—	—	—	(274,476)	—	—	—	—	—	—	(274,476)	323,455	48,979
Reclassification adjustments for gains included in the consolidated statement of profit or loss – gain on disposal	—	—	—	—	(280,960)	—	—	—	—	—	—	(280,960)	(86,288)	(367,248)
Share of other comprehensive income of joint ventures	—	—	—	—	—	—	—	—	—	4,978	—	4,978	—	4,978
Share of other comprehensive income/(loss) of associates	—	—	—	—	(6,522)	—	—	—	—	39,993	—	33,471	60,252	93,723
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	39,244	—	39,244	(3,522)	35,722
Total comprehensive (loss)/income for the year	—	—	—	—	(561,958)	—	—	—	5,518,930	84,215	—	5,041,187	2,627,736	7,668,923

Group *(Continued)*

	Attributable to owners of the parent													
	Issued capital RMB'000 (note 53)	Share premium RMB'000	Other deficits RMB'000 (note 54(b))	Statutory surplus reserve RMB'000 (note 54(c))	Available-for-sale investment revaluation reserve RMB'000	Capital redemption reserve RMB'000	Other reserve RMB'000	Convertible bonds RMB'000 (note 40)	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Proposed final dividend RMB'000 (note 12)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	433,623	433,623
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	640,193	640,193
Transaction cost related to issue of new shares of a subsidiary	—	—	—	—	—	—	1,705	—	—	—	—	1,705	2,445	4,150
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	(1,209,304)	(1,209,304)
Final 2012 dividend declared	—	—	—	—	—	—	—	—	—	—	(885,181)	(885,181)	—	(885,181)
Proposed final dividend	—	—	—	—	—	—	—	—	(757,328)	—	757,328	—	—	—
Transfer from retained profits	—	—	—	218,728	—	—	—	—	(218,728)	—	—	—	—	—
Share of other reserve of associates	—	—	—	—	—	—	(21,054)	—	—	—	—	(21,054)	—	(21,054)
Disposal of partial interests in subsidiaries without losing control	—	—	—	—	—	—	861	—	—	—	—	861	3,364	4,225
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	(2,347,332)	(2,347,332)
Liquidation of subsidiaries	—	—	—	—	—	—	—	—	(19,440)	—	—	(19,440)	(59,400)	(78,840)
Fair value adjustment on the loan from a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	10,488	—	—	—	—	10,488	32,279	42,767
Fair value adjustment on the stock redemption - option granted to non-controlling shareholders of a subsidiary	—	—	—	—	—	—	(2,253)	—	—	—	—	(2,253)	(42,111)	(44,364)
Equity-settled share-based payments	—	2,792	—	—	—	—	—	—	—	—	—	2,792	6,915	9,707
Deemed acquisition of additional interests in subsidiaries	—	—	—	—	—	—	(1,056)	—	—	—	—	(1,056)	1,056	—
Equity contribution by the controlling shareholder to a non-wholly-owned subsidiary	—	—	—	—	—	—	(10,278)	—	—	—	—	(10,278)	10,278	—
Equity component of convertible bonds	—	—	—	—	—	—	—	721,171	—	—	—	721,171	—	721,171
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	(408,010)	—	—	—	—	(408,010)	(449,241)	(857,251)
At 31 December 2013	621,497	11,793,716	(443,540)*	3,079,315*	713,716*	1,465	1,001,959*	721,171	21,969,291*	(587,685)*	757,328	39,628,233	21,671,596	61,299,829

* These reserve accounts comprise the consolidated other reserves of RMB25,733,056,000 (2012: RMB21,898,234,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**12,705,291**	9,761,280
Adjustments for:			
Depreciation of items of property, plant and equipment	8	**2,088,031**	1,588,489
Amortisation of prepaid land lease payments	8	**46,296**	36,397
Amortisation of intangible assets	8	**131,814**	73,300
Amortisation of mining rights	8	**43,298**	42,683
Provision for impairment of goodwill	8	**202,500**	—
Provision for impairment of items of property, plant and equipment	8	**5,853**	446,934
Provision for impairment of intangible assets	8	**83,995**	—
Provision for impairment of oil and gas assets	8	**158,340**	—
Provision for impairment of available-for-sale investments	8	**99,783**	11,400
Provision for impairment of investments in associates	8	**38,134**	34,600
Provision/(reversal) for impairment of receivables	8	**241,811**	(4,481)
Provision for inventories	8	**92,292**	102,157
Loss on disposal of subsidiaries	8	**15,873**	—
Gain on bargain purchase	6	**(61,148)**	—
Gain on disposal of available-for-sale investments	6	**(3,597,875)**	(1,822,810)
Gain on disposal of investments at fair value through profit or loss	6	**(209,183)**	(949,198)
Gain on disposal of associates	6	**(59,081)**	(666,092)
Gain on disposal of partial investments in associates	6	**(243,302)**	(15,456)
Gain on deemed disposal of partial investments in associates	6	**(728,288)**	(473,111)
Gain on disposal of items of property, plant and equipment	6	**(13,984)**	(3,804)
Gain on acquisition of an associate	6	**—**	(441,643)
Gain on disposal of non-current assets held for sale	6	**(51,253)**	—
Gain on fair value adjustment on investments at fair value through profit or loss	6	**(2,924,322)**	(1,541,835)
Gain on fair value gains on investment properties	6	**(916,662)**	(1,131,002)
Interest expenses		**3,667,360**	2,660,956
Interest income	6	**(606,402)**	(570,366)
Dividends from investments at fair value through profit or loss	6	**(323,900)**	(286,795)
Dividends from available-for-sale investments	6	**(1,858,347)**	(221,107)
Share of profits and losses of associates		**(1,671,110)**	(1,407,597)
Share of profits and losses of joint ventures		**(1,127,179)**	118,653
Subtotal carried forward		**5,228,635**	5,341,552

	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES *(continued)*		
Subtotal brought forward	5,228,635	5,341,552
CASH INFLOW BEFORE WORKING CAPITAL CHANGES	5,228,635	5,341,552
Increase in properties under development	(14,437,602)	(2,961,077)
Decrease/(increase) in completed properties held for sale	8,852,251	(4,368,843)
(Increase)/decrease in trade and notes receivables	(1,112,574)	1,131,358
Increase in prepayments, deposits and other receivables	(1,106,129)	(4,012,216)
Decrease in inventories	61,739	372,734
Increase in insurance and reinsurance debtors	(400,136)	—
Decrease in reinsurers' share of insurance contract provisions	593,063	—
(Increase)/decrease in amounts due from related companies	(1,965,903)	262,174
Increase in trade and notes payables	4,743,676	367,796
(Decrease)/increase in accrued liabilities and other payables	(2,043,360)	6,850,279
Increase in deferred income	77,819	333,272
Increase in other long term payables	1,209,805	8,671
(Decrease)/increase in amounts due to the holding company	(1,131,826)	14,570
Increase/(decrease) in amounts due to related companies	581,149	(239,089)
Increase in deposit from customers	59,381	697,525
Decrease/(increase) in restricted presale proceeds of properties	8,010	(210,484)
Increase in required reserve deposits	(53,374)	(158,615)
Increase in unearned premium provisions	193,137	—
Increase in provision for outstanding claims	187,178	—
Decrease in insurance and reinsurance creditors	(449)	—
Increase in provision for unexpired risks	85,813	—
Decrease in other life insurance contract liabilities	(84,727)	—
Increase in investment contract liabilities	6,490,818	—
CASH GENERATED FROM OPERATIONS	6,036,394	3,429,607
Interest paid	(1,282,710)	(1,073,424)
Tax paid	(1,960,024)	(2,200,467)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	2,793,660	155,716

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(4,645,610)	(6,448,031)
Increase of prepaid land lease payments		(83,454)	(40,966)
Increase of investment properties		(245,991)	—
Purchase of intangible assets		(134,036)	(37,254)
Purchase of mining rights		(33,544)	(15,754)
Purchase of exploration and evaluation assets		(22,272)	(3,569)
Purchase of available-for-sale investments		(22,945,480)	(3,104,125)
Purchase of investments at fair value through profit or loss		(3,489,535)	(8,354,013)
Proceeds from disposal of investments at fair value through profit or loss		5,349,477	5,325,383
Proceeds from disposal of available-for-sale investments		30,181,968	2,998,127
Proceeds from disposal of items of property, plant and equipment		214,232	60,260
Proceeds from disposal of intangible assets		28,518	14,604
Net decrease in cash and cash equivalents from disposal of subsidiaries	55(b)	(1,717,729)	(267,952)
Proceeds from disposal of associates and disposal of partial interests in associates		550,038	1,426,591
Acquisition of subsidiaries	55(a)	(17,165,586)	(7,899,841)
Acquisition of associates		(4,219,889)	(1,307,044)
Acquisition of joint ventures		(251,772)	(1,984,311)
Dividends received from available-for-sale investments	6	1,858,347	221,107
Dividends received from investments at fair value through profit or loss		285,776	286,795
Dividends received from associates		573,757	834,458
Dividends received from joint ventures		10,000	5,000
Shareholder loans repaid/(provided)		1,153,856	(583,685)
Decrease/(increase) in pledged bank balances and time deposits with original maturity of more than three months		1,113,224	(619,211)
Decrease/(increase) in restricted cash in escrow account for an investment		425,961	(5,945)
Prepayments for proposed acquisitions		(2,743,264)	(853,654)
Proceeds received from consideration adjustments of a subsidiary acquisition		67,785	—
Interest received		508,424	433,228
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(15,376,799)	(19,919,802)

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of finance lease rental payments		(70,076)	(35,750)
Capital contribution from non-controlling shareholders of subsidiaries		4,368,698	640,193
New bank and other borrowings		69,412,404	52,945,390
Issuance of convertible bonds		—	3,037,543
Repayment of bank and other borrowings		(42,389,766)	(38,738,310)
Dividends paid to non-controlling shareholders of subsidiaries		(1,223,348)	(1,209,304)
Acquisition of additional interests in subsidiaries		(2,601,632)	(857,251)
Dividends paid to shareholders		(2,155,820)	(195,873)
Rights issue of new shares (net of share issue expenses)		3,872,336	—
Interest paid		(3,240,375)	(2,518,084)
NET CASH FLOWS FROM FINANCING ACTIVITIES		25,972,421	13,068,554
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		13,389,282	(6,695,532)
Cash and cash equivalents at beginning of year		12,501,071	19,196,603
CASH AND CASH EQUIVALENTS AT END OF YEAR		25,890,353	12,501,071
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:			
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	34	25,667,140	12,501,071
Cash and bank attributable to assets of a disposal group classified as held for sale	38	223,213	—
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS		25,890,353	12,501,071

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Investments in subsidiaries	22	**13,887,918**	2,954,419
Investment in an associate	24	**82,421**	82,421
Available for sale investment	25	**1,891**	—
Total non-current assets		**13,972,230**	3,036,840
CURRENT ASSETS			
Cash and bank	34	**805,480**	519,361
Investments at fair value through profit or loss	35	**6,062,759**	4,805,031
Prepayments, deposits and other receivables	28	**52,091**	11,989
Due from subsidiaries	37	**12,176,328**	19,083,808
Due from related companies	37	**3,061**	3,048
Total current assets		**19,099,719**	24,423,237
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	39	**4,815,367**	1,874,025
Accrued liabilities and other payables	43	**78,738**	45,533
Tax payable		**—**	69,161
Due to the holding company	37	**673,617**	3,144,864
Due to subsidiaries	37	**2,457,214**	3,140,013
Total current liabilities		**8,024,936**	8,273,596
NET CURRENT ASSETS		**11,074,783**	16,149,641
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,047,013**	19,186,481
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	39	**5,798,571**	4,289,139
Deferred tax liabilities	29	**287,428**	—
Total non-current liabilities		**6,085,999**	4,289,139
Net assets		**18,961,014**	14,897,342
EQUITY			
Share capital: nominal value	53	**—**	621,497
Other statutory capital reserves		**—**	11,787,178
Share capital and other statutory capital reserves	53	**16,281,011**	12,408,675
Equity component of convertible bonds	40	**721,171**	721,171
Other reserves	54	**1,030,473**	1,010,168
Proposed final dividend	12	**928,359**	757,328
Total equity		**18,961,014**	14,897,342

Guo Guangchang
Director

Ding Guoqi
Director

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2014

1. CORPORATE INFORMATION

Fosun International Limited (the “Company”) was incorporated as a company with limited liability in Hong Kong on 24 December 2004 under the Hong Kong Companies Ordinance.

The registered office of the Company is located at Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are the manufacture and sale of pharmaceutical and healthcare products, property development, the manufacture and sale of iron and steel products, mining and ore processing of various metals (collectively referred to as the industrial operations), asset management, operation and investment in insurance business and various other investments.

The holding company and the ultimate holding company of the Company are Fosun Holdings Limited and Fosun International Holdings Ltd. which are incorporated in Hong Kong and the British Virgin Islands, respectively.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) since 16 July 2007.

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and certain investments, which have been measured at fair value. Disposal groups and non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. 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 for the year ended 31 December 2014. 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 in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and a new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

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

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10 HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014

2 Effective for annual periods beginning on or after 1 January 2016

3 Effective for annual periods beginning on or after 1 January 2017

4 Effective for annual periods beginning on or after 1 January 2018

5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) will come into operation as from the Company's first financial year commencing after 3 March 2014 in accordance with section 358 of that Ordinance, which will be the year ending 31 December 2015. The Group is in the process of making an assessment of the expected impact of the changes in the period of initial application of Part 9 of the Ordinance. So far it has concluded that the impact is unlikely to be significant and will primarily affect the presentation and disclosure of information in the consolidated financial statements.

2.3 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED *(Continued)*

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) 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 Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments:* Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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 results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

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. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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 asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

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

The results of associates are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. (Include the definition of joint control if not defined elsewhere in other accounting policy notes) 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 recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

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.

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 that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. 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 investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 sale, financial assets, deferred tax assets, investment properties and non-current assets/ assets of a disposal group classified as held for sale), 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 the consolidated statement of profit or loss in the period in which it arises.

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); and
- (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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". 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 consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Buildings	5 to 45 years
Plant and machinery	4 to 16 years
Office equipment	2 to 15 years
Motor vehicles	4 to 12 years
Leasehold improvements	The shorter of the lease terms and their useful lives

Depreciation of mining infrastructure included in property, plant and equipment is calculated using the units of production basis to write off the cost of the asset proportionately to the extraction of the proven and probable mineral reserves.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or property under development, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. For a transfer from property under development to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties, deferred tax assets and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

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 lives 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

Trademarks with finite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives of not exceeding 12 years. Trademarks 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 lives of trademarks 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.

Medicine licences

Medicine licences 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 lives of medicine licences 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.

Patents and technical know-how

Purchased patents and technical know-how are stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives not exceeding 20 years.

Business network

Business network is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of not exceeding 15 years.

Research and development costs

All research costs are charged to the consolidated statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Exploration and evaluation assets

For mining rights

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine. Expenditure incurred prior to accruing legal rights to explore an area is written off as incurred. When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to mining rights and are amortised on the units of production ("UOP") method based on the proven and probable mineral reserves. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

For oil and gas assets

Exploration and evaluation expenditure in respect of each area of interest is accounted for using the successful efforts method of accounting. An area of interest refers to an individual geological area which is considered to constitute a favourable environment for the presence of an oil or gas field, usually represented by an individual oil or gas field.

The successful efforts method requires all exploration and evaluation expenditure in relation to an area of interest to be expensed in the period it is incurred, except the costs of successful wells, the costs of acquiring interests in new exploration assets and pre-development costs where the rights to the tenure of the area of interest are current and the expenditure either:

– is expected to be recovered through sale or successful development and exploitation of the area of interest; or

– relates to an exploration discovery for which at balance sheet date a reasonable assessment of the existence or otherwise of economically recoverable reserves is not yet complete, or additional appraisal work is underway or planned.

Pending assessment of the results of a well, the costs are initially capitalised then expensed or remain capitalised, depending on a review of the results in accordance with successful efforts accounting criteria. When an oil or gas field has been approved for development, the accumulated exploration and evaluation costs are transferred to oil and gas assets.

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licences, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are amortised over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proven and probable reserves of the mines using the UOP method. Mining rights are written off to the consolidated statement of profit or loss if the mining property is abandoned.

Oil and gas assets

Development expenditure is stated at cost less accumulated depletion and any impairment in value. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the field, on a unit-of-production basis. Costs are amortised only once production begins. Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations do not give rise to prior year financial period adjustments and are dealt with on a prospective basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the consolidated statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the consolidated statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the consolidated statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded 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.

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition” below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the consolidated statement of profit or loss. The loss arising from impairment is recognised in the consolidated statement of profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the consolidated statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all 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 the Group's 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 assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the consolidated statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the consolidated statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss, is removed from other comprehensive income and recognised in the consolidated statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of profit or loss – is removed from other comprehensive income and recognised in the consolidated statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the consolidated statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or loans and borrowings, as appropriate.

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

The Group's financial liabilities include trade and notes payables, accrued liabilities and other payables, due to the holding company, due to related companies, loans from related companies, finance lease payables, other long term payables, convertible bonds and interest-bearing bank and other borrowings.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement

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

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 acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. 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 consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated 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 date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate 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 rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and commodity derivative contracts, to hedge its foreign currency risk and commodity price risk, respectively. These 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 consolidated statement of profit or loss.

None of the Group's derivative financial instruments is qualified for hedge accounting.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. 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, interest charges and other costs directly attributable to such properties.

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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 from an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and bank comprise cash on hand and at banks, including term deposits, 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 the 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.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

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 guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance 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 the 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 the 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, 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, the carryforward of unused tax credits and unused tax losses can be utilised, except:

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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, 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 consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) Sale of completed properties

Revenue from the sale of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sale agreement and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

(c) Service income

Service income is recognised when the relevant services have been rendered and it is probable that economic benefits will flow to the Group and the relevant income can be measured reliably.

(d) Insurance income

Premium income and reinsurance premium income is recognized when the insurance contracts are issued, related insurance risk is undertaken by the Group, it is probable that related economic benefits will flow to the Group and related income can be reliably measured.

(e) Rental income

Revenue is recognised on a time proportion basis over the lease terms.

(f) Interest income

Revenue 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.

(g) Dividend income

Revenue is recognised when the shareholders' right to receive payment has been established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments

Certain subsidiaries of the Group operate a share incentive scheme and a share option scheme for the purpose of providing incentives and rewards to its employees (including directors). Employees (including directors) receive remuneration in the form of share-based payments, whereby employees (including directors) render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option pricing model, further details of which are given in note 56 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. 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 consolidated 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.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

Employee benefits

The Group provides the post-employment benefits mainly as followings: (i) defined contribution pension schemes for all employees of the companies in Mainland China; (ii) employee benefits to qualified former employees ("Qualified SOE Employees") and qualified retirees ("Qualified Retirees") of former state-owned enterprises in Mainland China; (iii) employee benefits to all eligible employees of the companies in Portugal; (iv) pension scheme for all eligible employees of the companies in Hong Kong; and (v) accommodation benefits for all eligible employees of the companies in Mainland China. Details are set out below.

(i) Defined contribution pension schemes

The full-time employees of the companies in Mainland China, other than Qualified SOE Employees and Qualified Retirees of former state-owned enterprises ("Former SOEs") as set out below, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

(ii) Other employee benefits to Qualified SOE Employees and Qualified Retirees

The Group took over Qualified SOE Employees and Qualified Retirees from the Former SOEs upon the Group's acquisition of the Former SOEs in Mainland China. A liability in respect of the retirement benefits of Qualified SOE Employees and Qualified Retirees was taken over by the Group from the former parent company of the Former SOEs upon taking up Qualified SOE Employees and Qualified Retirees. All the following retirement benefits are covered by the abovementioned liability taken over and the details of the retirement benefits are as follows:

Qualified SOE Employees

The Qualified SOE Employees consist of two different categories of employees:

(a) Qualified SOE Employees being made redundant by the Former SOEs before their statutory retirement age prior to the Group's acquisition of the Former SOEs.

The Former SOEs paid basic salary and social benefit funds on a monthly basis to these Qualified SOE Employees until they reach statutory retirement age as stipulated by the State Regulations. The Group is required to continue paying such monthly payments to these redundant Qualified SOE Employees until they reach statutory retirement age as stipulated by the State Regulations; and

(b) Qualified SOE Employees not being made redundant by the Former SOEs before their statutory retirement age prior to the Group's acquisition of the Former SOEs and entering into new employment contracts with the Group upon acquisition of the Former SOEs by the Group.

The Former SOEs implemented early retirement plans for these Qualified SOE employees. The benefits of the early retirement plans of the Qualified SOE Employees were calculated based on factors including the number of years of qualified service with the Former SOEs, salary amount and other agreed terms for Qualified SOE Employees upon the Group's acquisition of the Former SOEs. The Group is required to pay these Qualified SOE Employees a redundancy payment if they opt for early retirement or are made redundant by the Group before their statutory retirement age as stipulated by State Regulations. These Qualified SOE Employees are not entitled to early retirement benefits upon reaching statutory retirement age.

Qualified Retirees

The Former SOEs also provided post-retirement benefits to their employees who were not covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. Upon being acquired by the Group, the Former SOEs had certain Qualified Retirees to whom the Former SOEs had an obligation to pay a fixed amount on a monthly basis until their death, where the Group is required to continue paying such monthly payments to these Qualified Retirees. The post-retirement benefits of Qualified Retirees were calculated based on the monthly pension multiplied by an estimated life expectancy of Qualified Retirees.

The Group recognises the liability taken over as a non-current liability at initial recognition, and subsequent payments of the retirement benefits to Qualified SOE Employees and Qualified Retirees are debited against the non-current liability. Payments are made by the Group to Qualified SOE Employees and Qualified Retirees, but the use of the fund is monitored and supervised jointly by the former parent company of the Former SOEs and the union. Except for the payment of the retirement benefits of the Qualified SOE Employees and the Qualified Retirees, the fund cannot be used for any other purpose including the transfer to the Group's statement of profit or loss or reserve without the joint approval from the former parent company of Former SOEs, the union and the Municipal Labour & Social Security Bureau.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

(iii) Employee benefits to all eligible employees of the companies in Portugal

As per the collective labor agreement in force at the time for the insurance activity, the companies in Portugal undertook the commitment to make cash payments to complement the retirement pensions paid by the social security services to the employees hired prior to 22 June 1995, the date when the labor agreement became effective. These payments corresponded to a percentage, which grew with the number of years of employment, applied to the table of salaries in force at the date of retirement.

Following the new labor agreement for the insurance activity, signed at 23 December 2011, the previous defined benefit pension plan was replaced, regarding workers actively employed, effective 1 January 2012, with a plan of defined contributions, with the current value of liabilities for services rendered at 31 December 2011 being transferred to the individual account of each participant. This change has not been applied to pensions due to workers who were retired or pre-retired at 31 December 2011.

Contributions by the companies in Portugal to the defined contribution plan are made in accordance with the rules set forth in the collective labour agreement, and recorded as an expense in the period they are due as a charge to administrative expenses.

(iv) Pension scheme for all eligible employees of the companies in Hong Kong

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all employees of the companies in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

(v) Accommodation benefits for all eligible employees of the companies in Mainland China

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 government agency are charged to the consolidated statement of profit or loss as and when they are incurred.

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 costs of those assets. The capitalization 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 proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

The functional currency of the Company and PRC subsidiaries is Hong Kong dollars ("HKD") and RMB, respectively. The financial statements are presented in RMB, which is the Group's and Company's presentation 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 transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency 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.

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).

The functional currencies of the Company and its subsidiaries incorporated outside Mainland China are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted 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 the consolidated statement of 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.

Insurance and investment contracts

(a) Classification of contracts

Transactions associated with insurance contracts written and reinsurance contracts held by the Group are recognised in accordance with HKFRS 4 - "Insurance Contracts". Insurance contracts are those contracts under which the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Contracts without a significant insurance risk are considered to be investment contracts and recognised under HKAS 39 requirements.

As provided for in HKFRS 4, investment contracts with a discretionary profit sharing component also continue to be classified as insurance contracts.

An insurance or investment contract is considered to include profit sharing with a discretionary component when the respective contractual conditions provide for the allocation of additional benefits to the insured, as a complement to the contract's guaranteed component part.

Potential capital gains, net of capital losses, resulting from the revaluation of assets allocated to life insurance contracts with profit sharing and which are expected to be paid to policyholders are recognised in the other life insurance contract liabilities (profit sharing provision).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(b) Recognition of income and costs

Non-life insurance contract premiums, life insurance and investment contracts with a discretionary profit sharing component are recognised as income when written in "Net premiums written" in the statement of profit or loss.

Premiums written on non-life insurance contracts and their associated acquisition costs are recognised as income and cost over the corresponding risk periods, through the use of the unearned premiums provision.

The liabilities related to life insurance contracts and investment contracts with discretionary profit sharing component are recorded in the "Other life insurance contract liabilities" account heading. This provision and the respective cost are recognised simultaneously with the income associated with premiums.

(c) Provision for unearned premiums

The provision for unearned premiums comprises the value of insurance contract premiums written and allocated to following periods, i.e. the part comprising the period between financial statements close and end of the period to which the premium refers. It is calculated, for each contract in force, by the application of the pro rata temporis method on the respective gross premiums written.

(d) Claims provision

This provision recognises the estimated amount of indemnities payable on accidents which have already occurred, including claims incurred but not reported (IBNR) and administrative costs on future claims settlements whose management procedure is currently being processed together with IBNR claims. Except for mathematical provisions and whole-life assistance for workman's compensation, the claims provisions set up by the Group are not discounted.

(e) Mathematical provision for life insurance

This corresponds to the estimated actuarial value of the insurance company's commitments, including profit sharing payments already distributed and following the deduction of the actuarial value of future premiums, calculated for each policy in accordance with actuarial methods and their respective technical bases.

In the case of life insurance contracts in which the investment risk is borne by the policyholder, this account heading only includes any additional technical provisions which may be set up to cover mortality risks, administrative or other expenditure (e.g. guaranteed payments on maturity or guaranteed redemption values).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(f) Profit sharing provision

The profit sharing provision includes amounts payable to policyholders or contract beneficiaries, in the form of a profit sharing scheme, to be or already attributed, provided that such amounts have not been distributed.

Profit sharing provision to be attributed

This provision includes the balances originated by the net capital gains attributable to the insured and it also reflects the net amount of the subsequent potential capital gains and losses (fair value adjustments) relating to investments allocated to life insurance contracts with a profit sharing component, for the estimated part of the policy holder or contract beneficiary, as long as the balances by portfolio are not negative.

This provision is set up as a charge to profit sharing to be attributed, in the statement of profit or loss, or as a direct charge to the revaluation reserves for adjustments to the fair value of available for sale financial assets allocated to life insurance with a profit sharing component, depending on the assets' classification.

This provision includes the amounts payable to policyholders or contract beneficiaries, in the form of profit sharing, which have still not been distributed but which have been attributed to them.

For most products the provision is calculated on the basis of income generated by the allocated assets, including realised capital gains and losses and the recognition of impairment losses for the period, less the negative balances of past years, in cases in which the said deduction is contractually provided for.

(g) Provision for interest rate commitments

The provision for interest rate commitments is set up for all life insurance and life insurance operations with a guaranteed interest rate, whenever the effective yield on investments representing mathematical provisions on certain insurance contracts, is less than the average weighted technical interest rate used to assess the mathematical provisions for such contracts.

(h) Portfolio stabilisation provision

The portfolio stabilisation provision is set up for annually renewable group insurance contracts, guaranteeing death risk as their principal cover, and it is designed to provide for the heightened risk inherent to the progression of the average age of the insured group, whenever the tariff is based on a single rate, which, owing to contractual commitments is to be maintained over a certain period.

(i) Provision for unexpired risks

This provision is calculated for all non-life insurance and provides for situations in which premiums to be allocated to following years, on contracts in force at the date of the financial statements, are not sufficient to pay for the indemnities and the expenses to be allocated to the respective technical lines of business. This provision is calculated on the basis of claims, operating costs, ceding and income ratios in accordance with relevant rules.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(j) Technical provisions for outwards reinsurance

These provisions are assessed by applying the above described criteria for direct insurance, based on ceding percentages, in addition to other clauses existing in the treaties in force.

(k) Liabilities to subscribers of unit linked products

Liabilities associated with unit linked investment contracts issued by the Group in which the risk is borne by the policyholder, are recognised at fair value, assessed on the basis of the fair value of investment portfolio assets allocated to each of the products, less the corresponding management costs and recognised in the "financial liabilities for unit-linked contracts".

Investment portfolios allocated to unit linked products comprise financial assets, including fixed-income securities, variable-income securities, derivative instruments and deposits in credit institutions, which are recognised at fair value and whose corresponding unrealised capital gains and losses are recognised in the statement of profit or loss for the year.

(l) Liabilities to subscribers of other investment contracts

Liabilities to subscribers of other regulated products, classified as investment contracts under HKFRS 4, which do not include a discretionary profit sharing component, are valued in accordance with the requirements of HKAS 39 and recognised in "Investment contract liabilities".

(m) Impairment of debtor balances related with insurance and reinsurance contracts

At each financial statement date, the Group assesses the existence of evidence of impairment on assets originated by insurance or reinsurance contracts, namely accounts receivable from policyholders, agents, inwards and outwards reinsurers, and technical provisions for outwards reinsurance.

If impairment losses are identified, the financial statements value of the respective assets is reduced as a charge to the statement of profit or loss for the year.

(n) Liability adequacy test

In accordance with HKFRS 4, at the financial statements date the Group performs liability adequacy tests relating to contracts in force. These tests include estimates of the present value of future cash flows under its insurance contracts, including claims handling costs and cash flows resulting from embedded options and guarantees.

If that assessment shows that the carrying amount of the insurance liabilities recognised in the financial statements, net of the deferred acquisition costs and related intangible assets is inadequate in the light of the estimated future cash flows, the entire insufficiency shall be recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's 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 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:

(i) Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(ii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgment. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(iii) Consolidation of entities in which the Group holds less than a majority of voting rights

The Group considers that it controls Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma") even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of Fosun Pharma with a 39.83% equity interest as at 31 December 2014. The remaining 60.17% of the equity shares in Fosun Pharma are widely held by many other shareholders. The Group controls the board of directors of Fosun Pharma, and holds relatively larger voting rights than other dispersed public shareholders. Since the date of Fosun Pharma's domestic shares being listed on Shanghai Stock Exchange, there has been no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

(iv) Deferred tax liabilities

Deferred tax liabilities are recognised for withholding corporate income taxes relating to the unremitted earnings of the Group's subsidiaries established in Mainland China that are subject to withholding taxes. Significant management judgement is required to determine the amount of deferred tax liabilities, based upon the likely distribution level of such earnings from these subsidiaries in the foreseeable future. The amount of deferred tax liabilities addition arising from the withholding tax associated with the investments in subsidiaries in Mainland China for the year ended 31 December 2014 was RMB112,749,000 (31 December 2013: RMB88,781,000). Further details are contained in note 29 to the financial statements.

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

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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:

(i) 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 2014 was RMB6,842,031,000 (31 December 2013: RMB3,050,328,000). Further details are given in note 21 to the financial statements.

(ii) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. 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 of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. 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 2014, impairment losses in the amount of RMB286,322,000 (2013: RMB481,534,000) have been recognised as set out in note 8 to the financial statements.

(iii) Impairment of available-for-sale financial investments

The Group classifies certain investments as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the consolidated statement of profit or loss. For the year ended 31 December 2014, impairment losses in the amount of RMB99,783,000 (2013: RMB11,400,000) have been recognised for available-for-sale financial assets as set out in note 8 to the financial statements. As at 31 December 2014, the carrying amount of available-for-sale assets was RMB77,237,813,000 (31 December 2013: RMB10,050,291,000).

(iv) Estimation of fair value of investment properties

As described in note 15 to the financial statements, investment properties were revalued on 31 December 2014 on an open market value and existing use basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

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

Estimation uncertainty *(Continued)*

(iv) Estimation of fair value of investment properties *(Continued)*

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2014 was RMB16,883,890,000 (31 December 2013: RMB9,896,252,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 15 to the financial statements.

(v) Provision for bad debts of loans and receivables

The Group reviews the recoverability and aging of loans and advances and provides impairment losses if the balances are not fully recoverable. The assessments involve estimation of the recoverability of these balances. Any change in the key sources of estimations would affect the carrying amount of the loans and advances, and provision expenses in the period in which such estimate has been changed.

(vi) Estimation of rehabilitation cost provision

For mining rights

Provisions for the Group's obligations for land rehabilitation are based on estimates of required expenditure at the mines in accordance with PRC rules and regulations. The Group estimates its liabilities for final rehabilitation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation.

Estimates used in the provision for rehabilitation cost are subjective in nature and involve uncertainties and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

For oil and gas assets

The Group estimates the future removal costs of on and offshore oil and gas platforms, production facilities, wells and pipelines at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal data, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating costs, future removal technologies in determining the removal cost, and asset specific discount rates to determine the present value of these cash flows.

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

Estimation uncertainty *(Continued)*

(vii) Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. 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 where 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.

(viii) Useful lives of intangible assets (other than goodwill)

The Group determines the estimated useful lives for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the amortisation charge where 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.

(ix) 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 carrying value of deferred tax assets relating to recognised tax losses at 31 December 2014 was RMB1,562,209,000 (31 December 2013: RMB1,504,016,000). The amount of unrecognised tax losses and deductible temporary difference as at 31 December 2014 was RMB8,978,885,000 (31 December 2013: RMB6,598,552,000). Further details are contained in note 29 to the financial statements.

(x) Net realisable value of inventories, properties under development and completed properties for sale

Net realisable value of inventories, properties under development and completed properties for sale is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of 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 each reporting period.

(xi) Contingent consideration for acquisition of subsidiaries

The Group estimated the fair value of contingent consideration for acquisition of subsidiaries under the income approach which involves the expected cash flows, to be discounted to the acquisition date at an appropriately chosen discount rate. Significant management judgement is required to determine the expected cash flows and discount rate. Management reassesses these estimates at the end of each reporting period.

(xii) Assessment of insurance and reinsurance contracts liabilities

The Group's insurance and reinsurance contracts liabilities are assessed on the basis of the methodologies and assumptions described in Note 2.4. These liabilities reflect a quantified estimate of the impact of future events on the accounts of the Group's insurance companies, based on actuarial assumptions, claims history and other methods accepted in the sector. Owing to the nature of insurance activity, the assessment of claims provisions and other insurance and reinsurance contracts liabilities is highly subjective and the real amounts payable in the future may differ significantly from the estimates. Management reassesses these estimates at the end of each reporting period.

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2014 are set out below:

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries						
上海復星高科技(集團)有限公司 (Shanghai Fosun High Technology (Group) Co., Ltd.)	PRC/ Mainland China	3,800,000	100.0%	—	100.0%	Investment holding
上海復星產業投資有限公司 (Shanghai Fosun Industrial Investment Co., Ltd.)	PRC/ Mainland China	600,000	—	100.0%	100.0%	Investment holding
復星金融控股有限公司 (Fosun Financial Holdings Limited Hong Kong)	Hong Kong	HKD 11,990,000,000	—	100.0%	100.0%	Investment holding
復星地產控股有限公司 (Fosun Property Holdings Limited Hong Kong)	Hong Kong	HKD1	—	100.0%	100.0%	Investment holding
Steel segment						
南京南鋼鋼鐵聯合有限公司 (Nanjing Nangang Iron & Steel United Co., Ltd.)	PRC/ Mainland China	3,000,000	—	60.0%	60.0%	Manufacture and sale of iron and steel products
南京鋼鐵聯合有限公司 (Nanjing Iron & Steel United Co., Ltd.)	PRC/ Mainland China	850,000	—	100.0%	60.0%	Manufacture and sale of iron and steel products
南京南鋼產業發展有限公司 (Nanjing Iron & Steel Industry Development Co., Ltd.)	PRC/ Mainland China	1,850,000	—	100.0%	50.3%	Manufacture and sale of iron and steel products
南京鋼鐵股份有限公司 (Nanjing Iron & Steel Co., Ltd.)	PRC/ Mainland China	3,875,752	—	83.8%	50.3%	Manufacture and sale of iron and steel products
南京鋼鐵集團國際經濟貿易有限公司 (Nanjing Iron & Steel Group International Trading Co., Ltd.)	PRC/ Mainland China	1,000,000	—	100.0%	50.3%	International trading
安徽金安礦業有限責任公司 (Anhui Jin'an Mining Co., Ltd.)	PRC/ Mainland China	100,000	—	100.0%	50.3%	Mining and ore processing

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2014 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(continued)*						
Health segment						
上海復星醫藥(集團)股份有限公司 * (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.)	PRC/ Mainland China	2,311,611	—	39.8%	39.8%	Investment holding
上海復星醫藥產業發展有限公司 (Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.)	PRC/ Mainland China	2,253,308	—	100.0%	39.8%	Investment holding
錦州奧鴻藥業有限責任公司 (Jinzhou Aohong Pharmaceutical Co., Ltd.)	PRC/ Mainland China	107,875	—	93.0%	37.0%	Manufacture and sale of pharmaceutical products
江蘇萬邦生化醫藥股份有限公司 (Jiangsu Wanbang Biopharmaceutical Co., Ltd.)	PRC/ Mainland China	440,455	—	95.2%	37.9%	Manufacture and sale of pharmaceutical products
湖北新生源生物工程股份有限公司 (Shine Star (Hubei) Biological Engineering Co., Ltd.)	PRC/ Mainland China	51,120	—	51.0%	20.3%	Manufacture and sale of pharmaceutical products
重慶藥友製藥有限責任公司 (Chongqing Yao Pharmaceutical Co., Ltd.)	PRC/ Mainland China	196,540	—	51.0%	20.3%	Manufacture and sale of pharmaceutical products
桂林南藥股份有限公司 (Guilin South Pharma Co., Ltd.)	PRC/ Mainland China	285,030	—	95.2%	37.9%	Manufacture and sale of pharmaceutical products
復星實業(香港)有限公司 (Fosun Industrial (HK) Co., Ltd.)	Hong Kong	USD115,320	—	100.0%	39.8%	Investment holding
湖南洞庭藥業股份有限公司 (Hunan Dongting Pharmaceutical Co., Ltd.)	PRC/ Mainland China	110,064	—	77.8%	31.0%	Manufacture and sale of pharmaceutical products
上海復星平耀投資管理有限公司 (Shanghai Fosun Pingyao Investment Management Co., Ltd.)	PRC/ Mainland China	10,000	—	100.0%	39.8%	Manufacture and sale of pharmaceutical products
佛山市禪城區中心醫院有限公司 (Foshan City Chancheng District Central Hospital Co., Ltd.)	PRC/ Mainland China	50,000	—	60.0%	23.9%	Provision of medical services

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2014 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(continued)*						
Property Development and Sales segment						
復地(集團)股份有限公司 (Shanghai Forte Land Co., Ltd.)	PRC/ Mainland China	505,861	—	99.1%	99.1%	Property development
上海復地投資管理有限公司 (Shanghai Forte Investment Management Co., Ltd.)	PRC/ Mainland China	80,000	—	100.0%	99.1%	Investment holding
武漢中北房地產開發有限公司 (Wuhan Zhongbei Property Development Co., Ltd.)	PRC/ Mainland China	933,000	—	70.0%	69.3%	Property development
長春兆基房地產開發有限公司 (Changchun Zhaoji Real Estate Development Co., Ltd.)	PRC/ Mainland China	50,000	—	100.0%	99.1%	Property development
上海櫻花置業有限公司 (Shanghai Yinghua Real Estate Co., Ltd.)	PRC/ Mainland China	USD 111,500,000	—	100.0%	99.1%	Property development
山西復地得一房地產開發有限公司 (Shanxi Forte Deyi Real Estate Co., Ltd.)	PRC/ Mainland China	100,000	—	80.0%	79.3%	Property development
長沙復地房地產開發有限公司 (Changsha Forte Real Estate Co., Ltd.)	PRC/ Mainland China	500,000	—	100.0%	99.1%	Property development
上海精盛房地產開發有限公司 (Shanghai Jingsheng Real Estate Co., Ltd.)	PRC/ Mainland China	10,000	—	80.0%	79.3%	Property development
天津申港置業發展有限公司 (Tianjin Shengang Real Estate Co., Ltd.)	PRC/ Mainland China	30,000	—	70.0%	69.4%	Property development
南京復地東郡置業有限公司 (Nanjin Forte Dongjun Real Estate Co., Ltd.)	PRC/ Mainland China	650,000	—	100.0%	99.1%	Property development
無錫地久置業有限公司 (Wuxi Dijiu Real Estate Co., Ltd.)	PRC/ Mainland China	USD 149,600,000	—	80.0%	79.3%	Property development
杭州金成品屋置業有限公司 (Hangzhou Jincheng Pinwu Real Estate Co., Ltd.)	PRC/ Mainland China	100,000	—	60.0%	59.5%	Property development
Resources segment						
海南礦業股份有限公司 (Hainan Mining Co., Ltd.)	PRC/ Mainland China	1,886,670	—	54.0%	54.0%	Mining and ore processing
Roc Oil Company Limited	Australia	USD 734,150,000	—	92.6%	92.6%	Oil and gas exploration

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2014 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(continued)*						
Asset management segment						
上海創富投資管理有限公司 (Fosun Capital Investment & Management Co., Ltd.)	PRC/ Mainland China	110,000	—	100.0%	100.0%	Capital investment and management
IDERA Capital Management Ltd.	Japan	JPY 100,000,000	—	98.0%	98.0%	Capital investment and management
Insurance segment						
鼎睿再保險有限公司 (Peak Reinsurance Company Limited)	Hong Kong	USD 550,000,000	—	85.1%	85.1%	Reinsurance
Fidelidade – Companhia de Seguros, S.A.	Portugal	Euro 381,150,000	—	80.0%	80.0%	Underwriting of life and non-life insurance
Associates						
國藥產業投資有限公司** (Sinopharm Industrial Investment Co., Ltd.)	PRC/ Mainland China	100,000	—	49.0%	19.5%	Distribution of pharmaceutical products
上海豫園旅遊商城股份有限公司** (Shanghai Yuyuan Tourist Mart Co., Ltd.)	PRC/ Mainland China	1,437,322	—	29.91%	29.91%	Retail
天津建龍鋼鐵實業有限公司** (Tianjin Jianlong Iron & Steel Industrial Co., Ltd.)	PRC/ Mainland China	2,000,000	—	25.7%	25.7%	Manufacture and sale of iron and steel products
上海證大房地產有限公司**@ (Shanghai Zendai Property Limited)	Bermuda/ Mainland China	HKD248,747,000	—	16.3%	16.2%	Property investment and management
上海地杰置業有限公司** (Shanghai Dijie Real Estate Limited)	PRC/ Mainland China	20,000	—	40.0%	39.6%	Property investment and management
永安財產保險股份有限公司@ (Yong'an Insurance Co., Ltd.)	PRC/ Mainland China	2,663,200	—	19.9%	19.9%	Property insurance
Giovanna Group Holdings Limited**@	Cayman Island/ Mainland China	USD5,000	—	17.4%	17.4%	Investment and management in digital media business

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2014 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company Direct	Indirect	Effective	Principal activities
Joint ventures						
上海海之門房地產投資管理有限公司** (Shanghai Haizhimen Property Investment and Management Co., Ltd.)	PRC/ Mainland China	1,000,000	—	50.0%	50.0%	Property investment and management
無錫復地房地產開發有限公司** (Wuxi Forte Real Estate Development Co., Ltd.)	PRC/ Mainland China	195,000	—	50.0%	49.5%	Property development
陝西省建秦房地產開發有限公司** (Shaanxi Jianqin Real Estate Development Co., Ltd.)	PRC/ Mainland China	130,000	—	50.0%	49.5%	Property development

The English names of the above subsidiaries, associates and joint ventures are directly translated from their Chinese names.

The above table lists the subsidiaries, associates and joint ventures of the Group which, in the opinion of the directors of the Company, principally affected the results of the Group for the year ended 31 December 2014 or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries, associates and joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

Notes:

* Fosun Pharma continues to be accounted for as a subsidiary because the Group is able to control over the board of directors as well as the operating and financial policies of this company and the Group continues to be the single major shareholder of Fosun Pharma and holds relatively larger voting rights than other dispersed public shareholders, despite the fact that the Group's equity interest in this company was 39.83% as at 31 December 2014.

** The statutory financial statements of those joint ventures and associates were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

@ The Group's investments in these associates are accounted for under the equity method of accounting because the Group has significant influence over these entities by way of representation on the board of directors and participation in the policy-making process, despite the fact that the Group's direct or indirect equity interests in these associates were lower than 20% for the year ended 31 December 2014.

5. OPERATING SEGMENT INFORMATION

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

(i) Insurance segment engages in the operation of and investment in the insurance business;

(ii) Investment segment comprises, principally, the investments in strategic associates, private equity investments, secondary market investments and limited partner investments;

(iii) Asset management segment engages in the asset management business through the platform such as corporation funds, partnership funds and trusts;

(iv) Banking and other finance business segment comprises the operation of and investment in the banking, securities and finance leasing industries.

Insurance segment, investment segment, asset management segment and banking and other financial business segment listed above all belong to one integrated finance sector of the Group.

(v) Health segment engages in the research and development, manufacturing, sale and trading of pharmaceutical and medical products and providing healthcare services;

(vi) Happy lifestyle segment comprises, principally the operation and investments in the wholesale and retail of gold and jewellery, tourism and entertainment industries.

(vii) Property development and sales segment engages in the development and sale of properties;

(viii) Steel segment engages in the manufacturing, sale and trading of iron and steel products; and

(ix) Resources segment engages in the mining and ore processing of various metals and the oil and gas exploration.

Health segment, happy lifestyle segment, property development and sales segment, steel segment and resources segment listed above all belong to one industrial operation sector of the Group.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. In the year ended 31 December 2014, as the management changes the structure of the Group's internal organisation to match its business development strategy in a manner that causes the Group's composition of its reportable segments to change, some entities within the Group were re-structured to reflect such change.

Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax. The adjusted profit or loss after tax is measured consistently with the Group's profit or loss after tax except that head office and corporate expenses are excluded from such measurement.

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.

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2014

	Integrated Finance				Industrial Operation						
	Insurance RMB'000	Investment RMB'000	Asset management RMB'000	Banking and other financial business RMB'000	Health RMB'000	Happy lifestyle RMB'000	Steel RMB'000	Property development and sales RMB'000	Resources RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:											
Sales to external customers	7,867,640*	670,003	360,199	1,996	11,938,243	—	27,272,049	12,111,918	1,516,401	—	61,738,449
Inter-segment sales	—	30,493	85,925	—	—	—	—	37,244	72,795	(226,457)	—
Other income and gains	3,198,526	4,033,663	23,310	13,315	2,042,439	224,346	434,262	1,003,206	95,821	(68,159)	11,000,729
Total	11,066,166	4,734,159	469,434	15,311	13,980,682	224,346	27,706,311	13,152,368	1,685,017	(294,616)	72,739,178
Segment results	102,417	4,045,885	214,366	(32,710)	2,823,279	198,946	1,169,660	3,097,338	358,014	40,918	12,018,113
Interest and dividend income	1,871,285	574,080	36,810	176,822	120,017	—	280,796	81,309	5,044	(357,514)	2,788,649
Unallocated expenses											(1,015,195)
Finance costs	(58,905)	(2,092,886)	(12,031)	(2,805)	(415,040)	(20,752)	(1,001,505)	(375,222)	(50,553)	145,134	(3,884,565)
Share of profits and losses of											
– Joint ventures	(57,790)	(10,850)	(230)	4,967	(20,731)	—	7,684	1,204,129	—	—	1,127,179
– Associates	128,215	118,872	—	(2,650)	929,148	295,279	89,660	112,586	—	—	1,671,110
Profit before tax	1,985,222	2,635,101	238,915	143,624	3,436,673	473,473	546,295	4,120,140	312,505	(171,462)	12,705,291
Tax	(560,102)	(605,794)	(13,500)	(37,314)	(530,286)	—	(104,546)	(1,304,393)	29,293	7,411	(3,119,231)
Profit for the year	1,425,120	2,029,307	225,415	106,310	2,906,387	473,473	441,749	2,815,747	341,798	(164,051)	9,586,060
Segment and total assets	113,085,328	40,295,104	4,360,798	4,987,290	35,280,887	7,406,263	43,533,306	78,803,649	9,354,796	(12,274,638)	324,832,783
Segment and total liabilities	97,021,498	60,896,293	1,027,684	3,547,280	16,233,275	1,686,515	31,811,156	55,844,568	2,262,524	(21,182,502)	249,148,291
Other segment information:											
Depreciation and amortisation	128,544	35,563	1,164	281	563,038	10,119	1,411,396	29,554	129,780	—	2,309,439
Impairment loss for non-current assets	97,370	—	18,369	—	290,045	—	24,481	—	158,340	—	588,605
Provision for impairment of current assets	147,652	—	—	—	43,562	—	138,325	—	4,564	—	334,103
Research and development costs	—	—	—	—	511,841	—	155,434	—	—	—	667,275
Fair value gains on fair value adjustments of investment properties	(33,886)	(28,134)	—	—	—	—	—	(854,642)	—	—	(916,662)
Fair value (gains)/loss on investments at fair value through profit or loss	(161,193)	(2,552,954)	—	—	10,702	(219,232)	(1,645)	—	—	—	(2,924,322)
Investments in joint ventures	113,848	36,093	2,200	158,034	122,880	—	115,982	7,040,113	—	—	7,589,150
Investments in associates	1,864,786	3,358,527	52,642	71,674	11,727,481	3,352,433	2,535,547	3,583,279	430,035	—	26,976,404
Capital expenditure**	325,265	227,778	561	—	1,312,275	162,974	2,878,652	16,191	378,228	—	5,301,924

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2013

	Integrated Finance				Industrial Operation						
	Insurance RMB'000	Investment RMB'000	Asset management RMB'000	Banking and other financial business RMB'000	Health RMB'000	Happy lifestyle RMB'000	Steel RMB'000	Property development and sales RMB'000	Resources RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:											
Sales to external customers	276,798*	73,865	218,802	—	9,921,487	—	26,425,290	11,601,524	2,499,117	—	51,016,883
Inter-segment sales	—	22,683	224,655	—	—	—	—	63,312	155,279	(465,929)	—
Other income and gains	701,843	2,190,196	21,630	—	1,477,631	114,410	1,711,588	1,694,167	61,761	(198,045)	7,775,181
Total	978,641	2,286,744	465,087	—	11,399,118	114,410	28,136,878	13,359,003	2,716,157	(663,974)	58,792,064
Segment results	585,204	1,975,047	20,432	(29,739)	2,395,481	108,922	1,043,497	3,256,011	1,376,564	(46,073)	10,685,346
Interest and dividend income	64,693	587,003	44,812	115,121	89,545	—	227,499	125,872	5,204	(181,481)	1,078,268
Unallocated expenses											(525,379)
Finance costs	—	(1,231,581)	(13,327)	(144)	(350,451)	(5,099)	(930,192)	(326,907)	(42,153)	133,955	(2,765,899)
Share of profits and losses of											
– Joint ventures	(44,540)	(8,337)	(70,141)	601	(21,518)	—	12,124	13,158	—	—	(118,653)
– Associates	22,663	125,104	—	—	782,462	228,395	51,249	197,724	—	—	1,407,597
Profit/(loss) before tax	628,020	1,447,236	(18,224)	85,839	2,895,519	332,218	404,177	3,265,858	1,339,615	(93,599)	9,761,280
Tax	(8,967)	(155,522)	(18,647)	(18,904)	(506,324)	—	149,030	(1,028,410)	(335,698)	14,931	(1,908,511)
Profit/(loss) for the year	619,053	1,291,714	(36,871)	66,935	2,389,195	332,218	553,207	2,237,448	1,003,917	(78,668)	7,852,769
Segment and total assets	5,448,117	30,699,644	3,139,708	3,152,426	29,419,034	3,685,174	40,212,179	68,492,216	4,811,954	(5,936,530)	183,123,922
Segment and total liabilities	628,732	33,817,210	38,336	2,531,047	11,810,676	315,383	28,783,882	48,024,304	1,445,587	(5,571,064)	121,824,093
Other segment information:											
Depreciation and amortisation	1,374	41,817	6,194	—	420,498	—	1,102,256	31,744	136,986	—	1,740,869
Impairment loss for non-current assets	—	—	—	—	46,000	—	444,905	—	2,029	—	492,934
Provision for impairment of current assets	—	133	—	—	36,562	—	49,928	—	11,053	—	97,676
Research and development costs	—	—	—	—	437,613	—	64,402	—	—	—	502,015
Fair value gains on fair value adjustments of investment properties	—	—	—	—	—	—	—	(1,131,002)	—	—	(1,131,002)
Fair value (gains)/loss on investments at fair value through profit or loss	(463,798)	(947,001)	—	—	(30,370)	(113,303)	12,637	—	—	—	(1,541,835)
Investments in joint ventures	171,638	44,138	—	153,067	118,908	—	112,134	5,870,149	—	—	6,470,034
Investments in associates	784,036	3,117,195	92,401	74,324	8,765,410	1,924,898	2,441,864	3,169,588	—	—	20,369,716
Capital expenditure**	2,455	14,102	2,584	—	1,095,787	—	5,774,491	36,945	445,282	—	7,371,646

5. OPERATING SEGMENT INFORMATION *(Continued)*

* The sales to external customers of the insurance segment can be further analysed as follows:

	2014 RMB'000	2013 RMB'000
Gross premiums written	**8,832,514**	638,725
Less: Premiums ceded to reinsurers and retrocessionaires	**(710,430)**	(38,415)
Net premiums written	**8,122,084**	600,310
Change in unearned premium provisions, net of reinsurance	**(254,444)**	(323,512)
Net earned premiums	**7,867,640**	276,798

** Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, exploration and evaluation assets, mining rights and intangible assets.

Geographical information

(a) Revenue from external customers

	2014 RMB'000	2013 RMB'000
Mainland China	**51,606,349**	49,869,731
Portugal	**6,069,378**	—
Other countries and regions	**4,062,722**	1,147,152
	61,738,449	51,016,883

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

(b) Non-current assets

	2014 RMB'000	2013 RMB'000
Mainland China	**90,417,228**	79,576,310
Hong Kong	**3,197,364**	720,939
Portugal	**13,419,564**	—
Other countries and regions	**12,667,211**	5,959,592
	119,701,367	86,256,841

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets and rights arising under insurance contracts.

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 years ended 31 December 2014 and 2013.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods or properties sold after allowances for returns, trade discounts and various types of government surcharges, where applicable during the year. In addition, it includes the net earned premiums from insurance business, the value of services rendered and receivable from investment properties during the year.

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

	2014 RMB'000	2013 RMB'000
Revenue		
Insurance revenue:		
Gross premiums written	8,832,514	638,725
Less: Premiums ceded to reinsurers and retrocessionaires	(710,430)	(38,415)
Net premiums written	8,122,084	600,310
Change in unearned premium provisions, net of reinsurance	(254,444)	(323,512)
Net earned premiums	7,867,640	276,798
Sale of goods:		
Pharmaceuticals and medical products	10,558,871	9,334,837
Properties	12,075,864	11,672,053
Iron and steel products	27,376,542	26,516,829
Ore products	1,602,138	2,627,054
	51,613,415	50,150,773
Rendering of services:		
Healthcare	1,425,073	638,457
Property agency	382,249	338,745
Property management	174,044	107,405
Leasing from investment property	837,862	255,642
Asset management fee	360,199	218,802
Others	101,952	48,328
	3,281,379	1,607,379
Subtotal	62,762,434	52,034,950
Less: Government surcharges	(1,023,985)	(1,018,067)
	61,738,449	51,016,883

6. REVENUE, OTHER INCOME AND GAINS *(Continued)*

	2014 RMB'000	2013 RMB'000
Other income		
Interest income	606,402	570,366
Dividends from available-for-sale investments	1,858,347	221,107
Dividends from investments at fair value through profit or loss	323,900	286,795
Rental income	43,753	55,794
Sale of scrap materials	2,603	11,992
Government grants	269,181	273,860
Consultancy and other service income	37,366	62,783
Exchange gains, net	412,034	148,643
Insurance commissions	1,053,461	—
Others	377,233	177,158
	4,984,280	1,808,498
Gains		
Gain on bargain purchase	61,148	—
Gain on acquisition of an associate	—	441,643
Gain on disposal of associates	59,081	666,092
Gain on disposal of partial investments in associates	243,302	15,456
Gain on deemed disposal of partial investments in associates	728,288	473,111
Gain on disposal of items of property, plant and equipment	13,984	3,804
Gain on disposal of available-for-sale investments	3,597,875	1,822,810
Gain on disposal of investments at fair value through profit or loss*	209,183	949,198
Gain on disposal of non-current assets held for sale	51,253	—
Gain on fair value adjustment of investment properties (note 15)	916,662	1,131,002
Gain on fair value adjustment of investments at fair value through profit or loss	2,924,322	1,541,835
	8,805,098	7,044,951
Other income and gains	13,789,378	8,853,449
Total revenue, other income and gains	75,527,827	59,870,332

* During the year ended 31 December 2014, gain on disposal of investments at fair value through profit or loss did not included the gain on fair value adjustment of above investments recognised in consolidated profit and loss statement in prior years amounted to RMB 719,952,000.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2014 RMB'000	2013 RMB'000
Interest on bank and other borrowings wholly repayable within five years	**4,498,132**	3,588,844
Interest on bank and other borrowings not wholly repayable within five years	**155,693**	164,392
Interest on convertible bonds (note 40)	**207,618**	21,864
Incremental interest on other long term payables (note 52)	**12,681**	31,407
	4,874,124	3,806,507
Less: Interest capitalised, in respect of bank and other borrowings (notes 14 and 26)	**(1,424,737)**	(1,232,304)
Interest expenses, net	**3,449,387**	2,574,203
Interest on discounted bills	**167,152**	74,345
Interest on finance leases	**50,821**	12,408
Bank charges and other financial costs	**217,205**	104,943
Total finance costs	**3,884,565**	2,765,899

8. PROFIT BEFORE TAX

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

	2014 RMB'000	2013 RMB'000
Cost of sales	**47,122,683**	40,658,491
Staff costs (including directors' and senior management's remuneration as set out in note 9):		
Wages and salaries	**4,944,963**	3,621,513
Accommodation benefits:		
Defined contribution fund	**189,401**	152,127
Retirement costs:		
Defined contribution fund	**453,649**	384,399
Equity-settled share-based payments (note 56)	**38,360**	9,707
Total staff costs	**5,626,373**	4,167,746

8. PROFIT BEFORE TAX *(Continued)*

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

	2014 RMB'000	2013 RMB'000
Research and development costs	667,275	502,015
Auditors' remuneration	9,800	8,850
Depreciation of items of property, plant and equipment (note 14)	2,088,031	1,588,489
Amortisation of prepaid land lease payments (note 16)	46,296	36,397
Amortisation of mining rights (note 18)	43,298	42,683
Amortisation of intangible assets (note 20)	131,814	73,300
Provision/(reversal) for impairment of receivables	241,811	(4,481)
Provision for inventories	92,292	102,157
Provision for impairment of goodwill (note 21)	202,500	—
Provision for impairment of oil and gas assets (note 19)	158,340	—
Provision for impairment of items of property, plant and equipment (note 14)	5,853	446,934
Provision for impairment of investments in associates	38,134	34,600
Provision for impairment of available-for-sale investments	99,783	11,400
Provision for impairment of intangible assets (note 20)	83,995	—
Operating lease rentals	211,109	135,334
Exchange gains, net	(412,034)	(148,643)
Loss on the settlement of derivative financial instruments	53,438	—
Loss on disposal of subsidiaries (note 55(b))	15,873	—

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	2014 RMB'000	2013 RMB'000
Salaries, allowances and benefits in kind	29,101	27,964
Performance related bonus*	18,818	11,117
Pension scheme contributions	343	336
	48,262	39,417

* The executive directors of the Company are entitled to performance related bonus which are determined based on internal appraisal of various performance indicators.

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.

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION *(Continued)*

(a) Directors' remuneration *(Continued)*

(i) Independent non-executive directors

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

	2014 RMB'000	2013 RMB'000
Zhang Shengman	436	399
Andrew Y. Yan (resigned on 26 September 2014)	320	399
Zhang Huaqiao	436	399
David T. Zhang	436	399
	1,628	1,596

There were no other remuneration payable to the independent non-executive directors during the year (2013: Nil).

(ii) Executive directors and a non-executive director

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2014					
Executive directors:					
Guo Guangchang	—	4,225	3,699	49	7,973
Liang Xinjun	—	4,225	3,569	49	7,843
Wang Qunbin	—	4,225	3,569	49	7,843
Ding Guoqi	—	3,595	2,747	49	6,391
Qin Xuetang	—	3,595	2,617	49	6,261
Wu Ping	—	3,595	2,617	49	6,261
	—	23,460	18,818	294	42,572
Non-executive director:					
Fan Wei (redesigned as non-executive director on 22 May 2013)	—	4,013	—	49	4,062
	—	27,473	18,818	343	46,634

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION *(Continued)*

(a) Directors' remuneration *(Continued)*

(ii) Executive directors and a non-executive director *(Continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2013					
Executive directors:					
Guo Guangchang	—	4,024	2,289	48	6,361
Liang Xinjun	—	4,024	2,159	48	6,231
Wang Qunbin	—	4,024	2,149	48	6,221
Ding Guoqi	—	3,424	1,407	48	4,879
Qin Xuetang	—	3,424	1,257	48	4,729
Wu Ping	—	3,424	1,078	48	4,550
	—	22,344	10,339	288	32,971
Non-executive director:					
Fan Wei (redesigned as non-executive director on 22 May 2013)	—	4,024	788	48	4,860
	—	26,368	11,127	336	37,831

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

(b) Five highest paid employees

All the five highest paid employees of the Company were directors for the years ended 31 December 2014 and 2013. Information relating to their remuneration is disclosed above.

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION *(Continued)*

(c) Senior management's remuneration

The number of senior management whose remuneration fell within the following bands is as follows:

	Number of employees 2014
Nil to RMB1,000,000	**1**
RMB1,000,001 to RMB2,000,000	**3**
RMB2,000,001 to RMB4,000,000	**4**
RMB4,000,001 to RMB6,000,000	**2**
RMB6,000,001 to RMB8,000,000	**3**
	13

10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The provision of current income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of Fosun Pharma incorporated in Israel, is based on a preferential rate of 16% (2013: 12.5%).

The provision of income tax of Fidelidade - Companhia de Seguros, S.A., Multicare - Seguros de Saúde, S.A. and Cares - Companhia de Seguros, S.A., subsidiaries incorporated in Portugal acquired by the Group during the year, is based on a rate of 31.5%.

The provision for Mainland China current income tax was based on a statutory rate of 25% (2013: 25%) of the assessable profit of the Group as determined in accordance with the Enterprise Income Tax Law of the People's Republic of China which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which were taxed at preferential rates of 0% to 20%.

The major components of tax expenses for the years ended 31 December 2014 and 2013 are as follows:

	2014 RMB'000	2013 RMB'000
Current – Portugal, Hong Kong and others	**465,440**	150,412
Current – Mainland China		
– Income tax in Mainland China for the year	**1,182,341**	1,521,308
– LAT in Mainland China for the year	**631,757**	254,230
Deferred	**839,693**	(17,439)
Tax expenses for the year	**3,119,231**	1,908,511

10. TAX *(Continued)*

A reconciliation between the tax expenses and profit before tax excluding share of profits and losses of associates and joint ventures at the applicable statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled is as follows:

	Portugal, Hong Kong and others RMB'000	Mainland China RMB'000	Total RMB'000
2014 Group			
Profit before tax excluding share of profits and losses of associates and joint ventures	3,863,491	6,043,511	9,907,002
Tax at the applicable tax rate	926,207	1,510,878	2,437,085
Lower tax rate for specific entities	(16,808)	(130,481)	(147,289)
Tax effect of:			
Income not subject to tax	(290,418)	(56,159)	(346,577)
Expenses not deductible for tax	181,375	50,907	232,282
Tax losses not recognised	99,074	460,144	559,218
Tax losses utilised	(5,858)	(4,454)	(10,312)
Temporary differences utilised	—	(103,303)	(103,303)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 29)	—	112,749	112,749
Over provision in prior years	(9,179)	(24,445)	(33,624)
Tax incentives on eligible expenditures	(779)	(32,292)	(33,071)
Subtotal	883,614	1,783,544	2,667,158
Provision of LAT provision for the year	—	114,460	114,460
Deferred tax effect of provision of LAT (note 29)	—	(28,615)	(28,615)
Prepaid LAT for the year	—	517,297	517,297
Tax effect of prepaid LAT	—	(129,324)	(129,324)
Deferred LAT in deferred tax liability (note 29)	—	(21,815)	(21,815)
Deferred tax effect of deferred LAT in deferred tax liability (note 29)	—	70	70
Tax expenses	883,614	2,235,617	3,119,231

10. TAX *(Continued)*

	Hong Kong and others RMB'000	Mainland China RMB'000	Total RMB'000
2013 Group			
Profit before tax excluding share of profits and losses of associates and joint ventures	2,480,585	5,991,751	8,472,336
Tax at the applicable tax rate	409,297	1,497,938	1,907,235
Lower tax rate for specific entities	(3,772)	(312,462)	(316,234)
Tax effect of:			
Income not subject to tax	(417,704)	(206,241)	(623,945)
Expenses not deductible for tax	44,357	84,215	128,572
Tax losses not recognised	126,458	526,706	653,164
Tax losses utilised	—	(34,231)	(34,231)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 29)	—	88,781	88,781
Under provision in prior years	33	4,380	4,413
Tax incentives on eligible expenditures	—	(34,600)	(34,600)
Subtotal	158,669	1,614,486	1,773,155
Reversal of LAT provision for the year	—	(63,307)	(63,307)
Deferred tax effect of reversal of LAT provision (note 29)	—	15,827	15,827
Prepaid LAT for the year	—	317,537	317,537
Tax effect of prepaid LAT	—	(79,384)	(79,384)
Deferred LAT in deferred tax liability (note 29)	—	(66,577)	(66,577)
Deferred tax effect of deferred LAT in deferred tax liability (note 29)	—	11,260	11,260
Tax expenses	158,669	1,749,842	1,908,511

According to the tax notices issued by the relevant local tax authorities, the Group commenced to pay LAT at rates ranging from 0.5% to 5% on proceeds from the sale and pre-sale of properties from 2004. Prior to 2007, except for the mentioned amount paid to the local tax authorities, no further provision for LAT had been made. The directors considered that the relevant tax authorities would be unlikely to impose additional LAT levies other than the amount already paid based on the relevant percentages of the proceeds from the sale and pre-sale of the Group's properties.

During the year, the prepaid LAT of the Group amounted to RMB517,297,000 (2013: RMB317,537,000).

In addition, based on the latest understanding of the LAT regulations from the State Administration of Taxation, the Group made an additional LAT provision in the amount of RMB209,643,000 (2013: RMB79,942,000) in respect of the sales of properties in the year in accordance with the requirements set forth in the relevant PRC tax laws and regulations. During the year, unpaid LAT provision in the amount of RMB95,183,000 (2013: RMB143,249,000) was reversed to the consolidated statement of profit or loss upon the completion of the liquidation and clearance with the local tax authorities by certain subsidiaries of the Group. The net accrual of LAT provision for the year is RMB114,460,000 (2013: net reversal of RMB63,307,000).

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2014 includes a profit of RMB976,470,000 (2013: RMB1,134,353,000) which has been dealt with in the financial statements of the Company (note 54).

12. DIVIDENDS

	2014 RMB'000	2013 RMB'000
Proposed final – HKD0.17 (2013: HKD0.15) per ordinary share	928,359	757,328

The proposed final dividend of HKD0.15 per ordinary share for the year ended 31 December 2013 was declared payable and approved by the shareholders at the annual general meeting of the Company on 28 May 2014.

On 25 March 2015, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2014 of HKD0.17 per ordinary share, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

13. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 6,727,614,266 (2013: 6,421,594,500) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds. 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 earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	6,853,944	5,518,930
Interest on convertible bonds (note 7)	207,618	21,864
Profit attributable to ordinary equity holders of the parent, as adjusted for the effect of convertible bonds	7,061,562	5,540,794

13. EARNINGS PER SHARE *(Continued)*

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**6,727,614,266**	6,421,594,500
Effect of dilution – weighted average number of convertible bonds	**387,500,000**	41,404,110
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**7,115,114,266**	6,462,998,610
Basic earnings per share (RMB)	**1.02**	0.86
Diluted earnings per share (RMB)	**0.99**	0.86

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Leasehold improvements	Mining infrastructure	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:								
At 1 January 2013	10,670,525	18,450,609	599,715	501,327	30,709	619,125	5,328,382	36,200,392
Additions	9,466	189,975	50,971	26,107	9,710	377	6,987,497	7,274,103
Transferred from construction in progress	840,210	936,365	36,295	8,849	—	33,858	(1,855,577)	—
Acquisition of subsidiaries	260,951	106,976	18,744	4,372	—	—	418,336	809,379
Disposal of subsidiaries	—	—	(4,576)	(4,883)	(4,324)	—	—	(13,783)
Disposals	(209,106)	(500,739)	(51,112)	(80,860)	—	—	—	(841,817)
At 31 December 2013 and 1 January 2014	**11,572,046**	**19,183,186**	**650,037**	**454,912**	**36,095**	**653,360**	**10,878,638**	**43,428,274**
Additions	**544,275**	**171,205**	**178,497**	**56,687**	**33,786**	**3,157**	**4,041,011**	**5,028,618**
Transferred from construction in progress	**3,198,167**	**7,281,654**	**153,102**	**69,330**	**—**	**637**	**(10,702,890)**	**—**
Acquisition of subsidiaries (note 55(a))	**2,858,718**	**132,074**	**388,467**	**981**	**—**	**—**	**15,466**	**3,395,706**
Disposal of subsidiaries (note 55(b))	**(122,866)**	**(25,218)**	**(5,504)**	**(2,859)**	**(4,307)**	**—**	**—**	**(160,754)**
Disposals	**(54,019)**	**(74,234)**	**(52,738)**	**(21,691)**	**(4,393)**	**—**	**(73,822)**	**(280,897)**
Included in assets of a disposal group classified as held for sale (note 38)	**(11,670)**	**(10,713)**	**(32,678)**	**(6,915)**	**(10,479)**	**—**	**(994)**	**(73,449)**
Exchange realignment	**(125,406)**	**—**	**(13,829)**	**—**	**—**	**—**	**—**	**(139,235)**
At 31 December 2014	**17,859,245**	**26,657,954**	**1,265,354**	**550,445**	**50,702**	**657,154**	**4,157,409**	**51,198,263**

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

Group *(Continued)*

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:								
At 1 January 2013	2,918,481	8,045,494	325,586	238,733	14,838	168,280	—	11,711,412
Charge for the year	351,151	1,062,715	85,914	58,143	10,552	20,014	—	1,588,489
Disposal of subsidiaries	—	—	(2,381)	(1,705)	(3,918)	—	—	(8,004)
Disposals	(62,806)	(199,605)	(50,128)	(15,165)	—	—	—	(327,704)
At 31 December 2013 and 1 January 2014	**3,206,826**	**8,908,604**	**358,991**	**280,006**	**21,472**	**188,294**	**—**	**12,964,193**
Charge for the year (note 8)	**454,462**	**1,425,286**	**145,563**	**33,789**	**6,303**	**22,628**	**—**	**2,088,031**
Disposal of subsidiaries (note 55(b))	**(13,004)**	**(14,180)**	**(2,508)**	**(1,573)**	**(2,213)**	**—**	**—**	**(33,478)**
Disposals	**(15,535)**	**(32,898)**	**(8,366)**	**(16,593)**	**(4,301)**	**—**	**—**	**(77,693)**
Exchange realigment	**—**	**—**	**595**	**—**	**—**	**—**	**—**	**595**
Included in assets of a disposal group classified as held for sale (note 38)	**(2,734)**	**(7,293)**	**(13,176)**	**(3,442)**	**—**	**—**	**—**	**(26,645)**
At 31 December 2014	**3,630,015**	**10,279,519**	**481,099**	**292,187**	**21,261**	**210,922**	**—**	**14,915,003**
Impairment loss:								
At 1 January 2013	56,549	136,086	58	325	—	—	75	193,093
Charge for the year	119,988	325,170	1,176	600	—	—	—	446,934
Disposals	(109,250)	(281,141)	(945)	(357)	—	—	—	(391,693)
At 31 December 2013 and 1 January 2014	**67,287**	**180,115**	**289**	**568**	**—**	**—**	**75**	**248,334**
Charge for the year (note 8)	**2,967**	**2,614**	**272**	**—**	**—**	**—**	**—**	**5,853**
Disposal of subsidiaries (note 55(b))	**—**	**(5,867)**	**—**	**—**	**—**	**—**	**—**	**(5,867)**
Disposals	**(1,508)**	**(1,441)**	**—**	**(7)**	**—**	**—**	**—**	**(2,956)**
At 31 December 2014	**68,746**	**175,421**	**561**	**561**	**—**	**—**	**75**	**245,364**
Net book value:								
At 31 December 2014	**14,160,484**	**16,203,014**	**783,694**	**257,697**	**29,441**	**446,232**	**4,157,334**	**36,037,896**
At 31 December 2013	8,297,933	10,094,467	290,757	174,338	14,623	465,066	10,878,563	30,215,747

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

Group *(Continued)*

(1) The net book values of property, plant and equipment pledged as security for interest-bearing bank loans granted to the Group are as follows (note 39):

	2014 RMB'000	2013 RMB'000
Buildings	166,764	283,675
Plant and machinery	786,843	644,820
Mining infrastructure	491,490	406,175
	1,445,097	1,334,670

(2) Capitalised interest expenses included in construction in progress of the Group are as follows (note 7):

	2014 RMB'000	2013 RMB'000
Interest expenses capitalised	142,027	158,880

(3) As at 31 December 2014, the Group was in the process of applying for property certificates for plant and office buildings with a net book value of approximately RMB2,773,743,000 (2013: RMB1,232,599,000).

(4) The net carrying amount of the Group's property, plant and equipment held under finance leases included in the total amount of plant and machinery at 31 December 2014 was RMB114,113,000 (2013: RMB134,796,000).

15. INVESTMENT PROPERTIES

	2014 RMB'000	2013 RMB'000
Cost:		
Carrying amount at 1 January	9,896,252	3,985,000
Additions	245,991	—
Acquisition of subsidiaries (note 55(a))	5,830,453	4,420,252
Transfer from properties under development	974,734	359,998
Transfer from properties held for sale	355,782	—
Gain from fair value adjustments (note 6)	916,662	1,131,002
Disposal of subsidiaries (note 55(b))	(776,000)	—
Exchange realignment	(559,984)	—
Carrying amount at 31 December	16,883,890	9,896,252

The Group's investment property consists of twelve commercial properties, which are located in Beijing, Shanghai, Hangzhou, Chengdu, Tianjin and Chongqing of Mainland China, New York City of the United States of America, Tokyo of Japan and other cities in Portugal. The directors of the Company have determined that the investment properties are commercial assets based on the nature, characteristics and risks of these properties.

15. INVESTMENT PROPERTIES *(Continued)*

The Group's nine investment properties located in China were valued on 31 December 2014 based on valuations performed by DTZ International Property Advisers (Shanghai) Co., Ltd, ("DTZ") an independent professionally qualified valuer, at RMB6,902,000,000. The Group's investment property located in New York City ("New York Property") was valued on 31 December 2014 based on valuations performed by CBRE, Inc., ("CBRE") an independent professionally qualified valuer, at USD738,000,000 (equivalent to RMB4,515,822,000). Selection criteria of the valuer include market knowledge, reputation, independence and whether professional standards are maintained. The management of the Company have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The Group's investment property, Seafort Square Citigroup Center ("Citigroup Center"), in Tokyo, Japan was acquired by an indirectly owned subsidiary of the Company, in August 2014 at a consideration of JPY12,333,206,000 (equivalent to RMB730,348,000) from an independent third party. The directors of the Company are of the opinion that the fair value of the Citigroup Center equalled to the purchase consideration as the Citigroup Center was acquired from an independent third party in an open market and there was no significant change in the commercial property market in Tokyo, Japan between the acquisition date and 31 December 2014.

The Group's investment property, Shinagawa Seaside Park Tower ("Shinagawa Property"), located in Tokyo, Japan was acquired by Fidelidade – Companhia de Seguros, S.A., an indirectly owned subsidiary of the company, in December 2014 at a consideration of JPY20,400,000,000 (equivalent to RMB1,047,969,000) from an independent third party. The directors of the Company are of the opinion that the fair value of the Shinagawa Property as at the year end equalled to that at the acquisition date due to the short-term time difference between the acquisition date and 31 December 2014.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 57 to the financial statements.

At 31 December 2014, the Group's certain investment properties located in Mainland China with a net carrying amount of approximately RMB5,433,000,000 (2013: RMB4,757,000,000) were pledged to secure bank loans, as set out in note 39 to the financial statements.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2014 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**
Commercial properties	**—**	**—**	**16,883,890**	**16,883,890**

	Fair value measurement as at 31 December 2013 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
Commercial properties	—	—	9,896,252	9,896,252

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2013:Nil).

DTZ and CBRE adopted the direct comparison approach by assuming sale with the benefit of vacant possession and by making reference to comparable sales and rental evidence as available in the relevant market. In addition, DTZ also adopted direct capitalization approach (term and reversion method, in particular) by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates. CBRE also adopted the discounted cash flow model in the valuation.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	2014 Range/ weighted average	2013 Range/ weighted average
28 Liberty	direct comparison approach and discounted cash flow approach	Terminal capitalization rate (Year 10)	**5.3%**	not applicable
		Discount rate	**7.8%**	
		Market rent:		
		– modified gross(Year 1) (Square Foot/Year)	**USD45 to USD70**	
		General vacancy/Credit loss rate(stabilized-Year 6)	**6.0%**	
Fosun International Center in Beijing	direct comparison approach and direct capitalization approach	Term yield	**5.5% to 6.5%**	5.5% to 6.5%
		Market rent:		
		– per s.q.m. and per month	**RMB238 to RMB277**	RMB234 to RMB274
		– per slot of parking space/month	**RMB 1,100**	RMB 1,100
		Level adjustments	**30% to 60%**	40% to 50%
		Market yield	**6.0% to 7.0%**	6.0% to 7.0%
		Reversionary period	**From 1 Jan 2015 to 30 August 2054**	From 1 July 2013 to 30 August 2054
Chengdu Forte International	direct comparison approach and direct capitalization approach	Term yield	**5.5%**	5.5%
		Market rent:		
		– per s.q.m. and per month	**RMB53 to RMB231**	RMB221
		Level adjustments	**30% to 60%**	40% to 70%
		Market yield	**6.0%**	6.0%
		Reversionary period	**From 1 Jan 2015 to 2 July 2048**	From 1 January 2014 to 2 July 2048
Other commercial properties	direct comparison approach and direct capitalization approach	Term yield	**3.0% to 6.5%**	4.5% to 6.0%
		Market rent:		
		- per s.q.m. and per month	**RMB45 to RMB225**	RMB68 to RMB200
		- per slot of parking space/month	**RMB301 to RMB395**	RMB300
		Level adjustments	**30% to 70%**	30% to 70%
		Market yield	**3.5% to 7.5%**	3.0% to 6.5%
		Reversionary period	**From 1 Jan 2015 to 13 May 2073**	From 1 July 2013 to 13 May 2073

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

A significant increase/(decrease) in the estimated market rent would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the term yield and market yield in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

Direct comparison approach is a method of valuation based on comparing the property of the Group to be assessed directly with other comparable properties which recently changed hands or leased. These premises are generally located in the surrounding areas or in another market which is comparable to the property of the Group. However, because of the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative difference that may affect the price/rent likely to be achieved by the property under consideration.

The direct capitalization approach is a method by capitalizing the rental from existing tenancies and the reversionary income potential at an appropriate market yield for the remaining term of the land use rights of the property of the Group. Capitalization rate is derived from the relationship between the market rent and the market capital value of other similar properties in the locality. DTZ has made reference to the prevailing market yield of the retail market.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Having regard to the nature of the property of the Group which belongs to a category of property mostly held for investment purpose and the prevailing market conditions, DTZ and CBRE have applied higher weight to income approach, which includes direct capitalization approach and discounted cash flow approach. Due to the scarcity of direct en-bloc sales of the same type of properties in the locality and considerable adjustments involved, DTZ and CBRE consider direct comparison approach of less reference and thus have applied less weight. After the application of weight of the fair value arose from each valuation techniques, DTZ comes outs the fair value of the nine investment properties of the Group located in Beijing, Shanghai, Hangzhou, Chengdu Tianjin and Chongqing in Mainland China as at 31 December 2014 is RMB6,902,000,000 and CBRE comes outs the fair value of New York Property as at 31 December 2014 is USD738,000,000(equivalent to RMB4,515,822,000).

16. PREPAID LAND LEASE PAYMENTS

	2014 RMB'000	2013 RMB'000
Cost:		
At 1 January	**2,200,794**	1,976,066
Additions	**83,454**	40,966
Acquisition of subsidiaries (note 55(a))	**51,258**	251,351
Transfer from properties under development	**839,262**	—
Included in assets of a disposal group classified as held for sale (note 38)	**(582)**	—
Disposals	**—**	(67,589)
At 31 December	**3,174,186**	2,200,794
Accumulated amortisation:		
At 1 January	**206,819**	174,829
Amortisation for the year (note 8)	**46,296**	36,397
Included in assets of a disposal group classified as held for sale (note 38)	**(322)**	—
Disposals	**—**	(4,407)
At 31 December	**252,793**	206,819
Net book value:		
At 31 December	**2,921,393**	1,993,975
At 1 January	**1,993,975**	1,801,237
Net book value pledged as security for bank loans (note 39)	**587,199**	194,687

The leasehold land is held under long term leases and is situated in Mainland China.

As at 31 December 2014, the Group was in the process of applying for the land use certificates for leasehold land with a net book value of approximately RMB49,066,000 (2013: RMB61,030,000).

17. EXPLORATION AND EVALUATION ASSETS

	2014 RMB'000	2013 RMB'000
Cost:		
At 1 January	**5,189**	1,620
Additions	**22,272**	3,569
Acquisition of subsidiaries (note 55(a))	**129,385**	—
At 31 December	**156,846**	5,189

18. MINING RIGHTS

	2014 RMB'000	2013 RMB'000
Cost:		
At 1 January	1,508,285	1,492,531
Additions	33,544	15,754
At 31 December	1,541,829	1,508,285
Accumulated amortisation:		
At 1 January	527,087	484,404
Amortisation for the year (note 8)	43,298	42,683
At 31 December	570,385	527,087
Impairment loss:		
At 1 January	186,562	186,562
At 31 December	186,562	186,562
Net book value:		
At 31 December	784,882	794,636
At 1 January	794,636	821,565

19. OIL AND GAS ASSETS

	2014 RMB'000	2013 RMB'000
Cost:		
At 1 January	—	—
Acquisition of subsidiaries (note 55(a))	1,670,546	—
At 31 December	1,670,546	—
Impairment loss:		
At 1 January	—	—
Charge for the year (note 8)	158,340	—
At 31 December	158,340	—
Net book value:		
At 31 December	1,512,206	—
At 1 January	—	—

20. INTANGIBLE ASSETS

	Medicine licences RMB'000	Trademarks RMB'000	Business network RMB'000	Patent and technical know-how RMB'000	Others RMB'000	Total RMB'000
Cost:						
At 1 January 2013	265,000	112,388	206,000	654,944	85,987	1,324,319
Additions	—	1,354	—	23,299	12,601	37,254
Acquisition of subsidiaries	56,000	157,395	314,598	149,620	1,879	679,492
Disposal of subsidiaries	—	—	—	—	(2,370)	(2,370)
Disposals	—	(4,243)	—	(10,360)	(16)	(14,619)
At 31 December 2013 and 1 January 2014	**321,000**	**266,894**	**520,598**	**817,503**	**98,081**	**2,024,076**
Additions	**—**	**1,188**	**—**	**82,025**	**50,823**	**134,036**
Acquisition of subsidiaries (note 55(a))	**174,000**	**39,000**	**36,000**	**126,518**	**189,951**	**565,469**
Included in assets of a disposal group classified as held for sale (note 38)	**—**	**(75,000)**	**—**	**—**	**(870)**	**(75,870)**
Exchange realignment	**—**	**(795)**	**—**	**—**	**(22,614)**	**(23,409)**
Disposals	**—**	**—**	**—**	**(15,947)**	**(19,558)**	**(35,505)**
At 31 December 2014	**495,000**	**231,287**	**556,598**	**1,010,099**	**295,813**	**2,588,797**
Accumulated amortisation:						
At 1 January 2013	—	79	18,311	51,671	9,160	79,221
Provided during the year	—	485	18,267	49,937	4,611	73,300
Disposal of subsidiaries	—	—	—	—	(580)	(580)
Disposals	—	—	—	—	(15)	(15)
At 31 December 2013 and 1 January 2014	**—**	**564**	**36,578**	**101,608**	**13,176**	**151,926**
Provided during the year (note 8)	**—**	**—**	**18,267**	**58,090**	**55,457**	**131,814**
Exchange realignment	**—**	**—**	**—**	**—**	**262**	**262**
Disposals	**—**	**—**	**—**	**(338)**	**(6,649)**	**(6,987)**
At 31 December 2014	**—**	**564**	**54,845**	**159,360**	**62,246**	**277,015**
Impairment loss:						
At 1 January 2013 and 31 December 2013	—	—	—	622	472	1,094
Charge for the year (note 8)	64,000	—	—	19,520	475	83,995
At 31 December 2014	**64,000**	**—**	**—**	**20,142**	**947**	**85,089**
Net book value:						
At 31 December 2014	**431,000**	**230,723**	**501,753**	**830,597**	**232,620**	**2,226,693**
At 31 December 2013	321,000	266,330	484,020	715,273	84,433	1,871,056

20. INTANGIBLE ASSETS *(Continued)*

During the year, the impairment loss of other intangible assets was mainly composed of RMB80,000,000 recognised in respect of medicine license, patents and technical know-how attributable to Dalian Aleph Biomedical Co., Ltd. ("Dalian Aleph"), which was driven by the lower recoverable amount of these other intangible assets than the carrying amount of them mentioned above resulting in the directors' reassessment of estimated future business performance taking the delay of Dalian Aleph's application of relevant certificates from the government for the manufacture permission of a new vaccine product into consideration. The recoverable amount has been determined based on value-in-use calculation, which is based on certain key assumptions including discount rate and long-term growth rate. The carrying amounts of these intangible assets were determined to be higher than their recoverable amount of RMB157,000,000 in aggregate and impairment loss of RMB80,000,000 (2013: Nil) was recognised. The key assumptions used in value-in-use calculation include discount rate of 14.1% and long-term growth rate of 3%.

21. GOODWILL

	2014 **RMB'000**	2013 RMB'000
Cost:		
At 1 January	**3,293,136**	1,978,868
Acquisition of subsidiaries (note 55(a))	**4,255,243**	1,324,081
Included in assets of a disposal group classified as held for sale (note 38)	**(13,893)**	—
Consideration adjustment during the measurement period	**(67,581)**	—
Others	**(179,566)**	(9,813)
At 31 December	**7,287,339**	3,293,136
Accumulated impairment:		
At 1 January	**(242,808)**	(242,808)
Charge for the year (note 8)	**(202,500)**	—
At 31 December	**(445,308)**	(242,808)
Net book value:		
At 31 December	**6,842,031**	3,050,328

Impairment testing of goodwill

Goodwill acquired through business combinations is primarily allocated to the following reportable cash-generating units ("CGUs") for impairment testing:

- Health
- Property development and sales
- Investment
- Insurance
- Resources

21. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

The carrying amounts of goodwill are as follows:

	Health RMB'000	Property development and sales RMB'000	Investment RMB'000	Insurance RMB'000	Resources RMB'000	Total RMB'000
2014	**3,255,042**	**70,526**	**33,801**	**3,322,999**	**159,663**	**6,842,031**
2013	2,976,039	70,526	3,763	—	—	3,050,328

The recoverable amount of each CGU is determined based on a value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. The discount rates applied to the cash flow projections range from 9.5% to 17% (2013: 12% to 15%). Cash flows beyond the five-year period are extrapolated using the estimated growth rates.

Assumptions were used in the value-in-use calculation of the CGUs for 31 December 2014 and 2013. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins - Management determined budgeted gross margin based on past performance and its expectations for the development of the market.

Discount rates - The discount rates used are before tax and reflect specific risks relating to the respective industries.

Raw materials price inflation - The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year.

During the year, an impairment loss of RMB202,500,000 was recognised in the consolidated statement of profit or loss as other expense, in respect of the goodwill resulted from the acquisition of a subsidiary of the Group, Dalian Aleph. During the impairment test, Dalian Aleph was considered as a separate cash-generating unit ("Dalian Aleph CGU"). The impairment charges are driven by the lower recoverable amount of Dalian Aleph CGU resulting in the directors' reassessment of estimated future business performance taking the delay of Dalian Aleph's application of relevant certificates for the production of a new vaccine product into consideration.

The recoverable amount of Dalian Aleph CGU has been determined based on value-in-use calculation, which is based on certain key assumptions including discount rate, long-term growth rate and budgeted gross margin. The carrying amount of Dalian Aleph CGU was determined to be higher than its recoverable amount of RMB818,696,000 and an impairment loss of RMB202,500,000 (2013: Nil) was recognised. The impairment loss was solely allocated to goodwill, as a result, the carrying amount of goodwill was reduced. The key assumptions used in value-in-use calculation include discount rate of 14.1%, long-term growth rate of 3% and budgeted margin rates which are consistent with market average level and external information sources.

22. INVESTMENTS IN SUBSIDIARIES

Company

	Notes	2014 RMB'000	2013 RMB'000
Unlisted shares, at cost	(1)	**13,169,415**	2,076,002
Loans to a subsidiary	(2)	**—**	157,246
Equity component of convertible bonds	(3)	**718,503**	721,171
		13,887,918	2,954,419

(1) Investment in unlisted shares of a subsidiary represents the investment in Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun Group"), which is the immediate holding company of the other subsidiaries now comprising the Group, Fosun Financial Holdings Limited, a wholly-owned subsidiary of the Company established in the year of 2012, Shanghai Fosun Economy & Trade Co.,Ltd., a wholly-owned subsidiary of the Company established in the year of 2014.

(2) The amounts advanced to a subsidiary included in the investments in subsidiaries above are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Company's directors, these advances are considered as part of the Company's investments in its subsidiary. The carrying amounts of the balances due from a subsidiary approximate to their fair values.

(3) On 22 November 2013, Logo Star Limited, an indirect wholly-owned subsidiary of the Company issued convertible bonds in the principal amount of HK$3,875,000,000 (equivalent to RMB3,068,225,000). As the Company has the obligation to settle the conversion option by issuing new shares of the Company, the equity components amounted to RMB718,503,000 (2013: RMB721,171,000) of the convertible bonds are included in the investments in subsidiaries of the Company as the investment of the Company into Logo Star Limited.

Particulars of the Group's principal subsidiaries are set out in note 4 to the financial statements.

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2014	2013
Percentage of equity interest held by non-controlling interests:		
Fosun Pharma	**60.17%**	58.91%
Nanjing Nangang	**40.00%**	40.00%
Hainan Mining	**46.00%**	40.00%
Portuguese Insurance Group	**20.00%**	—

22. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Company *(Continued)*

Nanjing Nangang Iron & Steel United Co., Ltd. and its subsidiaries collectively referred to as "Nanjing Nangang". Hainan Mining Co., Ltd. and its subsidiaries collectively referred to as "Hainan Mining". Fidelidade - Companhia de Seguros, S.A., Multicare - Seguros de Saúde, S.A. and Cares - Companhia de Seguros, S.A. collectively referred to as "Portuguese Insurance Group".

	2014 RMB'000	2013 RMB'000
Profit for the year allocated to non-controlling interests:		
Fosun Pharma	1,598,768	1,198,243
Nanjing Nangang	129,183	245,907
Hainan Mining	169,620	401,567
Portuguese Insurance Group	216,477	—
Dividends paid to non-controlling interests:		
Fosun Pharma	375,562	277,162
Hainan Mining	380,000	262,400
Accumulated balances of non-controlling interests at the reporting dates:		
Fosun Pharma	10,463,552	9,447,341
Nanjing Nangang	3,401,861	3,325,043
Hainan Mining	2,175,571	1,406,471
Portuguese Insurance Group	2,637,169	—

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2014	Portuguese Insurance Group RMB'000	Fosun Pharma RMB'000	Nanjing Nangang RMB'000	Hainan Mining RMB'000
Revenue	6,690,283	11,938,243	27,272,049	1,589,196
Total expenses	(5,586,079)	(9,568,404)	(26,916,527)	(1,165,146)
Profit for the year	1,104,204	2,369,839	355,522	424,050
Total comprehensive income/(loss) for the year	(478,676)	2,302,150	222,693	424,050
Current assets	33,786,893	8,664,025	13,253,076	3,398,580
Non-current assets	72,216,954	26,615,365	28,287,167	2,712,860
Current liabilities	(24,428,412)	(9,537,320)	(25,438,639)	(1,303,514)
Non-current liabilities	(70,658,895)	(6,695,955)	(6,372,517)	(208,680)
Net cash flows from operating activities	4,550,754	1,200,214	4,137,439	482,114
Net cash flows used in investing activities	(4,321,425)	(2,478,337)	(1,093,602)	(433,704)
Net cash flows from/(used in) financing activities	76,858	1,863,070	(2,367,603)	949,411
Net increase in cash and cash equivalents	306,187	584,947	676,234	997,821

22. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Company *(Continued)*

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations: *(continued)*

2013	Fosun Pharma RMB'000	Nanjing Nangang RMB'000	Hainan Mining RMB'000
Revenue	9,921,487	26,425,290	2,654,396
Total expenses	(7,521,539)	(25,918,685)	(1,650,479)
Profit for the year	2,399,948	506,605	1,003,917
Total comprehensive for the year	2,795,178	639,265	1,003,917
Current assets	6,986,544	11,420,679	2,218,829
Non-current assets	22,431,759	26,593,994	2,593,125
Current liabilities	(5,278,121)	(20,776,433)	(1,065,532)
Non-current liabilities	(6,532,555)	(8,007,449)	(380,055)
Net cash flows from operating activities	1,011,633	2,452,732	941,516
Net cash flows used in investing activities	(1,803,451)	(2,576,298)	(443,028)
Net cash flows used in financing activities	(932,108)	(589,015)	(671,259)
Net decrease in cash and cash equivalents	(1,723,926)	(712,581)	(172,771)

23. INVESTMENTS IN JOINT VENTURES

	2014 RMB'000	2013 RMB'000
Share of net assets	**4,430,550**	3,317,916
Loans to joint ventures	**3,158,600**	3,152,118
	7,589,150	6,470,034

Loans to joint ventures of RMB3,158,600,000 are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these loans are considered as part of the Company's net investments in joint ventures.

The Group's amounts due from joint ventures and amounts due to joint ventures are disclosed in note 37 to the financial statements.

Particulars of the Group's principal joint ventures are set out in note 4 to the financial statements.

Shanghai Haizhimen Property Investment and Management Co., Ltd. ("Haizhimen") is considered a material joint venture of the Group, which is principally engaged in investment and development of the Bund Finance Centre ("BFC") located in Shanghai, and is accounted for using the equity method.

23. INVESTMENTS IN JOINT VENTURES *(Continued)*

The following table illustrates the summarised financial information of Haizhimen adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

	2014 RMB'000	2013 RMB'000
Cash and bank	394,369	402,606
Other current assets	2,083,360	12,520,828
Current assets	2,477,729	12,923,434
Non-current assets	13,825,574	2,032
Financial liabilities, excluding trade and other payables	(800,000)	(900,000)
Other current liabilities	(9,883,682)	(11,025,466)
Current liabilities	(10,683,682)	(11,925,466)
Non-current liabilities	(2,498,741)	—
Net assets	3,120,880	1,000,000
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	50%
Group's share of net assets of the joint venture, excluding goodwill	1,560,440	500,000
Goodwill on acquisition (less accumulative impairment)	—	—
Loans to the joint venture	2,892,249	2,892,249
Carrying amount of the investment	4,452,689	3,392,249
Revenues	—	—
Profit for the year	2,120,880	—
Other comprehensive income	—	—
Total comprehensive income for the year	2,120,880	—
Dividend received	—	—

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2014 RMB'000	2013 RMB'000
Share of the joint ventures' profit/(loss) for the year	66,739	(118,653)
Share of the joint ventures' other comprehensive income	—	4,978
Share of the joint ventures' total comprehensive income/(loss)	66,739	(113,675)
Aggregate carrying amount of the Group's investments in the joint ventures	3,136,461	3,077,785

24. INVESTMENTS IN ASSOCIATES

Group

	2014 RMB'000	2013 RMB'000
Share of net assets	**24,640,468**	18,000,955
Goodwill on acquisitions	**2,511,914**	2,506,605
	27,152,382	20,507,560
Provision for impairment	**(175,978)**	(137,844)
	26,976,404	20,369,716
Market value of listed shares to be disclosed:	**6,223,704**	4,144,483

Particulars of the Group's principal associates of the Group are set out in note 4 to the financial statements.

The Group's amounts due from associates and amounts due to associates are disclosed in note 37 to the financial statements.

Sinopharm Industrial Investment Co., Ltd. ("Sinopharm"), which is considered a material associate of the Group, is accounted for using the equity method.

The following table illustrates the summarised financial information of Sinopharm adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2014 RMB'000	2013 RMB'000
Current assets	**110,497,256**	89,569,259
Non-current assets	**18,405,163**	15,845,111
Current liabilities	**(86,112,925)**	(70,982,107)
Non-current liabilities	**(5,874,166)**	(5,499,139)
Net assets	**36,915,328**	28,933,124
Net assets attributable to the Group	**16,033,447**	13,720,829
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets of the associate, excluding goodwill	**7,856,389**	6,723,206
Goodwill on acquisition (less accumulative impairment)	**—**	—
Carrying amount of the investment	**7,856,389**	6,723,206
Revenues	**200,313,355**	166,866,146
Profit for the year	**4,554,592**	3,579,897
Other comprehensive income	**10,980**	2,839
Total comprehensive income for the year	**4,565,572**	3,582,736
Dividend received	**147,000**	245,000

24. INVESTMENTS IN ASSOCIATES *(Continued)*

Group *(Continued)*

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2014 **RMB'000**	2013 RMB'000
Share of the associates' profit for the year	**815,172**	718,854
Share of the associates' other comprehensive income	**158,109**	93,723
Share of the associates' total comprehensive income	**973,281**	812,577
Aggregate carrying amount of the Group's investments in the associates	**19,120,015**	13,646,510

Company

	2014 **RMB'000**	2013 RMB'000
Unlisted shares, at cost	**82,421**	82,421

The Company's investment in an associate represents a 26.67% (2013: 26.67%) interest in Janeboat Holdings Ltd., a company incorporated in the British Virgin Islands.

25. AVAILABLE-FOR-SALE INVESTMENTS

Group

	2014 RMB'000	2013 RMB'000
Listed equity investments, at fair value		
Hong Kong	**3,303,341**	206,752
United States	**1,718,614**	335,508
Singapore	**11,164**	—
Europe	**4,150,944**	—
Japan	**80,001**	—
Africa	**17,520**	—
Mainland China	**3,948,718**	2,110,436
	13,230,302	2,652,696
Listed debt investments, at fair value		
Hong Kong	**613,875**	718,796
United States	**443,093**	280,304
Singapore	**648,372**	224,004
Australia	**11,158**	—
Europe	**49,702,946**	—
Mainland China	**54,172**	—
	51,473,616	1,223,104
Listed investments, at fair value	**64,703,918**	3,875,800
Unlisted equity investments, at cost	**9,494,888**	6,174,491
Unlisted equity investments, at fair value	**3,039,007**	—
Unlisted equity investments	**12,533,895**	6,174,491
Total	**77,237,813**	10,050,291
Portion classified as current assets	**(16,388,314)**	—
Non-current portion	**60,849,499**	10,050,291

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB2,235,085,000 (2013: RMB19,015,000), of which RMB1,883,168,000 (2013: RMB455,892,000) was recycled from other comprehensive income to the consolidated statement of profit or loss for the year on the date of disposal.

At 31 December 2014, the Group's available-for-sale investment with a carrying amount of RMB 802,922,000 (2013:Nil) was pledged to secure bank loans, as set out in note 39 to the financial statements.

The unlisted equity investments are stated at cost less any accumulated impairment losses because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

25. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

Company

	2014 RMB'000	2013 RMB'000
Unlisted equity investments, at cost	**1,891**	—

26. PROPERTIES UNDER DEVELOPMENT

	2014 RMB'000	2013 RMB'000
Land cost	**28,412,805**	23,033,300
Construction costs	**6,410,667**	6,490,549
Capitalised financial costs	**2,278,322**	1,336,093
	37,101,794	30,859,942
Portion classified as current assets	**(23,429,966)**	(20,331,229)
	13,671,828	10,528,713

The properties pledged to banks to secure bank loans and other borrowings are as follows:

	2014 RMB'000	2013 RMB'000
Net book value pledged (note 39)	**12,847,293**	10,963,972
Additions to properties under development include:		
Interest expense capitalised in respect of bank and other borrowings (note 7)	**1,282,710**	1,073,424

The Group's properties under development are all situated in Mainland China and Hong Kong.

27. LOANS RECEIVABLE

	Notes	2014 RMB'000	2013 RMB'000
Loans receivable		**2,140,063**	3,261,103
Portion classified as current	(1)	**(843,086)**	(100,000)
Non-current portion	(2)	**1,296,977**	3,161,103

(1) As at 31 December 2014, the current portion of loans receivable comprised of

- an entrusted bank loan of RMB700,000,000 provided to Shanxi Jianqin Real Estate Development Co., Ltd., a joint venture, which is unsecured, bears interest at a fixed interest rate of 11.0% per annum and is repayable in August 2015;
- an entrusted bank loan of RMB41,500,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 12.0% per annum and is repayable in December 2015;
- an entrusted bank loan of RMB32,600,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 10.0% per annum and is repayable in May 2015;
- an entrusted bank loan of RMB45,656,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 5.6% per annum and is repayable in January 2015; and
- an entrusted bank loan of RMB23,330,000 provided to Wuhu XingYan Properties Co., Ltd., a joint venture, which is unsecured, bears interest at a fixed interest rate of 17.22% per annum and is repayable in September 2015.

(2) As at 31 December 2014, the non-current portion of loans receivable comprised of:

- a shareholders' loan of RMB1,112,164,000 provided to Haizhimen, which is unsecured, bears interest at a fixed interest rate of 13.8% per annum and has no fixed terms of repayment;
- an entrusted bank loan of RMB144,813,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 12.0% per annum and is repayable in 2018; and
- an entrusted bank loan of RMB40,000,000 provided to a third party, which is unsecured, interest free and has no fixed terms of repayment.

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2014 RMB'000	2013 RMB'000
Prepayments consist of:		
Prepayments for purchase of raw materials of steel	**92,972**	554,011
Prepayments for purchase of pharmaceutical materials	**135,932**	201,561
Prepayments for purchase of construction materials	**63,046**	15,892
Prepayments for purchase of equipment and others	**579,031**	832,302
Deposits	**1,165,633**	824,692
Other receivables consist of:		
Funding provided to third parties	**2,447,996**	1,861,558
Tax recoverable	**866,831**	893,456
Deferred cost of acquisition of insurance customers	**173,135**	58,334
Others	**2,901,000**	1,807,806
Prepayments for the proposed acquisitions of equity interests	**1,676,626**	528,577
Others	**—**	3,907
Prepayments for the acquisition of the land	**1,379,994**	321,170
	11,482,196	7,903,266
Portion classified as current assets	**7,619,585**	7,049,612
Non-current portion	**3,862,611**	853,654

Company

	2014 RMB'000	2013 RMB'000
Prepayments	**805**	334
Deposits	**4,465**	2,953
Dividends receivable	**38,124**	—
Others	**8,697**	8,702
	52,091	11,989

29. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Group

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Accruals and provisions RMB'000	Fair value adjustments arising from available-for-sale investment RMB'000	Repairs and maintenance RMB'000	Additional LAT provisions RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax assets at 1 January 2013	1,188,309	277,887	—	7,984	455,011	283,387	2,212,578
Effect of the change in tax rate from 33% to 25%	6,988	8,904	—	—	—	11,854	27,746
Disposal of a subsidiary	(77,738)	—	—	—	—	(467)	(78,205)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	386,457	81,061	—	(327)	(71,601)	87,603	483,193
Gross deferred tax assets at 31 December 2013 and 1 January 2014	**1,504,016**	**367,852**	**—**	**7,657**	**383,410**	**382,377**	**2,645,312**
Acquisition of subsidiaries (note 55(a))	**30,699**	**892,373**	**110,129**	**—**	**24,427**	**632,336**	**1,689,964**
Disposal of subsidiaries (note 55(b))	**—**	**(23)**	**—**	**—**	**(28,297)**	**(5,207)**	**(33,527)**
Deferred tax charged to reserve during the year	**—**	**—**	**(84,715)**	**—**	**—**	**—**	**(84,715)**
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	**28,303**	**231,374**	**—**	**274**	**28,615**	**114,814***	**403,380**
Exchange realignment	**(809)**	**(167,685)**	**(13,569)**	**—**	**—**	**(66,281)**	**(248,344)**
Gross deferred tax assets at 31 December 2014	**1,562,209**	**1,323,891**	**11,845**	**7,931**	**408,155**	**1,058,039**	**4,372,070**

* Includes deferred tax assets charged to tax expenses amounted to RMB70,000 for reversal of deferred LAT in deferred tax liability (note 10).

29. DEFERRED TAX *(Continued)*

Group *(Continued)*

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Fair value adjustments arising from equity investments at fair value through profit or loss RMB'000	Fair value adjustments arising from available-for-sale investments RMB'000	Revaluation of investment properties RMB'000	Deemed disposal of associates RMB'000	Deferred LAT RMB'000	Withholding taxes RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2013	856,806	185,187	460,175	146,945	879,397	219,789	229,088	208,362	3,185,749
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	(92,241)	(1,603)	(88,644)*	282,751	148,740	(66,577)	88,781	105,903	377,110
Deferred tax credited to reserve during the year	—	—	(29,964)	—	—	—	—	—	(29,964)
Acquisition of subsidiaries	235,420	—	—	—	—	—	—	—	235,420
Gross deferred tax liabilities at 31 December 2013 and 1 January 2014	**999,985**	**183,584**	**341,567**	**429,696**	**1,028,137**	**153,212**	**317,869**	**314,265**	**3,768,315**
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	**(80,208)**	**465,653**	**(177,538)***	**310,418**	**129,539**	**(21,815)**	**112,749**	**326,737**	**1,065,535**
Deferred tax credited to reserve during the year	**—**	**—**	**82,231**	**—**	**—**	**—**	**—**	**—**	**82,231**
Acquisition of subsidiaries (note 55(a))	**323,439**	**—**	**1,190,760**	**122,768**	**—**	**97,709**	**—**	**344,917**	**2,079,593**
Exchange realignment	**—**	**(1,608)**	**(155,140)**	**(92,758)**	**—**	**—**	**—**	**(25,462)**	**(274,968)**
Included in assets of a disposal group classified as held for sale (note 38)	**(18,852)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(18,852)**
Disposal of subsidiaries (note 55(b))	**(99,840)**	**—**	**—**	**(11,250)**	**—**	**(3,079)**	**—**	**(9,995)**	**(124,164)**
Gross deferred tax liabilities at 31 December 2014	**1,124,524**	**647,629**	**1,281,880**	**758,874**	**1,157,676**	**226,027**	**430,618**	**950,462**	**6,577,690**

* During the year ended 31 December 2014, deferred tax liability amounted to RBM177,538,000 was credited to other income and gains of the consolidated statement of profit or loss together with the gain of disposal of the available-for-sale investments.

29. DEFERRED TAX *(Continued)*

Company

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2014	—	—	—
Deferred tax credited to the statement of profit or loss during the year	76,944	563	77,507
Exchange realignment	(338)	(2)	(340)
Gross deferred tax assets at 31 December 2014	76,606	561	77,167

Deferred tax liabilities

	Fair value adjustments arising from investments at fair value through profit or loss RMB'000
At 1 January 2014	—
Deferred tax charged to the statement of profit or loss during the year	366,203
Exchange realignment	(1,608)
Gross deferred tax liabilities at 31 December 2014	364,595

For presentation purposes, deferred tax assets and liabilities have been offset in the statement of financial position of the Company. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	2014 RMB'000
Deferred tax assets	77,167
Deferred tax liabilities	(364,595)
Net deferred tax liabilities	(287,428)

29. DEFERRED TAX *(Continued)*

As at 31 December 2014, the deferred tax assets were recognised for certain entities within the Group which suffered accumulated losses as at the end of 2014. The directors are of the opinion that these entities could generate sufficient future taxable profits to utilise the deferred tax assets recognised as at 31 December 2014.

Deferred tax assets have not been recognised in respect of the following items as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the following items can be utilised:

Group

	2014	2013
	RMB'000	RMB'000
Tax losses	**8,852,682**	6,500,825
Deductible temporary differences	**126,203**	97,727
	8,978,885	6,598,552

Company

	2014	2013
	RMB'000	RMB'000
Tax losses	**—**	156,680

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding corporate income tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding corporate income tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable withholding rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries, joint ventures and associates established in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the company to its shareholders.

30. INVENTORIES

	2014 RMB'000	2013 RMB'000
Raw materials	2,228,307	2,779,761
Work in progress	1,383,902	1,424,087
Finished goods	2,300,210	2,009,607
Spare parts and consumables	576,388	472,010
	6,488,807	6,685,465
Less: Provision for inventories	(148,202)	(163,972)
	6,340,605	6,521,493
Portion classified as non-current assets	(87,722)	(207,541)
	6,252,883	6,313,952
Net book value of inventories pledged as security for bank loans (note 39)	—	435,928

31. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF UNIT-LINKED CONTRACTS

	2014 RMB'000	2013 RMB'000
Financial assets designated at fair value through profit or loss:		
Debt instruments	4,531,247	—
Equity instruments	33,973	—
Investment funds	127,877	—
Term deposits	419,894	—
Sight deposits	206,980	—
Others	(14,065)	—
	5,305,906	—
Portion classified as current assets	(1,535,931)	—
Non-current portion	3,769,975	—

The above assets are held for policyholders of unit-linked products.

32. INSURANCE AND REINSURANCE DEBTORS

	2014 RMB'000	2013 RMB'000
Amounts due from insurance customers and suppliers	2,533,734	341,333
Less : Provision for impairment	(401,716)	—
	2,132,018	341,333
Portion classified as current assets	(2,063,919)	(341,333)
Non-current portion	68,099	—

The following is an ageing analysis of the amounts due from insurance customers:

	2014 RMB'000	2013 RMB'000
Neither past due nor impaired	1,077,831	331,203
Past due but not impaired	1,054,187	10,130
Past due and impaired	401,716	—
	2,533,734	341,333

Amounts due from insurance customers that were past due but not impaired relate to a number of independent policyholders and reinsurers that have a good track record with the Group. Based on past experience, management believes that no impairment provision is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The amount of impaired debts is RMB401,716,000 (31 December 2013: Nil). Various actions have been taken to recover the debts, but these debts have not been recovered and hence impairment is provided.

Movement in the allowance for impaired debts:

	2014 RMB'000	2013 RMB'000
At 1 January	—	—
Acquisition of subsidiaries	398,931	—
Provision for impairment losses	55,569	—
Exchange realignment	(52,784)	—
At 31 December	401,716	—

33. REINSURERS' SHARE OF INSURANCE CONTRACT PROVISIONS

The reinsurers' share of insurance contract provisions represents the reinsurers' share of life insurance contract liabilities, unearned premium provisions and provision for outstanding claims arising from the life insurance, property and casualty insurance and reinsurance businesses.

	2014 RMB'000	2013 RMB'000
Life insurance contract liabilities	80,033	—
Unearned premium provisions	228,784	—
Provision for outstanding claims	797,452	—
	1,106,269	—
Portion classified as current assets	(624,909)	—
Non-current portion	481,360	—

34. CASH AND BANK AND TERM DEPOSITS

Group

	Notes	2014 RMB'000	2013 RMB'000
Cash on hand		63,675	20,573
Cash at banks, unrestricted		25,603,465	12,480,498
Cash and cash equivalents		25,667,140	12,501,071
Pledged bank balances	(1)	4,317,944	2,152,021
Time deposits with original maturity of more than three months	(2)	9,516,527	516,491
Restricted pre-sale proceeds	(3)	507,413	515,423
Restricted cash in escrow account for an investment	(4)	—	425,961
Required reserve deposits	(5)	329,598	276,224
		40,338,622	16,387,191
Portion classified as current assets		(40,190,807)	(16,387,191)
Non-current portion – Term deposits		147,815	—

34. CASH AND BANK AND TERM DEPOSITS *(Continued)*

Group *(Continued)*

Notes:

It mainly comprises as follows:

		2014 RMB'000	2013 RMB'000
(1)	Pledged bank balances to secure notes payable	**3,438,172**	1,883,016
	Pledged bank balances to secure bank loans (note 39)	**46,721**	30,291
	Bank balances as various deposits	**335,503**	158,234
(2)	Time deposits with original maturity of more than three months pledged to secure bank loans (note 39)	**3,486**	3,387

(3) In accordance with relevant documents issued by the PRC State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained.

(4) The amount represents a deposit placed by Billion Infinity Investment Limited, an indirect subsidiary of the Company, into an escrow account for a potential investment in a third party. This deposit in the escrow account is not available for use in the Group's daily operation. As at 31 December 2014,there is no such deposit.

(5) Required reserve deposits amounting to RMB329,598,000 (2013: RMB276,224,000) are placed by Shanghai Fosun High Technology Group Finance Co., Ltd. ("Finance Company"), an indirect subsidiary of the Company, with the People's Bank of China ("PBOC"). The reserve deposits with the PBOC are not available for use in the Group's daily operations.

In the preparation of the consolidated statement of cash flows, pledged bank balances, time deposits with original maturity of more than three months, restricted pre-sale proceeds of properties, restricted cash in an escrow account for an investment and required reserve deposits have been excluded from cash and cash equivalents.

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 bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Company

	2014 RMB'000	2013 RMB'000
Cash at banks, unrestricted	**805,480**	519,361

35. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	2014 RMB'000	2013 RMB'000
Listed investments, at fair value		
Hong Kong	**7,552,645**	5,561,544
United States	**2,540,341**	1,825,218
Mainland China	**1,748,222**	4,148,031
Europe	**2,551,495**	1,838,625
Japan	**92,750**	92,561
	14,485,453	13,465,979
Unlisted investments, at fair value	**381,741**	—
	14,867,194	13,465,979

At 31 December 2014, the Group's investments at fair value through profit or loss with a carrying amount of RMB2,922,103,000 (2013: RMB1,353,888,000) were pledged to secure bank loans, as set out in note 39 to the financial statements.

Company

Listed investments, at fair value

	2014 RMB'000	2013 RMB'000
Hong Kong	**5,609,414**	4,242,921
United States	**453,345**	562,110
	6,062,759	4,805,031

The above investments at 31 December 2014 and 2013 were, upon initial recognition, designated by the Group as financial assets as at fair value through profit or loss.

36. TRADE AND NOTES RECEIVABLES

	2014 RMB'000	2013 RMB'000
Trade receivables	**3,610,965**	2,839,919
Notes receivable	**2,760,038**	1,844,280
	6,371,003	4,684,199

36. TRADE AND NOTES RECEIVABLES *(Continued)*

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

	2014 RMB'000	2013 RMB'000
Outstanding balances with ages:		
Within 90 days	2,794,853	2,436,446
91 to 180 days	517,066	234,822
181 to 365 days	288,425	191,460
1 to 2 years	87,219	19,656
2 to 3 years	10,537	7,501
Over 3 years	23,498	26,169
	3,721,598	2,916,054
Less: Provision for impairment of trade receivables	(110,633)	(76,135)
	3,610,965	2,839,919

The movements in the provision for impairment of trade receivables are as follows:

	2014 RMB'000	2013 RMB'000
At 1 January	76,135	77,014
Amount written off as uncollectible	(12,155)	(30,685)
Provision for impairment losses	46,653	29,806
At 31 December	110,633	76,135

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	2014 RMB'000	2013 RMB'000
Neither past due nor impaired	777,151	875,756
Within 90 days past due	515,141	540,845
91 to 180 days past due	123,867	76,803
Over 180 days past due	83,036	30,157
	1,499,195	1,523,561

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

36. TRADE AND NOTES RECEIVABLES *(Continued)*

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

At 31 December 2014, the Group's trade and notes receivables with a carrying amount of approximately RMB1,155,019,000 (2013: RMB610,243,000) were pledged to secure bank loans, as set out in note 39 to the financial statements.

Credit terms granted to the Group's customers are as follows:

	Credit terms
Steel segment	0 to 90 days
Resources segment	0 to 90 days
Health segment	90 to 180 days
Property development and sales segment	30 to 360 days

37. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

	Notes	**2014 RMB'000**	2013 RMB'000
Group			
Due from related companies:			
Associates	(i)	**2,273,745**	1,194,377
Joint ventures	(ii)	**2,972,551**	1,977,859
Non-controlling shareholders of subsidiaries		**—**	253
Other related companies	(iii)	**3,061**	3,061
		5,249,357	3,175,550
Company			
Due from subsidiaries	(iii)	**12,176,328**	19,083,808
Due from other related companies	(iii)	**3,061**	3,048
		12,179,389	19,086,856

Notes:

(i) As at 31 December 2014, the balances due from associates included the amount of RMB2,052,131,000 (2013: RMB803,650,000), which were non-trade in nature, unsecured, interest-free and repayable on demand. The remaining balances due from associates are trade in nature, interest-free and repayable on demand.

(ii) As at 31 December 2014, the balances due from joint ventures included the amount of RMB2,972,102,000 (2013: RMB1,964,830,000), which were non-trade in nature, unsecured, interest-free and repayable on demand. The remaining balances due from joint ventures are trade in nature, interest-free and repayable on demand.

(iii) As at 31 December 2014, the balances due from subsidiaries and other related companies included the amount of RMB641,751,000 (2013: RMB1,356,354,000), which is a promissory note issued to FF Investment Luxembourg 1 S.à.r.l., one of the Group's subsidiaries. This promissory note bears interest at a rate of 3.00% per annum and the maturity date is 27 December 2023. The remaining balances due from subsidiaries and other related companies were non-trade in nature, unsecured, interest-free and repayable on demand.

37. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

(Continued)

	Notes	2014 RMB'000	2013 RMB'000
Group			
Due to the holding company	(iv)	**673,617**	3,144,864
Due to related companies:			
Associates	(v)	**2,088,139**	1,189,879
Non-controlling shareholders of subsidiaries	(vi)	**208,200**	820,368
Joint ventures	(vii)	**822,054**	539,713
		3,118,393	2,549,960
Portion classified as current		**(3,118,393)**	(2,392,109)
Non-current portion	(vi)	**—**	157,851
Company			
Due to the holding company	(iv)	**673,617**	3,144,864
Due to subsidiaries	(viii)	**2,457,214**	3,140,013
		3,130,831	6,284,877

Notes:

(iv) The balances due to the holding company were non-trade in nature, unsecured, interest-free and repayable on demand.

(v) As at 31 December 2014, the balances due to associates included the amount of RMB2,017,007,000 (2013: RMB1,114,427,000), which were non-trade in nature, unsecured, interest-free and repayable on demand. The remaining balances due to associates are trade in nature, interest-free and repayable on demand.

(vi) As at 31 December 2014, the balances due to non-controlling shareholders of subsidiaries comprised of:

– an amount of RMB169,129,000, all among the current portion being the payables for purchase of low grade ore products from Hainan Iron and Steel Co., Ltd., which is interest-free and is estimated to be repayable during the year of 2015.

– The remaining balances due to non-controlling shareholders of subsidiaries are trade in nature, interest-free and repayable on demand.

(vii) As at 31 December 2014, the balances due to joint ventures included the amount of RMB822,054,000 (2013: RMB501,543,000), which were non-trade in nature, unsecured, interest-free and repayable on demand.

(viii) The balances due to subsidiaries were non-trade in nature, unsecured, interest-free and repayable on demand.

38. NON-CURRENT ASSETS/ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Notes	2014 RMB'000	2013 RMB'000
Carrying amount of available-for-sale investments before classification as held for sale	(i)	239,229	212,293
Carrying amount of the assets of a disposal group	(ii)	990,341	—
Carrying amount after impairment		1,229,570	212,293
Liabilities directly associated with the assets classified as held for sale	(ii)	589,118	—

(i) As at 31 December 2014, the non-current assets held for sale represented the Group's available-for-sale investments in Baixiang Food Co., Ltd. ("Baixiang Food") and Zhejiang Yoyu Bamboo Industry Co., Ltd. ("Zhejiang Yoyu") amounting to RMB229,436,000, and RMB9,793,000, respectively.

On 28 March 2014, the Group through its subsidiary, Shanghai Fosun Industrial Investment Co., Ltd. ("Fosun Industrial Investment"), entered into a disposal agreement with the original shareholder of Baixiang Food, an independent third party, for the disposal of the Group's partial equity interest of 9.6% in Baixiang Food for a cash consideration of RMB308,777,000. As at 31 December 2014, RMB19,143,000 has been received by the Fosun Industrial Investment. The remaining consideration will be received by instalments in 2015 and the disposal is expected to be completed in 2015.

In November 2012, the Group through its subsidiaries, Shanghai Fosun Venture Capital Investment Management Co., Ltd., entered into a disposal agreement with the original shareholder of Zhejiang Yoyu, an independent third party, for the disposal of the Group's entire equity interest of 6.9% in Zhejiang Yoyu for a cash consideration of RMB13,786,000. As at 31 December 2014, RMB4,000,000 has been received by the Group, the remaining consideration will be received by instalments in 2015 and the disposal is expected to be completed in 2015.

(ii) On 10 December 2014, the Group through its subsidiary, Fosun Pharma entered into certain equity transfer agreements with Sinopharm Holding GuoDa Drug Store Co., Ltd. ("Guoda Drug Store"), pursuant to which, Fosun Pharma agreed to sell and Guoda Drug Store agreed to purchase 53.13% equity interest in Beijing Golden Elephant Pharmacy Medicine Chain Company Limited ("Golden Elephant Pharmacy"), 97% equity interest in Shanghai Fosun Pharmaceutical Company Limited ("Fosun Pharmaceutical") and 99.76% equity interest in Shanghai For Me Yixing Pharmacy Chain-Store Company Limited ("For Me Pharmacy") for aggregate considerations of approximately RMB414,356,000. Golden Elephant Pharmacy, Fosun Pharmaceutical and For Me Pharmacy mainly engaged in pharmaceutical distribution and retail business. Fosun Pharma has decided to dispose of these interests for the purpose of optimising the resource allocation of Fosun Pharma and moving forward the transition of business model of retail business of Fosun Pharma. As at 31 December 2014, all the assets and liabilities of Golden Elephant Pharmacy, Fosun Pharmaceutical and For Me Pharmacy were classified as assets of a disposal group held for sale and liabilities directly associated with the assets classified as held for sale in aggregate in the consolidated statement of financial position.

38. NON-CURRENT ASSETS/ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(Continued)*

(ii) Carrying amount of the assets of a disposal group *(Continued)*

The assets and liabilities of Fosun Pharmaceutical, For Me Pharmacy and Golden Elephant Pharmacy classified as held for sale as at 31 December 2014 are as follows:

	Notes	2014 RMB'000
Assets		
Inventories		252,915
Cash and bank		223,213
Trade and notes receivables		179,233
Prepayments, deposits and other receivables		176,347
Intangible assets	20	75,870
Property, plant and equipment	14	46,804
Due from related companies		19,604
Goodwill	21	13,893
Available-for-sale investments		1,230
Investments in associates		972
Prepaid land lease payment	16	260
Assets of a disposal group classified as held for sale		990,341
Liabilities		
Trade and notes payables		432,217
Accrued liabilities and other payables		123,698
Deferred tax liabilities	29	18,852
Due to related companies		13,676
Tax payable		675
Liabilities directly associated with the assets classified as held for sale		589,118

39. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	Notes	2014 RMB'000	2013 RMB'000
Bank loans:	(1)		
Guaranteed		**1,774,510**	1,280,349
Secured		**20,240,487**	14,012,290
Unsecured		**35,719,497**	27,310,339
		57,734,494	42,602,978
Corporate bonds and enterprise bonds	(2)	**9,040,838**	10,920,027
Private placement note	(3)	**4,077,554**	1,985,025
Senior notes	(4)	**4,012,143**	3,989,607
Medium-term notes	(5)	**4,577,850**	2,582,433
Short-term commercial papers	(6)	**2,996,451**	—
Other borrowings, secured	(7)	**3,944,760**	543,876
Other borrowings, unsecured	(7)	**6,771,606**	3,944,318
Total		**93,155,696**	66,568,264
Repayable:			
Within one year		**46,389,197**	31,539,941
In the second year		**19,488,086**	10,235,449
In the third to fifth years, inclusive		**22,761,251**	21,531,129
Over five years		**4,517,162**	3,261,745
		93,155,696	66,568,264
Portion classified as current liabilities		**(46,389,197)**	(31,539,941)
Non-current portion		**46,766,499**	35,028,323

Notes:

(1) Certain of the Group's bank loans are secured by the pledge of certain of the Group's buildings amounting to RMB166,764,000 (2013: RMB283,675,000), plant and machinery amounting to RMB786,843,000 (2013: RMB644,820,000), Mining infrastructure amounting to RMB491,490,000 (2013: RMB406,175,000), investment properties situated in Mainland China amounting to RMB5,433,000,000 (2013: RMB4,757,000,000), prepaid land lease payments amounting to RMB 587,199,000 (2013: RMB194,687,000), properties under development amounting RMB 12,847,293,000 (2013: RMB10,963,972,000), completed properties for sale amounting to RMB4,852,833,000 (2013: RMB5,514,314,000), time deposits with original maturity of more than three months amounting to RMB3,486,000 (2013: RMB3,387,000), trade and notes receivables amounting to RMB1,155,019,000 (2013: RMB610,243,000), equity investment at fair value through profit or loss amounting to RMB2,922,103,000 (2013: RMB1,353,888,000), an investment in a joint venture amounting to RMB533,294,000 (2013: RMB540,070,000), an investment in an available-for-sale entity amounting to RMB 802,922,000 (2013: Nil) and investments in subsidiaries.

No inventories (2013: RMB435,928,000) was pledged to secure the interest-bearing bank and other borrowings.

Bank balances amounting to RMB46,721,000 (2013: RMB30,291,000) were pledged to secure the interest-bearing bank and other borrowings.

The Group's interest-bearing bank and other borrowings amounting to RMB1,774,510,000 (2013: RMB1,280,349,000) were guaranteed by Fosun Holding Limited which is the ultimate holding company of the Group.

The bank loans bear interest at rates ranging from 0.52% to 8.50% (2013: 0.96% to 8.80%) per annum.

39. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Group *(Continued)*

Notes: *(Continued)*

(2) Corporate bonds and enterprise bonds

On 27 February 2009, Nanjing Nangang Iron & Steel United Co., Ltd. issued long-term enterprise bonds with a par value of RMB2,500,000,000 and an effective interest rate of 6.29% per annum (the "2009 Nangang Bond"). According to the offering memorandum of the 2009 Nangang Bond, the bond holders are entitled to redeem the bonds at a redemption price equal to the principal amount by the end of the fourth year since issuance, i.e., 27 February 2013. On 27 February 2013, after the completion of the redemption, the principal amount of RMB30,000,000 of the 2009 Nangang Bond was redeemed by the bond holders. The remaining principal amount of RMB2,470,000,000 will be repaid by Nanjing Nangang equally on 27 February 2015 and 27 February 2016 with no further redemption option for bond holders. The interest will be paid annually in arrears.

On 24 December 2010, Fosun Group issued seven-year domestic corporate bonds with a par value of RMB1,100,000,000 and an effective interest rate of 6.17% per annum. The interest is paid annually in arrears and the maturity date is 23 December 2017.

On 10 May 2011, Nanjing Iron & Steel United Co., Ltd. issued long-term enterprise bonds with a par value of RMB4,000,000,000 and an effective interest rate of 5.8% per annum. The principal of the enterprise bonds will be repaid on 10 May 2018. The interest is paid annually in arrears.

On 25 April 2012, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,500,000,000 and an effective interest rate of 5.74% per annum. The interest is paid annually in arrears and the maturity date is 25 April 2017.

(3) Private placement note

On 19 June 2013, Fosun Group issued three-year private placement notes with the par value of RMB2,000,000,000 and an effective interest rate of 6.02% per annum. The interest will be paid annually in arrears and the maturity date is 19 June 2016.

On 19 March 2014, Fosun Group issued one-year private placement notes with the par value of RMB1,000,000,000 and the effective interest rate is 6.82% per annum. The interest is payable at the maturity date which is 19 March 2015.

On 30 May 2014, Fosun Group issued one-year private placement notes with the par value of RMB1,000,000,000 and the effective interest rate is 6.52% per annum. The interest is payable at the maturity date which is 30 May 2015.

(4) Senior notes

On 12 May 2011, the Company issued five-year senior notes with a par value of USD300,000,000 and an effective interest rate of 7.9% per annum. The interest is paid semi-annually in arrears.

On 30 January 2013, Sparkle Assets Limited, a direct subsidiary of Fosun Industrial Holdings Limited, issued seven-year senior notes with the par value of USD400,000,000 and an effective interest rate of 7.19% per annum. The interest will be paid semi-annually in arrears.

(5) Medium-term notes

On 8 November 2010, Fosun Pharma issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.0% per annum. The interest is paid annually in arrears and the maturity date is 10 November 2015.

On 31 March 2011, Fosun Pharma issued five-year medium-term notes with a par value of RMB1,600,000,000 and an effective interest rate of 6.26% per annum. The interest is paid annually in arrears and the maturity date is 31 March 2016.

On 24 October 2014, Fosun Group issued three-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 5.26% per annum. The interest is paid annually in arrears and the maturity date is 24 October 2017.

39. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Group *(Continued)*

Notes: *(Continued)*

(6) Short-term commercial papers

On 26 September 2014, Fosun Pharma issued short-term commercial paper with a par value of RMB1,000,000,000 and an effective interest rate of 5.15% per annum. The interest is payable at the maturity date which is 26 September 2015.

On 26 December 2014, Fosun Group issued short-term commercial paper with a par value of RMB2,000,000,000 and an effective interest rate of 5.69% per annum. The interest is payable at the maturity date which is 26 December 2015.

(7) Other borrowings

The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 2.55% to 11.0% (2013: 2.55% to 11.0%) per annum.

Company

	2014 RMB'000	2013 RMB'000
Bank loans:		
Guaranteed	1,774,510	1,280,349
Unsecured	7,012,602	3,068,636
	8,787,112	4,348,985
Senior notes	1,826,826	1,814,179
Total	10,613,938	6,163,164
Repayable:		
Within one year	4,815,367	1,874,025
In the second year	3,282,388	1,621,394
In the third to fifth years, inclusive	2,516,183	2,667,745
	10,613,938	6,163,164
Portion classified as current liabilities	(4,815,367)	(1,874,025)
Non-current portion	5,798,571	4,289,139

The bank loans and other borrowings bear interest at rates ranging from 2.01% to 7.5% (2013: 1.65% to 7.5%) per annum.

40. CONVERTIBLE BONDS

The Issuer, an indirect wholly-owned subsidiary of the Company issued convertible bonds in the principal amount of HK$3,875,000,000 (equivelant to RMB3,068,225,000) on 22 November 2013 guaranteed by the Company and certain of its subsidiaries (the "Convertible Bonds"). The Convertible Bonds are convertible into fully-paid ordinary shares of par value HK$0.10 each of the Company. The Convertible Bonds bear interest at the rate of 1.5% per annum payable semi-annually in arrears on May 22 and November 22 in each year. The Convertible Bonds will mature on 22 November 2018 ("Maturity Date"). There was no movement in the number of the Convertible Bonds during the year.

The principal terms of the Convertible Bonds are as follows:

(a) The Convertible Bonds are convertible at the option of the bond holders into ordinary shares of the Company during the period on or after the 41st day after the 22 November 2013 and seven days prior to the Maturity Date at an initial conversion price of HK$10 per share (subject to adjustments).

(b) The Issuer will at the option of the bond holder of any Convertible Bond, redeem all or some of that holder's Convertible Bonds on 22 November 2016 at their early redemption amount together with interest accrued and unpaid to, but excluding, such date.

(c) At any time after 22 November 2016, the Issuer may, by giving notice to the bond holders, elect to redeem the Convertible Bonds in whole but not in part, if the closing price of the Company's shares traded in Hongkong Stock Exchange for any 20 out of the 30 consecutive trading days immediately prior to the date upon which notice of the redemption is given, was at least 130% of the applicable early redemption amount divided by the conversion ratio then in effect. Conversion ratio means the principal amount of each bond divided by the conversion price then in effect immediately prior to the date upon which the optional redemption notice is given.

(d) Any convertible bonds not previously redeemed, converted or purchased and cancelled will be redeemed by the Issuer on the Maturity Date at 106.65% of its principal amount together with unpaid accrued interest from and including the immediately preceding interest payment date.

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. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	2014 **RMB'000**	2013 RMB'000
Liabilities component at the beginning of year	**2,319,675**	—
Nominal value of convertible bonds issued during the year	**—**	3,068,225
Equity component	**—**	(721,171)
Direct transaction costs	**—**	(30,682)
Liability component at the issuance date	**2,319,675**	2,316,372
Interest expense (note 7)	**207,618**	21,864
Interest paid	**(46,055)**	—
Exchange realignment	**4,308**	(18,561)
Liability component at 31 December	**2,485,546**	2,319,675

The effective interest rate of the liability component is 8.93% per annum.

41. LOANS FROM RELATED COMPANIES

	2014 RMB'000	2013 RMB'000
Loans from		
– a joint venture	**193,000**	196,477
Repayable:		
Within one year	**193,000**	196,477

Loans from related companies are unsecured. The fair values of these loans as at the date of inception were estimated with reference to the then prevailing interest rates with the same repayment period published by the PBOC. The difference between the amount of loans payable and their fair values as at the date of inception was credited to the consolidated statement of profit or loss. Subsequent to the initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

42. TRADE AND NOTES PAYABLES

	2014 RMB'000	2013 RMB'000
Trade payables	**11,700,971**	11,309,513
Notes payable	**7,889,598**	3,618,770
	19,590,569	14,928,283

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	2014 RMB'000	2013 RMB'000
Outstanding balances with ages:		
Within 90 days	**6,528,179**	6,460,949
91 to 180 days	**1,010,306**	1,952,566
181 to 365 days	**1,751,277**	1,712,907
1 to 2 years	**728,176**	748,380
2 to 3 years	**669,800**	213,014
Over 3 years	**1,013,233**	221,697
	11,700,971	11,309,513

The trade and notes payables are non-interest-bearing and credit terms granted by the Group's suppliers are as follows:

	Credit terms
Steel segment	0 to 90 days
Resources segment	0 to 90 days
Health segment	0 to 360 days
Property development and sales segment	180 to 360 days

43. ACCRUED LIABILITIES AND OTHER PAYABLES

Group

	2014 RMB'000	2013 RMB'000
Advances from customers	**9,065,400**	9,335,000
Payables related to:		
Purchases of property, plant and equipment	**2,194,750**	2,257,428
Deposits received	**713,234**	544,159
Payroll	**827,542**	729,665
Business tax	**257,069**	270,917
Accrued interest expenses	**1,002,118**	730,558
Value-added tax	**137,188**	98,155
Accrued utilities	**202,736**	197,974
Acquisition of subsidiaries	**464,006**	687,509
Acquisition of additional interests in subsidiaries	**130,000**	—
Current portion of other long term payables (note 52)	**90,554**	25,984
Funding from third parties for the business development	**3,939,779**	2,525,376
Other accrued expense	**1,077,867**	235,311
Others	**3,187,241**	1,807,701
	23,289,484	19,445,737

Company

	2014 RMB'000	2013 RMB'000
Other payables	**78,738**	45,533

44. FINANCE LEASE PAYABLES

Total future minimum lease payments under the finance lease and their present values are as follows:

	2014 RMB'000	2013 RMB'000
Repayable:		
Within one year	**112,282**	46,587
In the second year	**39,643**	44,102
In the third to fifth years, inclusive	**115,302**	—
Total minimum finance lease payments	**267,227**	90,689
Less: Future finance charges	**—**	(1,017)
	267,227	89,672
Portion classified as current finance lease payables	**(119,110)**	(46,587)
Non-current portion	**148,117**	43,085

45. DEPOSITS FROM CUSTOMERS

	2014 RMB'000	2013 RMB'000
Demand deposits and current accounts	**1,696,120**	1,636,739

As at 31 December 2014 and 2013, deposits from customers represented the deposits placed in Finance Company, a subsidiary of the Group. The deposits from the customers carry interest at rates ranging from 0.385% to 3.08 % (2013: 0.385% to 3.08 %) per annum and will be repaid upon demand of the customers.

Deposits from customers due to related parties are disclosed in note 60 to the financial statements.

46. UNEARNED PREMIUM PROVISIONS

		31 December 2014			31 December 2013		
	Notes	**Gross RMB'000**	**Reinsurers' share RMB'000**	**Net RMB'000**	Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000
Life insurance	(i)	**11,301**	**—**	**11,301**	—	—	—
Non-life insurance	(ii)	**2,855,944**	**(7,018)**	**2,848,926**	207,427	—	207,427
		2,867,245	**(7,018)**	**2,860,227**	207,427	—	207,427

Notes:

(i) Analysis of movement in the unearned premium provisions for the life insurance business:

	31 December 2014			31 December 2013		
	Gross RMB'000	**Reinsurers' share RMB'000**	**Net RMB'000**	Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000
At 1 January	**—**	**—**	**—**	—	—	—
Acquisition of subsidiaries (note 55(a))	**47,722**	**—**	**47,722**	—	—	—
Premiums written during the year	**1,563,125**	**(513)**	**1,562,612**	—	—	—
Premiums earned during the year	**(1,595,801)**	**513**	**(1,595,288)**	—	—	—
Exchange realignment	**(3,745)**	**—**	**(3,745)**	—	—	—
At 31 December	**11,301**	**—**	**11,301**	—	—	—

(ii) Analysis of movement in the unearned premium provisions for the non-life insurance business:

	31 December 2014			31 December 2013		
	Gross RMB'000	**Reinsurers' share RMB'000**	**Net RMB'000**	Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000
At 1 January	**207,427**	**—**	**207,427**	—	—	—
Acquisition of subsidiaries (note 55(a))	**2,657,515**	**4,798**	**2,662,313**	—	—	—
Premiums written during the year	**7,309,162**	**(39,260)**	**7,269,902**	638,725	—	638,725
Premiums earned during the year	**(7,073,683)**	**29,594**	**(7,044,089)**	(315,213)	—	(315,213)
Exchange realignment	**(244,477)**	**(2,150)**	**(246,627)**	(116,085)	—	(116,085)
At 31 December	**2,855,944**	**(7,018)**	**2,848,926**	207,427	—	207,427

47. PROVISION FOR OUTSTANDING CLAIMS

	Notes	31 December 2014 Gross RMB'000	31 December 2014 Reinsurers' share RMB'000	31 December 2014 Net RMB'000	31 December 2013 Gross RMB'000	31 December 2013 Reinsurers' share RMB'000	31 December 2013 Net RMB'000
Life insurance	(i)	923,042	82	923,124	—	—	—
Non-life insurance	(ii)	12,818,569	415,700	13,234,269	318,667	—	318,667
		13,741,611	415,782	14,157,393	318,667	—	318,667
Portion classified as current liabilities				(6,534,777)			(318,667)
Non-current portion				7,622,616			—

Notes:

(i) Analysis of movement in the provision for outstanding claims for the life insurance business:

	31 December 2014 Gross RMB'000	31 December 2014 Reinsurers' share RMB'000	31 December 2014 Net RMB'000	31 December 2013 Gross RMB'000	31 December 2013 Reinsurers' share RMB'000	31 December 2013 Net RMB'000
At 1 January	—	—	—	—	—	—
Acquisition of subsidiaries (note 55(a))	929,848	1	929,849	—	—	—
Claims paid during the year	(1,738,324)	—	(1,738,324)	—	—	—
Claims incurred during the year	1,853,618	87	1,853,705	—	—	—
Exchange realignment	(122,100)	(6)	(122,106)	—	—	—
At 31 December	923,042	82	923,124	—	—	—

(ii) Analysis of movement in the provision for outstanding claims for the non-life insurance business:

	31 December 2014 Gross RMB'000	31 December 2014 Reinsurers' share RMB'000	31 December 2014 Net RMB'000	31 December 2013 Gross RMB'000	31 December 2013 Reinsurers' share RMB'000	31 December 2013 Net RMB'000
At 1 January	318,667	—	318,667	—	—	—
Acquisition of subsidiaries (note 55(a))	14,303,520	469,835	14,773,355	—	—	—
Claims paid during the year	(4,295,043)	68,421	(4,226,622)	(38,975)	—	(38,975)
Claims incurred during the year	4,362,824	(64,405)	4,298,419	249,555	—	249,555
Exchange realignment	(1,871,399)	(58,151)	(1,929,550)	108,087	—	108,087
At 31 December	12,818,569	415,700	13,234,269	318,667	—	318,667

48. FINANCIAL LIABILITIES FOR UNIT-LINKED CONTRACTS AND INVESTMENT CONTRACT LIABILITIES

	Notes	2014 RMB'000	2013 RMB'000
Financial liabilities for unit-linked contracts	(i)	5,305,884	—
Investment contract liabilities	(ii)	52,044,306	—
Commissions on the issue of financial products		(71,674)	—
		57,278,516	—
Portion classified as current liabilities		(10,034,697)	—
Non-current portion		47,243,819	—

Notes:

(i) Unit-linked products

	2014 RMB'000	2013 RMB'000
At 1 January	—	—
Acquisition of subsidiaries (note 55(a))	8,653,797	—
Issues	20,734	—
Redemptions	(2,577,413)	—
Profit or loss	116,272	—
Other	(753)	—
Exchange alignment	(906,753)	—
At 31 December	5,305,884	—

(ii) Other investment contract liabilities

	2014 RMB'000	2013 RMB'000
At 1 January	—	—
Acquisition of subsidiaries (note 55(a))	52,317,559	—
Issues	15,464,341	—
Redemptions	(9,898,477)	—
Profit or loss	1,001,277	—
Other	(4,649)	—
Exchange alignment	(6,835,745)	—
At 31 December	52,044,306	—

49. OTHER LIFE INSURANCE CONTRACT LIABILITIES

31 December 2014

	Life RMB'000	Non-life RMB'000	Total RMB'000
Mathematical provision for life insurance	12,738,942	—	12,738,942
Provision for profit sharing	813,621	443	814,064
Provision for interest rate commitments	55,580	—	55,580
Provision for portfolio stabilisation	182,678	—	182,678
	13,790,821	443	13,791,264
Portion classified as current liabilities			(1,561,511)
Non-current portion			12,229,753

Analysis of movement of other life insurance contract liabilities business:

	Mathematical provision for life insurance RMB'000	Provision for profit sharing RMB'000	Provision for interest rate commitments RMB'000	Provision for portfolio stabilisation RMB'000	Total RMB'000
At 1 January	—	—	—	—	—
Acquisition of subsidiaries (note 55(a))	14,800,847	1,021,868	68,045	203,174	16,093,934
Liabilities originated in period and interest attributed	(296,843)	229,973	(4,367)	4,855	(66,382)
Amount attributable to insured from sharedholders' equity	—	(292,530)	—	—	(292,530)
Change in deferred acquisition costs	(249)	—	—	—	(249)
Other movements	5,402	—	—	—	5,402
Income distributed	5,918	(29,859)	—	—	(23,941)
Exchange alignment	(1,776,133)	(115,831)	(8,098)	(25,351)	(1,925,413)
At 31 December	12,738,942	813,621	55,580	182,678	13,790,821

50. INSURANCE AND REINSURANCE CREDITORS

	2014 RMB'000	2013 RMB'000
Amounts due to insurance customers and suppliers	765,224	67,895
Amounts due to insurance intermediaries	279,508	—
Deposits retained from reinsurers/retrocessionaires	282,957	—
Prepaid premiums received	125,578	—
	1,453,267	67,895

The following is an ageing analysis of the amounts due to insurance customers:

	2014 RMB'000	2013 RMB'000
Amounts due to insurance customers and suppliers:		
within 90 days	995,095	58,549
91-180 days	81,030	9,346
181-365 days	161,751	—
1-2 years	55,751	—
2-3 years	70,097	—
Over 3 years	89,543	—
	1,453,267	67,895

51. DEFERRED INCOME

Deferred income represents government grants received related to assets.

	2014 RMB'000	2013 RMB'000
Special purpose fund for technology improvement	311,683	233,864
Government grants for property development	—	293,000
	311,683	526,864

52. OTHER LONG TERM PAYABLES

	Notes	2014 RMB'000	2013 RMB'000
Payables for rehabilitation	(i)	**200,378**	32,919
Payables for employee benefits	(ii)	**353,241**	159,439
Payables for restructuring provisions		**388,839**	—
Payables for the acquisition of subsidiaries		**27,720**	83,756
Payables for acquisition of additional interests in subsidiaries		**291,642**	—
Loans from non-controlling shareholders of subsidiaries		**1,928,294**	2,875,265
Others		**754,677**	68,970
		3,944,791	3,220,349

Notes:

(i) The movements of payables for rehabilitation are set out below:

	2014 RMB'000	2013 RMB'000
At 1 January	**32,919**	36,432
Additions	**3,913**	1,353
Acquisition of subsidiaries	**223,234**	—
Payment made	**(8,899)**	(4,866)
Classified as current portion (note 43)	**(50,789)**	—
At 31 December	**200,378**	32,919

Payables for rehabilitation are in relation to the costs of the Group's obligations for land reclamation.

(ii) The movements of payables for employee benefits are set out below:

	2014 RMB'000	2013 RMB'000
At 1 January	**159,439**	171,870
Additions	**35,875**	—
Acquisition of subsidiaries	**232,609**	—
Interest increment (note 7)	**12,681**	31,407
Payments made	**(26,695)**	(17,854)
Classified as current portion (note 43)	**(39,765)**	(25,984)
Exchange realignment	**(20,903)**	—
At 31 December	**353,241**	159,439

Payables for employee benefits are based on estimates of future payments made by management and are discounted at rates in the range of 6.4% to 10.5% (2013: 5.70% to 7.83%).

53. SHARE CAPITAL

Company

Shares

	2014 RMB'000	2013 RMB'000
Authorised: (note (i))		
Ordinary shares of HKD0.1 each (note (ii))	—	9,746,013
Issued and fully paid:		
6,922,478,871 (2013: 6,421,594,500) ordinary shares	16,281,011	621,497

Notes:

(i) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(ii) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members of the Company as a result of this transition.

The following changes in the number of the Company's issued shares took place during the year are as follows:

	Number of shares in issue
As at 1 January 2013 and 31 December 2013	6,421,594,500
Rights issue of new shares	500,884,371
As at 31 December 2014	6,922,478,871

The changes in the Company's issued share capital took place during the year are set out in note 54.

54. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Company

	Issued capital RMB'000 (note 53)	Share premium RMB'000	Exchange fluctuation reserve RMB'000	Capital redemption reserve RMB'000 (note 12)	Convertible bonds RMB'000	Retained earnings RMB'000	Proposed final dividend RMB'000	Total equity RMB'000
At 1 January 2013	621,497	11,785,713	(2,338,116)	1,465	—	3,418,388	885,181	14,374,128
Final dividend declared	—	—	—	—	—	—	(885,181)	(885,181)
Proposed final dividend	—	—	—	—	—	(757,328)	757,328	—
Exchange realignment	—	—	(447,129)	—	—	—	—	(447,129)
Equity component of convertible bonds (note 40)	—	—	—	—	721,171	—	—	721,171
Total comprehensive income for the year	—	—	—	—	—	1,134,353	—	1,134,353
At 31 December 2013 and 1 January 2014	**621,497**	**11,785,713**	**(2,785,245)**	**1,465**	**721,171**	**3,795,413**	**757,328**	**14,897,342**
Rights issue of new shares	**3,886,511**	**—**	**—**	**—**	**—**	**—**	**—**	**3,886,511**
Share issue expenses	**(14,175)**	**—**	**—**	**—**	**—**	**—**	**—**	**(14,175)**
Transition to no-par value regime	**11,787,178**	**(11,785,713)**	**—**	**(1,465)**	**—**	**—**	**—**	**—**
Final dividend declared	**—**	**—**	**—**	**—**	**—**	**(59,071)**	**(757,328)**	**(816,399)**
Proposed final dividend	**—**	**—**	**—**	**—**	**—**	**(928,359)**	**928,359**	**—**
Exchange realignment	**—**	**—**	**31,265**	**—**	**—**	**—**	**—**	**31,265**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**976,470**	**—**	**976,470**
At 31 December 2014	**16,281,011**	**—**	**(2,753,980)**	**—**	**721,171**	**3,784,453**	**928,359**	**18,961,014**

(a) Issued capital

(i) In May 2014, the Company issued 500,884,371 rights shares at the subscription price of HKD9.76 per rights share for a total consideration, before expenses, of HKD4,888,631,000, equivalent to RMB3,886,511,000.

(ii) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium and capital redemption reserve account has become part of the Company's share capital.

(b) Other deficits

The opening balance of other deficits as at 1 January 2009 represented the acquisition of the entire equity interest in Fosun Group pursuant to the reorganisation of the Group prior to the listing of its shares on the Hong Kong Stock Exchange, after netting off the paid-up capital and capital reserve (arising from the bonus share issue of its subsidiaries) of Fosun Group.

54. RESERVES *(Continued)*

Company *(Continued)*

(c) Statutory surplus reserve (the "SSR")

In accordance with the Company Law of the PRC and the respective articles of association of the subsidiaries established in Mainland China (the "PRC Subsidiaries"), each PRC Subsidiary is required to allocate 10% of its profit after tax, as determined in accordance with the applicable PRC accounting standards and regulations, to the SSR until this reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR can be capitalised as paid-up capital, provided that the remaining balance after the capitalization is not less than 25% of the registered capital.

(d) Distributable reserves

For dividend purposes, the amount which the PRC subsidiaries can legally distribute by way of a dividend is determined by reference to the distributable profits as reflected in their PRC statutory financial statements which are prepared in accordance with the applicable PRC accounting standards and regulations.

In accordance with the Company Law of the PRC, profits after tax of the PRC subsidiaries can be distributed as dividends after the appropriation to the SSR as set out above.

55. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(i) Acquisition of subsidiaries accounted for as business combination

The major acquisition of subsidiaries accounted for as business combination is set out as follows:

In May 2014, Millennium Gain Limited, an indirect wholly-owned subsidiary of the Company, completed acquisition of shares representing 80% of the share capital and voting rights of Portuguese Insurance Group at a consideration of Euro1,037,654,000, equivalent to RMB8,823,480,000. The acquisition was undertaken to further develop the global insurance business of the Group.

In May 2014, Galaxy Wonder Limited, an indirect wholly-owned subsidiary of the Company, acquired a 100% equity interest in Marble Holding Co., Ltd. at a consideration of JPY6,811,000,000, equivalent to RMB410,261,000. The major assets of Marble Holdings Co., Ltd. is the investment of 98% equity interest in IDERA Capital Management Ltd. ("IDERA"). The acquisition was undertaken to further develop the asset management business in Japan.

In March 2014, Shanghai Forte Land Co., Ltd. ("Forte"), through its wholly-owned subsidiary Shanghai Forte Investment Management Co., Ltd. ("Forte Investment") acquired the remaining 49% equity interest in Chengdu Honghui Land Co., Ltd. ("Chengdu Honghui") at a consideration of RMB792,808,000. Before the acquisition, Forte Investment held 51% equity interest in Chengdu Honghui, which was accounted for as a joint venture. The major assets of Chengdu Honghui are properties under development and completed properties for sale located in Chengdu, PRC.

In the fourth quarter of 2014, Fidelidade - Companhia de Seguros, S.A., an indirect owned subsidiary of the Company, acquired 98.22% of the equity interests in Luz Saúde (formerly known as ESPÍRITO SANTO SAÚDE - SGPS, SA (ES SAÚDE)) at a consideration of Euro474,065,000, equivalent to RMB3,668,173,000. The acquisition was undertaken to further develop the global healthcare business of the Group.

In August and December 2014, the Group through its indirectly owned subsidiaries acquired Citigroup Center and Shinagawa Property located in Tokyo, Japan at a consideration of JPY12,333,206,000 (equivalent to RMB730,348,000) and JPY20,400,000,000 (equivalent to RMB1,047,969,000), respectively. Citigroup Center and Shinagawa Property were accounted for as investment properties since acquisition.

55. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(i) Acquisition of subsidiaries accounted for as business combination *(Continued)*

In the fourth quarter of 2014, Transcendend Resources Limited, an indirect wholly-owned subsidiary of the Company, acquired 92.6% of all Roc Oil Company Limited ("ROC") shares in issue, and was entitled to compulsorily acquire all of the ROC shares in issue in accordance with relevant laws and regulations, at a total consideration of AUD489,348,000, equivalent to RMB2,565,688,000. The acquisition was undertaken to further develop the global resources business of the Group.

The Group has elected to measure the non-controlling interests in all the subsidiaries acquired during the year at the non-controlling interests' proportionate share of the acquired subsidiaries' identifiable net assets.

The provisional fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows:

	2014 Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 14)	3,395,706
Prepaid land lease payments (note 16)	51,258
Investment in a joint venture	2,500
Investments in associates	455,206
Available-for-sale investments	81,242,162
Intangible assets (note 20)	565,469
Oil and gas assets (note 19)	1,670,546
Exploration and evaluation assets (note 17)	129,385
Investment properties (note 15)	5,830,453
Deferred tax assets (note 29)	1,689,964
Cash and cash equivalents	3,037,180
Term deposits	12,279,183
Investments at fair value through profit or loss	429,435
Trade and notes receivables	787,805
Due from related companies	43,037
Prepayments, deposits and other receivables	1,160,530
Loan receivable	32,816
Inventories	240,814
Completed properties for sale	314,493
Properties under development	884,696
Policyholder account assets in respect of unit-linked contracts	8,653,797
Insurance and reinsurance debtors	1,390,549
Reinsurers' share of insurance contract provisions	1,699,332
Subtotal carried forward	125,986,316

55. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(i) Acquisition of subsidiaries accounted for as business combination *(Continued)*

The provisional fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows *(Continued)*:

	2014 Fair value recognised on acquisition RMB'000
Subtotal brought forward	125,986,316
Interest-bearing bank and other borrowings	(2,026,537)
Trade and notes payables	(522,529)
Accrued liabilities and other payables	(5,813,973)
Tax payable	(265,416)
Due to related companies	(1,190)
Unearned premium provisions (note 46)	(2,710,035)
Provision for unexpired risks	(352,652)
Insurance and reinsurance creditors	(1,385,821)
Derivative financials instruments	(50,523)
Other long term payables	(444,063)
Deferred tax liabilities (note 29)	(2,079,593)
Provision for outstanding claims (note 47)	(15,703,204)
Other life insurance contract liabilities (note 49)	(16,093,934)
Financial liabilities for unit-linked contracts (note 48)	(8,653,797)
Investment contract liabilities (note 48)	(52,317,559)
Finance lease payables	(247,631)
Total identifiable net assets at provisional fair value*	17,317,859
Non-controlling interests	(2,529,920)
Total net assets acquired	14,787,939
Gain on bargain purchase of subsidiaries	(61,148)
Goodwill on acquisition (note 21)	4,255,243
	18,982,034
Satisfied by:	
Cash consideration paid	18,146,546
Investment in an associate	12,460
Investment in a joint venture	404,870
Cash consideration unpaid	418,158
	18,982,034

55. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(i) Acquisition of subsidiaries accounted for as business combination *(Continued)*

The provisional fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows *(Continued)*:

* The assessment of the fair value of the identifiable assets and liabilities of Portuguese Insurance Group and Luz Saúde is still undergoing and the information of the fair values of the identifiable assets and liabilities is provisional at the date of the approval of this consolidated financial statements. The finalised information will be disclosed in the consolidated financial statements of the Group for the year ended 31 December 2015.

The fair values of the trade receivables and prepayments, deposits and other receivables as at the dates of acquisition amounted to RMB787,805,000 and RMB1,160,530,000, respectively. The gross contractual amounts of trade receivables and prepayments, deposits and other receivables were RMB787,805,000 and RMB1,160,530,000, respectively.

The Group incurred transaction cost of RMB135,328,000 for these acquisitions. These transaction cost have been expensed and are included in other expenses or administrative expenses in the consolidated statement of profit or loss.

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

Since the acquisition, the acquired subsidiaries contributed RMB7,612,892,000 to the Group's turnover and net profit of RMB1,311,838,000 to the consolidated profit for the year ended 31 December 2014.

Had the combinations taken place at the beginning of the year, the revenue of the Group and the net profit of the Group for the year ended 31 December 2014 would have been RMB69,427,142,000 and RMB10,599,767,000, respectively.

(ii) Acquisition of subsidiaries not accounted for as business combination

The major acquisition of subsidiaries not accounted for as business combination is set out as follows:

During the year, Sunhill Global Limited, an indirect subsidiary where the Company holds a 60% equity interest, acquired 100% equity interest in Clear Water Bay Land Company Limited ("CWB") at a consideration of HKD1,697,603,000, equivalent to RMB1,346,284,000. The major assets of CWB are three pieces of land located in Hong Kong.

The above acquisition has been accounted for as acquisition of assets in the Group's consolidated financial statements. The purchase cost of the Group is allocated to the assets and liabilities, respectively, on the basis of their relative fair values at the date of purchase.

55. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(ii) Acquisition of subsidiaries not accounted for as business combination *(Continued)*

The allocation of the purchase cost on the basis of the relative fair values of the assets and liabilities acquired as at the date of the purchase are as follows:

	Allocation of purchase cost RMB'000
Cash and cash equivalents	577
Trade and notes receivables	39
Prepayments, deposits and other receivables	11
Properties under development	1,348,181
Trade and notes payables	(36)
Accrued liabilities and other payables	(2,488)
Total purchase costs	1,346,284
Satisfied by:	
Cash consideration paid	1,346,284

(iii) An analysis of the cash flows in respect of the acquisition of subsidiaries as set out in (i) and (ii) above are as follows :

	RMB'000
Consideration settled by cash	(19,492,830)
Cash and cash equivalents acquired	3,037,757
	(16,455,073)
Payment of unpaid cash consideration as at 31 December 2013	(710,513)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(17,165,586)
Transaction costs of these acquisitions included in cash flows from operating activities	(135,328)
	(17,300,914)

(iv) Acquisition of subsidiaries accounted for as a business combination subsequent to 31 December 2014

In December 2014, after the competing bid for the takeover of Club Méditerranée SA ("Club Med"), a company incorporated under the laws of France, the price of Euro24.6 per share ultimately proposed by the Group was the final offer price and the total investment amount was Euro958 million. The acquisition was undertaken to further develop the global happy lifestyle business of the Group. In March 2015, Club Med delisted from Euronext. Club Med will be accounted for as a subsidiary of the Group since the completion of the acquisition. The information of the fair values of the identifiable assets and liabilities of the above subsidiary as at the date of acquisition is not available at the date of this report, which will be disclosed in the consolidated financial statements of the Group for the year ended 31 December 2015.

55. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries

The major disposal during the year is set out as follows:

In August 2014, Wuhan Fujiang Real Estate Co., Ltd. ("Wuhan Fujiang"), a wholly owned subsidiary of Forte, completed the share capital increase from RMB300,000,000 to RMB600,000,000. The share capital increase was paid up by an independent third party. Subsequent to the completion of the share capital injection, Forte's equity interests in Wuhan Fujiang decreased to 50% and Forte lost the control over the board of directors as well as the operating and financial policies decision of Wuhan Fujiang but can exercise jointly control over Wuhan Fujiang. The remaining 50% equity interests in Wuhan Fujiang was accounted for as investment in a joint venture.

In June 2014, Oriental Merchant Real Estate Co., Ltd. ("Oriental Merchant"), an indirectly wholly-owned subsidiary of Forte, entered into an agreement with Shanghai Xingming Investment Management Co., Ltd. ("Shanghai Xingming"), one of the shareholders of Zhejiang Dongyang Woodcarving City Co., Ltd. ("Zhejiang Dongyang"). According to the agreement, Oriental Merchant delegated 10% of its voting rights on Zhejiang Dongyang to Shanghai Xingming and changed the composition of board of directors. Upon the date of the delegation, Oriental Merchant was not able to control the operating and financial policies decision but can exercise significant influence over Zhejiang Dongyang. The remaining 45% equity investment in Zhejiang Dongyang was accounted for as investment in an associate since the completion of the delegation.

55. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

The total net assets disposed of in respect of the disposal of the subsidiaries during the year were as follows:

	2014 RMB'000	2013 RMB'000
Net assets disposed of:		
Property, plant and equipment (note 14)	121,409	5,779
Intangible assets	—	1,790
Investments in joint ventures	—	1,748,463
Available-for-sale investments	—	67,620
Loans receivable	—	73,920
Deferred tax assets (note 29)	33,527	78,205
Properties under development	2,629,511	8,148,546
Investment properties (note 15)	776,000	—
Cash and cash equivalents	1,792,329	453,372
Investments at fair value through profit or loss	—	7,000
Trade and notes receivables	8,202	13,380
Prepayments, deposits and other receivables	196,885	2,723,548
Due from related parties	113,985	—
Inventories	14,756	—
Completed properties for sale	17,585	—
Interest-bearing bank and other borrowings	(2,201,883)	(1,791,328)
Trade and notes payables	(171,738)	(1,323,858)
Due to related companies	(230)	—
Accrued liabilities and other payables	(1,613,311)	(6,749,844)
Tax payable	(169,889)	(39,748)
Deferred income	(293,000)	
Other long term payables	(2,490)	—
Deferred tax liabilities (note 29)	(124,164)	—
Non-controlling interests	(311,038)	(2,347,332)
	816,446	1,069,513
Fair value of the retained interests in subsidiaries disposed of	(711,974)	(49,202)
Net loss on disposal of subsidiaries (note 8)	(15,873)	—
	88,599	1,020,311

55. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

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

	2014 RMB'000	2013 RMB'000
Satisfied by:		
Cash	74,600	59,220
Available-for-sale investments	—	961,091
Other receivables	13,999	—
	88,599	1,020,311
Cash consideration	74,600	59,220
Cash and cash equivalents disposed of	(1,792,329)	(453,372)
Receipt of unreceived cash consideration for disposal in previous years	—	126,200
Net inflow of cash and cash equivalents included in cash flows from investing activities	(1,717,729)	(267,952)

56. SHARE-BASED PAYMENTS

(a) Restricted A share Incentive Scheme by Fosun Pharma

Fosun Pharma adopts a share incentive scheme (the "Restricted A Share Incentive Scheme") for the purpose of further refining the corporate governance structure of Fosun Pharma, facilitating the establishment of the restricted incentive mechanism, fully motivating the directors and key personnel of Fosun Pharma, as well as balancing the interests of the shareholders, Fosun Pharma and the management for the long-term development of Fosun Pharma.

On 7 January 2014 (the "Date of Grant"), pursuant to the Restricted A Share Incentive Scheme, 4,035,000 A shares of Fosun Pharma were granted to 28 eligible participants of the Restricted A Share Incentive Scheme (the "Share Incentive Participants") at a grant price of RMB6.08 per share. The Share Incentive Participants include executive directors and the member of senior management of Fosun Pharma and core technical and management personnel.

27 out of 28 of the share incentive participants have accepted and subscribed with their own funds under the Restricted A Share Incentive Scheme and a total of 3,935,000 restricted A Shares ("Restricted Shares") has been issued by Fosun Pharma to the relevant share incentive participants.

The Restricted A Share Incentive Scheme shall be valid for a term of four years, commencing from the Date of Grant of Restricted Shares and ending on the date on which all the Restricted Shares on 7 January 2014.

Restricted Shares shall be locked up immediately upon granting. All of the Restricted Shares granted to Share Incentive Participants shall be subject to various Lock-up Periods ranging from 1 year, 2 years to three years, respectively, immediately from the Date of Grant. Restricted Shares held by Share Incentive Participants shall be unlocked (or repurchased and cancelled by Fosun Pharma) in three tranches in the proportion of 33%, 33% and 34% of the total number of the Restricted Shares granted upon the expiry of each Lock-up Period.

The aggregate fair value of the Restricted Shares granted amounted to approximately RMB59,012,000, of which RMB35,087,000 will be charged to profit or loss and the capital reserve as costs of share-based compensation in aggregate from the date of grant to the date on which the unlocking conditions are being fulfilled and the shares may be circulated according to the law, after netting of the total considerations received for the issue of the Restricted Shares amounted to RMB23,925,000. The Group has recognised an amount of RMB21,841,000 as expenses (note 8) for the year ended 31 December 2014.

56. SHARE-BASED PAYMENTS *(Continued)*

(a) Restricted A share Incentive Scheme by Fosun Pharma *(Continued)*

The fair value of Restricted Shares granted during the year was estimated as at the Date of Grant, using the Black-Scholes model, taking into account the terms and conditions upon which the shares were granted. The following table lists the inputs to the model used:

Unlock period	First unlock Period	Second unlock period	Third unlock period
Risk-free interest rate (%)	4.18	4.33	4.36
Expected volatility (%)	37.22	37.22	37.22
Expected dividend yield (%)	1.10	1.10	1.10
Market price of the Company's shares on the date of grant (RMB)	17.93	17.93	17.93
Fair value of the restricted shares on the date of grant (RMB)	15.60	14.88	14.52

The exercise price of the Black-Scholes model was arrived at based on the market price of Fosun Pharma's shares on the Date of Grant. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other feature of the Restricted Shares granted was incorporated into the measurement of fair value.

(b) CML share option

Chindex Medical Limited ("CML") was established as at 31 December 2010 in which Ample Up Limited, an indirect subsidiary of Fosun Pharma, and Chindex Medical Holdings (BVI) Limited, a subsidiary of Chindex International Inc. ("Chindex", listed in the NASDAQ market), held 51% and 49% equity interests respectively. CML was included in the consolidated financial statements of the Group since its establishment.

Certain employees of Chindex, who operates a share option scheme for its employees, provide services to CML. The services agreement between CML and Chindex provides that the full compensation cost of certain Chindex employees will be charged to CML, which will also include the cost of the share-based compensation, if applicable to the individual. In addition, certain former Chindex employees who are now employees of CML still retained the rights to vest the share options granted to them in the prior years, and the cost of these share options for the year of 2011 was charged to staff costs of CML as the incentive and reward for the services provided to CML. For the year ended 31 December 2014, the equity-settled share-based payment expenses amounting to RMB16,519,000(2013: RMB9,707,000) were recognised in the consolidated statement of profit or loss as set out in note 8 to the financial statements.

57. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties, as set out in note 14 to the financial statements, under operating lease arrangements, with negotiated terms ranging from one to ten years.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

Group

	2014 RMB'000	2013 RMB'000
Within one year	440,823	668,920
In the second to fifth years, inclusive	1,579,231	962,075
Over five years	81,483	332,551
	2,101,537	1,963,546

As lessee

The Group leases certain of its office properties, shop lots, land and plant buildings under operating lease arrangements, with negotiated terms ranging from one to nineteen years.

At the end of the reporting period, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Group

	2014 RMB'000	2013 RMB'000
Within one year	135,551	83,651
In the second to fifth years, inclusive	274,359	245,377
Over five years	549,531	624,204
	959,441	953,232

Company

	2014 RMB'000	2013 RMB'000
Within one year	7,753	5,245
In the second to fifth years, inclusive	10,337	2,486
	18,090	7,731

58. COMMITMENTS

In addition to the operating lease commitments detailed in note 57 above, the Group and the Company had the following capital commitments at the end of the reporting period:

Group

	2014 **RMB'000**	2013 RMB'000
Contracted, but not provided for:		
Plant and machinery	**1,701,623**	1,430,424
Properties under development	**16,374,753**	4,749,842
Investments	**14,285,765**	186,382
	32,362,141	6,366,648
Authorised, but not contracted for:		
Plant and machinery	**126,486**	232,540
Investments	**2,829,050**	693,986
	2,955,536	926,526

Company

	2014 **RMB'000**	2013 RMB'000
Authorised, but not contracted for:		
Investments	**—**	—

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

Group

	2014 **RMB'000**	2013 RMB'000
Contracted but not provided for:		
Properties under development	**777,756**	1,073,761

59. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

	2014 RMB'000	2013 RMB'000
Guaranteed bank loans of:		
Related parties (note 60)	223,000	570,000
Third parties	—	123,400
	223,000	693,400
Qualified buyers' mortgage loans*	2,434,754	2,473,034
	2,657,754	3,166,434

* As at 31 December 2014, the Group provided guarantees of approximately RMB2,434,754,000 (31 December 2013: RMB2,473,034,000) 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 PRC. 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.

Owing to the nature of the insurance business, the insurance segment of the Group are involved in legal proceedings in the ordinary course of its activity, including being the plaintiff or the defendant in litigation and arbitration proceedings. Most of such legal proceedings involve claims concerning insurance policies, which are already provisioned, and some additional losses arising therefrom will be indemnified either by reinsurers or by other recoveries, like salvages. Although the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the Group believes that any resulting liabilities will not have a material adverse effect on its financial position or operating results.

60. RELATED PARTY TRANSACTIONS

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	2014 RMB'000	2013 RMB'000
Sales of goods			
Sinopharm Group Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	710,922	570,052
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 3 & 9)	Sales of scrap material	112,265	59,769
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 3 & 9)	Sales of utility	78,928	53,786
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	19,446	22,750
Chindex International, Inc. (Notes 2 & 9)	Sales of pharmaceutical products	13,801	—
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	6,204	8,055
Shanghai LONZA Fosun Pharmaceutical Science and Technology Development Ltd. (Notes 3 & 9)	Sales of pharmaceutical products	4,291	1,832
Shanghai Huifeng Forme Pharmacy Co., Ltd. (Notes 3 & 9)	Sales of pharmaceutical products	2,978	3,517
Shanghai Liyi Pharmacy Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	1,712	1,868
Shanghai Yaofang Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	1,136	4,565
Shanghai Lianhua Fosun Pharmacy Chain-store Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	—	18,201
Suzhou Laishi Transfusion Equipment Co., Ltd. (Notes 5 & 9)	Sales of pharmaceutical products	—	6,642
Total sales of goods		951,683	751,037

60. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2014 RMB'000	2013 RMB'000
Purchases of goods			
Sinopharm Group Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	147,494	136,262
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	7,090	8,302
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	6,892	5,537
Shanghai Yaofang Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	409	3,011
Suzhou Laishi Transfusion Equipment Co., Ltd. (Notes 5 & 9)	Purchases of pharmaceutical products	—	15,282
Tongjitang Chinese Medicines Company (Notes 5 & 9)	Purchases of pharmaceutical products	—	13,272
Total purchases of goods		161,885	181,666
Service income			
Yantai Xingyi Properties Co., Ltd. (Notes 3 & 10)	Consulting services provided to the related company	34,588	20,452
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3 & 10)	Consulting services provided to the related company	14,999	—
Fuyang Furun Property Co., Ltd. (Notes 3 & 10)	Consulting services provided to the related company	4,632	7,148
Shanghai Xingyao Real Estate Development Co., Ltd. (Notes 3 & 10)	Consulting services provided to the related company	—	42,000
Harbin Xinghao Real Estate Development Co., Ltd. (Notes 6 & 10)	Consulting services provided to the related company	—	21,000
Harbin Xingheng Real Estate Development Co., Ltd. (Notes 6 & 10)	Consulting services provided to the related company	—	20,000

60. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2014 RMB'000	2013 RMB'000
Service income *(Continued)*			
Harbin Xinghan Real Estate Development Co., Ltd. (Notes 6 & 10)	Consulting services provided to the related company	—	18,000
Shanghai Yinping Investment Management Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	—	2,133
Wuhu XingYan Properties Co., Ltd. (Notes 3 & 10)	Consulting services provided to the related company	—	1,218
Total service income		54,219	131,951
Interest income			
Haizhimen (Notes 3 & 12)	Interest income	195,957	274,276
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3 & 12)	Interest income	77,000	58,984
Anhui Jinhuangzhuang Mining Co., Ltd. (Notes 2 & 12)	Interest income	14,712	9,810
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 7 & 12)	Interest income	8,826	—
Nanjing Iron & Steel (Group) Co., Ltd. (Notes 4 & 12)	Interest income	4,023	—
Fuyang Furun Property Co., Ltd. (Notes 3 & 12)	Interest income	2,250	1,472
Wuhu XingYan Properties Co., Ltd. (Notes 3 & 12)	Interest income	1,830	—
Harbin Xinghao Real Estate Development Co., Ltd. (Notes 6 & 12)	Interest income	—	7,303
Wuhu Xingshuo Investment Co., Ltd. (Notes 3 & 12)	Interest income	—	3,501
Yantai Xingyi Properties Co., Ltd. (Notes 3 & 12)	Interest income	—	2,200
Nanjing Dahua Investment Development Co., Ltd. (Notes 2 & 12)	Interest income	—	4,248
Total interest income		304,598	361,794

60. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2014 RMB'000	2013 RMB'000
Rental Income			
Nanjing Xinwu Shipping Co., Ltd. (Notes 2 & 10)	Operating lease in respect of office buildings leased to the related company	1,709	1,806
Interest expense			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 3, 12 & 15)	Interest expense	3,892	2,434
Interest paid for deposits from related parties			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2, 8 & 17)	Interest paid for deposits	5,575	1,612
Shanghai Zendai Bund Int'l Finance Center Real Estate Co., Ltd. (Notes 3 & 17)	Interest paid for deposits	1,839	268
Shanghai Xingjue Investment Management Co., Ltd. (Notes 6 & 17)	Interest paid for deposits	—	4,713
Total interest paid for deposits from related parties		7,414	6,593
Other expenses			
Nanjing Xinwu Shipping Co., Ltd. (Notes 2 & 11)	Transportation fees	154,247	93,918
Hainan Haigang Group Co., Ltd. (Notes 4, 8 & 11)	Operating lease in respect of land leased from the related company	17,059	16,520
Shanghai Foreal Property Management Co., Ltd. (Notes 2 & 11)	Property management services provided by the related company	6,451	10,253
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2 & 11)	Operating lease in respect of office buildings leased from the related company	3,993	3,705
Total other expenses		181,750	124,396
Underlying notional interest of loans from related companies			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 3 & 14)	Notional interest	5,791	6,227
Loans from related companies			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 3, 12 & 15)	Loan provided by the related company	193,000	100,000

60. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2014 RMB'000	2013 RMB'000
Deposits from related companies			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2, 8 & 17)	Deposits from the related company	599,570	147,107
Shanghai Xingyao Real Estate Development Co., Ltd. (Notes 3 & 17)	Deposits from the related company	493,330	—
Haizhimen (Notes 3 & 17)	Deposits from the related company	240,230	—
Zhejiang Dongyang China Woodcarving Cultural Exhibition City Co., Ltd. (Notes 7 & 17)	Deposits from the related company	150,673	—
Zhejiang Dongyang China Woodcarving City Co., Ltd. (Notes 7 & 17)	Deposits from the related company	42,022	—
Sichuan Huanglong Forte Real Estate Development Co., Ltd. (Notes 3 & 17)	Deposits from the related company	21,648	387
Fuyang Furun Property Co., Ltd. (Notes 3 & 17)	Deposits from the related company	15,012	1,680
Shanghai Zendai Bund International Finance Center Real Estate Co., Ltd. (Notes 3 & 17)	Deposits from the related company	8,685	363,568
Shanghai Yinping Investment Management Co., Ltd. (Notes 2 & 17)	Deposits from the related company	7,877	—
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3 & 17)	Deposits from the related company	179	20,076
Chongqing Langfu Properties Co., Ltd. (Notes 2 & 17)	Deposits from the related company	100	28,918
Yantai Xingyi Properties Co. Ltd. (Notes 3 & 17)	Deposits from the related company	38	3,562
Shanghai Xingjue Investment Management Co., Ltd. (Notes 6 & 17)	Deposits from the related company	—	615,085
Total deposits from related companies		1,579,364	1,180,383

60. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2014 RMB'000	2013 RMB'000
Guarantees of bank loans			
Fosun Holdings Limited (Notes 1, 8 & 13)	Bank loans guaranteed by the related company	1,774,510	1,280,349
Hainan Haigang Group Co., Ltd. (Notes 4, & 13)	Bank loans guaranteed by the related company	380,000	—
Nanjing Iron & Steel (Group) Co., Ltd. (Notes 4, 8 & 13)	Bank loans guaranteed by the related company	140,000	1,289,111
Sichuan Forte Huanglong Property Development Co., Ltd. (Notes 3 & 13)	Guarantees granted for bank loans of the related company	150,000	300,000
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 3 & 13)	Guarantees granted for bank loans of the related company	68,000	90,000
Nanjing Xinwu Shipping Co., Ltd. (Notes 2 & 13)	Guarantees granted for bank loans of the related company	5,000	30,000
Fuyang Furun Property Co., Ltd. (Notes 3 & 13)	Guarantees granted for bank loans of the related company	—	100,000
Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd. (Notes 2 & 13)	Guarantees granted for bank loans of the related company	—	50,000
Total loans guaranteed		2,517,510	3,139,460
Loans to related companies			
Wuhu XingYan Properties Co., Ltd. (Notes 3, 12 & 16)	Entrusted loan provided to the related company	23,330	—
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3, 12 & 16)	Entrusted loan provided to the related company	—	700,000
Fuyang Furun Property Co., Ltd. (Notes 3, 12 & 16)	Entrusted loan provided to the related company	—	100,000
Yantai Xingyi Properties Co., Ltd. (Notes 3, 12 & 16)	Entrusted loan provided to the related company	—	80,000
Wuhu Xingshuo Investment Co., Ltd. (Notes 3, 12 & 16)	Entrusted loan provided to the related company	—	75,000
Total loans to related companies		23,330	955,000

60. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(1) It is the holding company of the Group.

(2) They are associates of the Group.

(3) They are joint ventures of the Group.

(4) They are non-controlling shareholders of the subsidiaries of the Group.

(5) As at 30 September 2013, Fosun Pharma acquired Suzhou Laishi Transfusion Equipment Co., Ltd. ("Suzhou Laishi") and Suzhou Laishi was no longer an associate of the Group. As at 30 October 2013, Fosun Pharma disposed of entire equity interest in Tongjitang Chinese Medicines Company ("Tongjitang") and Tongjitang was no longer an associate of the Group.

(6) They were joint ventures of the Group in 2013, but disposed on 31 December 2013.

(7) They were subsidiaries of the Group in 2013, but was accounted for as associates at 31 December 2014.

(8) These transactions constitute connected transaction or continuing connected transactions of the Group under Chapter 14A of the Listing Rules. They are exempted from the disclosure requirements under Chapter 14A of the Listing Rules.

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

(10) The directors consider that the income for consulting services, and rental were determined based on prices available to third party customers.

(11) The directors consider that the fees for property management services, transportation services and leasing paid to the related companies were determined based on prices available to third party customers of the related companies.

(12) The directors consider that the loans provided by/to the related companies are unsecured, repayable on demand, and the applicable interest rates are determined in accordance with the prevailing market borrowing rates.

(13) The bank loans were guaranteed by the related companies free of charge. The guarantees were given by the Group for bank loans of the related companies free of charge.

(14) As at 31 December 2014, the interest-free and unsecured entrusted bank loan in the amount of RMB93,000,000 was repaid to Wuxi Forte Real Estate Development Co., Ltd. The corresponding notional interest for the year ended 31 December 2014 amounted to approximately RMB5,791,000 (2013: RMB6,277,000).

(15) The entrusted bank loans in the amount of RMB100,000,000 and RMB93,000,000 are provided by Wuxi Forte Real Estate Development Co., Ltd. in 2014. Both of entrusted loans bear interest at a rate of 3.25% per annum and the maturity date is 10 November 2015 and 17 November 2015, respectively. The balance of loans from Wuxi Forte Real Estate Development Co., Ltd. was RMB193,000,000 as set out in note 41 to financial statements.

(16) The balance of entrusted loans provided to Wuhu XingYan Properties Co., Ltd. as at 31 December 2014 was RMB23,330,000 as set out in note 27 to the financial statements.

The balance of entrusted loans provided to Shanxi Jianqin Real Estate Development Co., Ltd. as at 31 December 2014 was RMB700,000,000 as set out in note 27 to the financial statements.

The entrusted loan provided to Fuyang Furun Property Co., Ltd. amounting to RMB100,000,000 were collected on 24 January 2014.

Both of the loans provided to Wuhu Xingshuo Investment Co., Ltd. and Yantai Xingyi Properties Co., Ltd. amounting to RMB75,000,000 and RMB80,000,000 were collected as at 31 December 2013.

(17) Interest paid for deposits from related parties represent the interest paid for deposits placed by related parties in the Finance Company, a subsidiary of the Group. The deposits from related parties carry interests which are determined in accordance with the benchmark deposit interest rate of PBOC and the prevailing market deposit interest rate. The deposits will be repaid upon demand of the related parties.

60. RELATED PARTY TRANSACTIONS *(Continued)*

Notes: *(Continued)*

(18) Compensation of key management personnel of the Group:

	2014 RMB'000	2013 RMB'000
Short-term employee benefits	47,919	39,081
Pension scheme contributions	343	336
Total compensation paid to key management personnel	48,262	39,417

61. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2014 Group

Financial assets

	Financial assets at fair value through profit or loss				
	Designed as such upon initial recognition RMB'000	Held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial investments RMB'000	Total RMB'000
Available-for-sale investments	—	—	—	77,237,813	77,237,813
Loans receivable	—	—	2,140,063	—	2,140,063
Cash and bank	—	—	40,190,807	—	40,190,807
Term deposits	—	—	147,815	—	147,815
Investments at fair value through profit or loss	1,759,301	13,107,893	—	—	14,867,194
Trade and notes receivables	—	—	6,371,003	—	6,371,003
Financial assets included in prepayments, deposits and other receivables (note 28)	—	—	6,514,629	—	6,514,629
Due from related companies	—	—	5,249,357	—	5,249,357
Insurance and reinsurance debtors	—	—	2,132,018	—	2,132,018
	1,759,301	13,107,893	62,745,692	77,237,813	154,850,699

61. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

2014 Group *(Continued)*

Financial liabilities

	Financial liabilities at fair value through profit or loss - Designated as such upon initial recognition RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	93,155,696	93,155,696
Convertible bonds	—	2,485,546	2,485,546
Loans from related companies	—	193,000	193,000
Trade and notes payables	—	19,590,569	19,590,569
Financial liabilities included in accrued liabilities and other payables (note 43)	—	12,921,047	12,921,047
Due to related companies and the holding company	—	3,792,010	3,792,010
Deposit from customers	—	1,696,120	1,696,120
Financial liabilities included in other long term payables (note 52)	88,019*	3,303,153	3,391,172
Finance lease payables	—	267,227	267,227
Derivative financial instruments	—	65,670	65,670
Investment contract liabilities	—	51,972,632	51,972,632
Insurance and reinsurance creditors	—	1,453,267	1,453,267
	88,019	190,895,937	190,983,956

* The amount includes the share redemption option granted to non-controlling shareholders of a subsidiary amounting to RMB60,299,000 (2013: RMB44,364,000), of which fair value change is recognised in other reserve due to the nature of equity transaction with non-controlling shareholder of a subsidiary of the Group.

61. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

2013 Group

Financial assets

	Financial assets at fair value through profit or loss - held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial investments RMB'000	Total RMB'000
Available-for-sale investments	—	—	10,050,291	10,050,291
Loans receivable	—	3,261,103	—	3,261,103
Cash and bank	—	16,387,191	—	16,387,191
Investments at fair value through profit or loss	13,465,979	—	—	13,465,979
Trade and notes receivables	—	4,684,199	—	4,684,199
Financial assets included in prepayments, deposits and other receivables (note 28)	—	4,494,056	—	4,494,056
Due from related companies	—	3,175,550	—	3,175,550
Insurance and reinsurance debtors	—	341,333	—	341,333
	13,465,979	32,343,432	10,050,291	55,859,702

Financial liabilities

	Financial liabilities at fair value through profit or loss - Designated as such upon initial recognition RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	66,568,264	66,568,264
Convertible bonds	—	2,319,675	2,319,675
Loans from related companies	—	196,477	196,477
Trade and notes payables	—	14,928,283	14,928,283
Financial liabilities included in accrued liabilities and other payables (note 43)	—	8,986,016	8,986,016
Due to related companies and the holding company	—	5,694,824	5,694,824
Deposit from customers	—	1,636,739	1,636,739
Financial liabilities included in other long term payables (note 52)	99,804	2,928,187	3,027,991
Finance lease payables	—	89,672	89,672
	99,804	103,348,137	103,447,941

61. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

2014 Company

Financial assets

	Financial assets at fair value through profit or loss - held for trading RMB'000	Loans and receivables RMB'000	Total RMB'000
Investments at fair value through profit or loss	6,062,759	—	6,062,759
Cash and bank	—	805,480	805,480
Financial assets included in prepayments, deposits and other receivables (note 28)	—	51,286	51,286
Due from related companies	—	3,061	3,061
Due from subsidiaries	—	12,176,328	12,176,328
	6,062,759	13,036,155	19,098,914

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in accrued liabilities and other payables (note 43)	78,738
Interest-bearing bank and other borrowings	10,613,938
Due to the holding company	673,617
Due to subsidiaries	2,457,214
	13,823,507

61. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

2013 Company

Financial assets

	Financial assets at fair value through profit or loss - held for trading RMB'000	Loans and receivables RMB'000	Total RMB'000
Investments at fair value through profit or loss	4,805,031	—	4,805,031
Cash and bank	—	519,361	519,361
Financial assets included in prepayments, deposits and other receivables (note 28)	—	11,655	11,655
Due from related companies	—	3,048	3,048
Due from subsidiaries	—	19,083,808	19,083,808
	4,805,031	19,617,872	24,422,903

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in accrued liabilities and other payables (note 43)	45,533
Interest-bearing bank and other borrowings	6,163,164
Due to the holding company	3,144,864
Due to subsidiaries	3,140,013
	12,493,574

62. TRANSFERS OF FINANCIAL ASSETS

At 31 December 2014, the Group endorsed certain bills receivable accepted by banks in the PRC (the "Endorsed Bills") to certain of its suppliers in order to settle the trade payables due to these suppliers with an aggregate carrying amount of RMB 3,458,632,000(2013: RMB5,978,209,000). In addition, the Group discounted certain bills receivable accepted by banks in the PRC (the "Discounted Bills"), to certain banks to finance its operating cash flow with an aggregate carrying amount of RMB 1,000,164,000(2013: RMB1,556,376,000). The Endorsed Bills and the Discounted Bills had a maturity from one to six months at the end of the reporting period. In accordance with the relevant laws and regulations in the PRC and relevant discounting arrangement with certain banks, the holders of the Endorsed Bills and the Discounted Bills have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement").

In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Endorsed Bills and the Discounted Bills. Accordingly, it has derecognised the full carrying amounts of the Endorsed Bills and the Discounted Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Endorsed Bills and the Discounted Bills and the undiscounted cash flows to repurchase these Endorsed Bills and Discounted Bills equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Endorsed Bills and the Discounted Bills are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Endorsed Bills and the Discounted Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and the discount have been made evenly throughout the year.

63. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Group

	Carrying amounts		Fair values	
	2014 **RMB'000**	2013 RMB'000	**2014** **RMB'000**	2013 RMB'000
Financial assets				
Available-for-sale investments	**67,742,925**	3,875,800	**67,742,925**	3,875,800
Loans receivable (non-current portion)	**1,296,977**	3,161,103	**1,296,977**	3,161,103
Investments at fair value through profit or loss	**14,867,194**	13,465,979	**14,867,194**	13,465,979
	83,907,096	20,502,882	**83,907,096**	20,502,882
Financial liabilities				
Interest-bearing bank and other borrowings	**93,155,696**	66,568,264	**93,020,297**	65,940,225
Convertible bonds	**2,485,546**	2,319,675	**3,503,939**	3,051,095
Due to related companies (non-current portion)	**—**	157,851	**—**	157,851
Financial liabilities included in other long term payables	**3,391,172**	3,027,991	**3,391,172**	3,027,991
Finance lease payables	**267,227**	89,672	**267,227**	89,672
Derivative financial instruments	**65,670**	—	**65,670**	—
	99,365,311	72,163,453	**100,248,305**	72,266,834

63. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

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

Company

	Carrying amounts		Fair values	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Investments at fair value through profit or loss	**6,062,759**	4,805,031	**6,062,759**	4,805,031
Financial liabilities				
Interest-bearing bank and other borrowings	**10,613,938**	6,163,164	**10,661,329**	6,239,966

Management has assessed that the fair values of cash and bank, trade and notes receivables, trade and notes payables, insurance and reinsurance debtors and creditors, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, current portion of amounts due from related companies and amounts due to related companies and the holding company approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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

The fair values of the non-current portion of due to related companies, financial liabilities included in other long term payables, loan from related companies, finance lease payables and non-current portion of interest-bearing bank and other borrowings 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 non-current portion of due to related companies, financial liabilities included in other long term payables, loan from related companies, finance lease payables and non-current portion of interest-bearing bank and other borrowings as at 31 December 2014 was assessed to be insignificant. The fair value of the convertible bonds and other listed bonds is based on the quoted market price which represents the fair value for both the liability and equity component of the convertible bonds and the fair values of listed bonds and senior notes are based on the quoted market price.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments include commodity derivative contracts and interest rate swaps. As at 31 December 2014, the fair values of commodity derivative contracts were measured using quoted market price of commodity future contracts while the fair values of interest rate swaps were measured using valuation techniques similar to 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 commodity derivative contracts and interest rate swaps are the same as their fair values.

63. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Company *(Continued)*

The fair values of listed equity investments without a lock-up period are based on quoted market prices. The fair values of listed equity investments with a lock-up period have been estimated based on assumptions that are supported by observable market prices and discount for lack of marketability. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

As at 31 December 2014, the fair value information has not been disclosed for certain available-for-sale investments in equity instruments that do not have a quoted market price in an active market and are measured at cost less any impairment because their fair value cannot be measured reliably. The reason why the fair value cannot be measured reliably is because that the variability in the range of reasonable fair value estimates is significant for that investment or the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The carrying amount of these available-for-sale investments is RMB9,494,888,000 (31 December 2013: RMB6,174,491,000). All of them are unlisted equity investments held by the Group in China, North America, European and other countries, which are intended to be disposed by the Group after getting listed in the designated stock exchange in the future.

During the year ended 31 December 2014, the available-for-sale investments whose fair value could not be reliably measured with carrying amount of RMB957,665,000 were derecognised and the relevant gain on disposal amounted to RMB 489,803,000 was recognized in the consolidated statement of profit or loss.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2014:

Unobservable inputs and sensitivity analysis for Level 3 assets

The financial assets measured at fair value held by Portuguese Insurance Group which classified in Level 3 primarily correspond to debt securities and investment funds not quoted in an active market.

The fair value of debt securities, which consist of public and corporate bonds, is determined using broker quotes that cannot be corroborated with observable market transactions. Significant unobservable inputs for these bonds would include proprietary cash flow models and issuer spreads, which are comprised of credit, liquidity, and other security-specific features of the bonds. An increase (decrease) in these issuer spreads would result in a lower (higher) fair value. Due to the unobservable nature of these quotes, we do not assess whether applying reasonably possible alternative assumptions would have an impact on the fair value of the Level 3 bonds.

The fair values of investment funds classified in Level 3 are based on net asset value (NAV) reports provided by the management of such funds. Based on the unobservable nature of these NAV's, we do not assess whether applying reasonably possible alternative assumptions would have an impact on the fair value of the Level 3 investment funds.

63. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Unobservable inputs and sensitivity analysis for Level 3 liabilities *(Continued)*

As part of the purchases agreement, contingent consideration included in other long-term liabilities is payable, which is dependent on the amount of profit after tax of Foshan City Chancheng District Central Hospital Co., Ltd. (Chancheng Hospital) during the thirteenth months to twenty-fourth months period subsequent to the acquisition. The amount recognised as at 31 December 2014 was RMB27,720,000 (31 December 2013: RMB55,440,000) which was determined using the discounted cash flow model and is under Level 3 fair value measurement. The consideration is due for final measurement and payment to the former shareholders in 2016. At the date of approval of these financial statements, no further significant changes to the consideration are expected.

As the profit after tax of Chancheng Hospital for the year ended 31 December 2014 was over the profit target of RMB108,000,000, and it is estimated that the projected profit after tax of Chancheng Hospital for the year ended 31 December 2015 is over the profit target of RMB129,600,000, there have been no adjustments to the contingent consideration during the year ended 31 December 2014. Discount rate and discount for own non-performance risk is nil.

A significant decrease in the profit after tax of Chancheng Hospital would result in a significant decrease in the fair value of the contingent consideration liability.

Significant unobservable valuation input for the share redemption option granted to non-controlling shareholders of a subsidiary included in other long-term liabilities of RMB60,299,000 (31 December 2013: RMB44,364,000) is EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) of Alma Lasers in 2014 and cash and bank of Alma Lasers as at 31 December 2014.

Fair value hierarchy

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

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

63. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Asset measured at fair value:

Group

As at 31 December 2014

	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
Available-for-sale investments	11,086,712	50,338,046	6,318,167	67,742,925
Investments at fair value through profit or loss	13,074,122	1,766,229	26,843	14,867,194
	24,160,834	52,104,275	6,345,010	82,610,119

As at 31 December 2013

	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
Available-for-sale investments	2,009,183	1,866,617	—	3,875,800
Investments at fair value through profit or loss	13,421,783	44,196	—	13,465,979
	15,430,966	1,910,813	—	17,341,779

63. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Asset measured at fair value: *(Continued)*

Company

As at 31 December 2014

	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
Investments at fair value through profit or loss	6,062,759	—	—	6,062,759

As at 31 December 2013

	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
Investments at fair value through profit or loss	4,805,031	—	—	4,805,031

During the year, fair value of the available-for-sale investments in Level 2 as at 31 December 2013 amounted to RMB199,248,000 were transferred out to Level 1 due to the end of the lock-up period for these equity investments in 2014.

The movements in fair value measurements in Level 3 during the year are as follows:

	2014 RMB'000	2013 RMB'000
At 1 January	—	—
Addition	6,345,010	—
	6,345,010	—

63. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Asset for which fair values are disclosed:

Group

As at 31 December 2014

	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
Loans receivable (non-current portion)	**—**	**1,296,977**	**—**	**1,296,977**

As at 31 December 2013

	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
Loans receivable (non-current portion)	—	3,161,103	—	3,161,103

The Company did not have financial assets for which fair values are disclosed as at 31 December 2014 (31 December 2013: Nil).

63. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value:

Group

As at 31 December 2014

	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 included in other long term payables	**—**	**—**	**88,019**	**88,019**
Derivative financial instruments	**—**	**65,670**	**—**	**65,670**
	—	**65,670**	**88,019**	**153,689**

As at 31 December 2013

	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 included in other long term payables	—	—	99,804	99,804

The Company did not have any financial liabilities measured at fair value as at 31 December 2014 (31 December 2013: Nil).

The movements in fair value measurements in Level 3 during the year are as follows:

	2014 RMB'000	2013 RMB'000
Amounts included in other long term payables and due to related companies:		
At 1 January	**99,804**	570,389
Total losses recognised in the statement of profit or loss included in finance costs	**—**	22,109
Addition	**15,935**	55,440
Reclassification	**(27,720)**	(548,134)
At 31 December	**88,019**	99,804

63. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities for which fair values are disclosed:

Group

As at 31 December 2014

	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	9,079,979	83,940,318	—	93,020,297
Convertible bonds	3,503,939	—	—	3,503,939
Financial liabilities included in other long term payables	—	3,303,153	—	3,303,153
Finance lease payables	—	267,227	—	267,227
	12,583,918	87,510,698	—	100,094,616

As at 31 December 2013

	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	14,465,906	51,474,319	—	65,940,225
Convertible bonds	3,051,095	—	—	3,051,095
Due to related companies (non-current portion)	—	157,851	—	157,851
Financial liabilities included in other long term payables	—	2,928,187	—	2,928,187
Finance lease payables	—	89,672	—	89,672
	17,517,001	54,650,029	—	72,167,030

63. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities for which fair values are disclosed: *(Continued)*

Company

As at 31 December 2014

	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	1,872,414	8,788,915	—	10,661,329

As at 31 December 2013

	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	1,909,218	4,330,748	—	6,239,966

64. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and other borrowings, finance lease payables, due from/to related companies, loan receivable and loan from related companies and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables, trade and notes payables and deposit from customers, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

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. At 31 December 2014, approximately 49% (2013: 46%) 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 rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

64. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk *(Continued)*

Group:

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2014	**75**	**(232,400)**
	(25)	**77,467**
2013	75	(122,267)
	(25)	40,756

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 following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in United States dollar Hong Kong dollar and Euro exchange rates, with all other variables held constant, of the Group's profit before tax due to differences arising on settlement or translation of monetary assets and liabilities and the Group's equity excluding the impact of retained earnings due to the changes of exchange fluctuation reserve of certain overseas subsidiaries, of which the functional currencies are currencies other than RMB.

Group:

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000
2014		
If RMB weakens against the United States dollar	**5**	**(1,046,523)**
If RMB strengthens against the United States dollar	**(5)**	**1,046,523**
If RMB weakens against the Hong Kong dollar	**5**	**(111,935)**
If RMB strengthens against the Hong Kong dollar	**(5)**	**111,935**
If RMB weakens against the Euro	**5**	**27,203**
If RMB strengthens against the Euro	**(5)**	**(27,203)**
2013		
If RMB weakens against the United States dollar	5	(753,441)
If RMB strengthens against the United States dollar	(5)	753,441
If RMB weakens against the Hong Kong dollar	5	(104,313)
If RMB strengthens against the Hong Kong dollar	(5)	104,313

64. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank and term deposits, loan receivables, amounts due from related companies and other receivables, arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 59 to the financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and notes receivables and insurance and reinsurance debtors are disclosed in note 36 and 32 to the financial statements.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans and other borrowings and loan from related companies. 46% (2013: 45%) of the Group's debts would mature in less than one year as at 31 December 2014 based on the carrying value of borrowings reflected in the financial statements.

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

2014 Group

	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	—	46,389,197	53,365,049	1,577,440	101,331,686
Convertible bonds	—	—	3,247,527	—	3,247,527
Loans from related companies	—	193,000	—	—	193,000
Trade and notes payables	2,498,888	17,091,681	—	—	19,590,569
Due to related companies and the holding company	3,792,010	—	—	—	3,792,010
Financial liabilities included in accrued liabilities and other payables	3,406,408	9,514,639	—	—	12,921,047
Other long term payables	—	—	3,391,172	—	3,391,172
Finance lease payables	—	112,282	154,945	—	267,227
Derivative financial instruments	—	65,670	—	—	65,670
Investment contract liabilities	—	12,326,734	25,015,563	14,630,335	51,972,632
Insurance and reinsurance creditors	1,453,267	—	—	—	1,453,267
	11,150,573	85,693,203	85,174,256	16,207,775	198,225,807

64. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

2013 Group

	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	—	31,539,941	37,322,433	3,807,051	72,669,425
Convertible bonds	—	—	3,477,646	—	3,477,646
Loans from related companies	—	196,477	—	—	196,477
Trade and notes payables	1,185,649	13,742,634	—	—	14,928,283
Due to related companies and the holding company	5,536,973	—	176,404	—	5,713,377
Financial liabilities included in accrued liabilities and other payables	4,807,307	4,772,698	—	—	9,580,005
Other long term payables	—	—	3,027,991	—	3,027,991
Finance lease payables	—	46,587	43,085	—	89,672
	11,529,929	50,298,337	44,047,559	3,807,051	109,682,876

In addition, the guarantees provided by the Group will be called in case of default in payments by the guaranteed companies as set out in note 60.

2014 Company

	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	**—**	**4,815,367**	**6,258,661**	**—**	**11,074,028**
Due to the holding company	**673,617**	**—**	**—**	**—**	**673,617**
Due to subsidiaries	**2,457,214**	**—**	**—**	**—**	**2,457,214**
Financial liabilities included in accrued liabilities and other payables	**78,738**	**—**	**—**	**—**	**78,738**
	3,209,569	**4,815,367**	**6,258,661**	**—**	**14,283,597**

2013 Company

	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	—	1,874,025	4,763,904	—	6,637,929
Due to the holding company	3,144,864	—	—	—	3,144,864
Due to subsidiaries	3,140,013	—	—	—	3,140,013
Financial liabilities included in accrued liabilities and other payables	45,533	—	—	—	45,533
	6,330,410	1,874,025	4,763,904	—	12,968,339

64. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as equity investments at fair value through profit or loss (note 35) and available-for-sale investments measured at fair value (note 25) as at 31 December 2014. The Group's listed investments that are listed on stock exchanges in Hong Kong, Shenzhen, Shanghai, NASDAQ, Athens, Tokyo, Singapore, other countries in Europe and Africa are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact the statement of profit or loss, and no account is given for impact on other life insurance contract liabilities (profit sharing provision).

		Carrying amount of equity investments RMB'000	Increase in profit before tax RMB'000	Increase in equity RMB'000*
2014 Group				
Investments listed in:				
Hong Kong	– Available-for-sale	3,303,341	—	165,167
	– Held-for-trading	7,552,645	377,632	—
Shenzhen	– Available-for-sale	1,683,078	—	84,154
	– Held-for-trading	—	—	—
Shanghai	– Available-for-sale	2,265,640	—	113,282
	– Held-for-trading	1,748,222	87,411	—
United States	– Available-for-sale	1,718,614	—	85,931
	– Held-for-trading	1,172,918	58,646	—
Europe	– Available-for-sale	4,150,944	—	207,547
	– Held-for-trading	2,541,358	127,068	—
Japan	– Available-for-sale	80,001	—	4,000
	– Held-for-trading	92,750	4,638	—
Singapore	– Available-for-sale	11,164	—	558
	– Held-for-trading	—	—	—
Africa	– Available-for-sale	17,520	—	876
	– Held-for-trading	—	—	—

* Excluding retained profits

64. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk *(Continued)*

		Carrying amount of equity investments RMB'000	Increase in profit before tax RMB'000	Increase in equity RMB'000*
2013 Group				
Investments listed in:				
Hong Kong	– Available-for-sale	206,752	—	10,338
	– Held-for-trading	5,561,544	278,077	—
Shenzhen	– Available-for-sale	1,436,252	—	71,813
	– Held-for-trading	—	—	—
Shanghai	– Available-for-sale	674,184	—	33,709
	– Held-for-trading	4,148,031	207,402	—
United States	– Available-for-sale	335,508	—	16,775
	– Held-for-trading	1,825,218	91,261	—
Europe	– Available-for-sale	—	—	—
	– Held-for-trading	1,838,625	91,931	—
Japan	– Available-for-sale	—	—	—
	– Held-for-trading	92,561	4,628	—

* Excluding retained profits

		Carrying amount of equity investments RMB'000	**Increase in profit before tax RMB'000**	**Increase in equity RMB'000***
2014 Company				
Investments listed in:				
Hong Kong	– Held-for-trading	**5,609,414**	**280,471**	**—**
United States	– Held-for-trading	**453,345**	**22,667**	**—**
2013 Company				
Investments listed in:				
Hong Kong	– Held-for-trading	4,242,921	212,146	—
United States	– Held-for-trading	562,110	28,106	—

* Excluding retained profits

64. 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 processes for managing capital during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio between 20% and 60%. Net debt includes interest-bearing bank and other borrowings, the liability component of convertible bonds and loans from related companies, less cash and cash equivalents. Total equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratios as at the end of the reporting periods were as follows:

Group

	2014 **RMB'000**	2013 RMB'000
Interest-bearing bank and other borrowings	**93,155,696**	66,568,264
Loans from related companies	**193,000**	196,477
Convertible bonds, the liability component	**2,485,546**	2,319,675
Less: Cash and cash equivalents	**(25,890,353)**	(12,501,071)
Net debt	**69,943,889**	56,583,345
Total equity	**75,684,492**	61,299,829
Total equity and net debt	**145,628,381**	117,883,174
Gearing ratio	**48%**	48%

65. EVENTS AFTER THE REPORTING PERIOD

(a) On 17 August 2014, the Company and Mettlesome Investments Limited (the "Purchaser", an indirect wholly-owned subsidiary of the Company) entered into an Equity Purchase Agreement with Ironshore Inc. ("Ironshore"), pursuant to which Ironshore agreed to issue to the Purchaser, its class A ordinary shares, which representing 20% of the total outstanding ordinary shares of Ironshore (on a fully diluted basis, as of the closing of the transaction and after giving effect to the capital return transaction). The acquisition is completed in 2015 and the final total consideration is USD466,600,000. Ironshore will be accounted for as an associate of the Group since the completion of the acquisition.

(b) In December 2014, after the competing bid for the takeover of Club Med, a company incorporated under the laws of France, the price of Euro24.6 per share ultimately proposed by the Group was the final offer price and the total investment amount was Euro958 million. In March 2015, Club Med delisted from Euronext. Club Med will be accounted for as a subsidiary of the Group since the completion of the acquisition.

66. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to current year's presentation. In addition, as stated in note 5 to the financial statements, the comparative segment information has been restated to reflect the change of the reporting segments of the Group.

67. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2015.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Guo Guangchang *(Chairman)*
Liang Xinjun *(Vice Chairman and Chief Executive Officer)*
Wang Qunbin *(President)*
Ding Guoqi
Qin Xuetang
Wu Ping

NON-EXECUTIVE DIRECTOR

Fan Wei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Shengman
Andrew Y. Yan (resigned on 26 September 2014)
Zhang Huaqiao
David T. Zhang
Yang Chao (appointed on 23 December 2014)

AUDIT COMMITTEE

Zhang Shengman *(Chairman)*
Zhang Huaqiao
David T. Zhang
Yang Chao

REMUNERATION COMMITTEE

Zhang Huaqiao *(Chairman)*
Liang Xinjun
Zhang Shengman
David T. Zhang
Yang Chao

NOMINATION COMMITTEE

David T. Zhang *(Chairman)*
Wang Qunbin
Zhang Shengman
Zhang Huaqiao
Yang Chao

COMPANY SECRETARY

Sze Mei Ming

AUTHORIZED REPRESENTATIVES

Qin Xuetang
Ding Guoqi

AUDITORS

Ernst & Young

LEGAL ADVISOR AS TO HONG KONG LAW

Herbert Smith Freehills

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
China Development Bank
Agricultural Bank of China
Bank of China
Bank of Communications
China Merchants Bank
Shanghai Pudong Development Bank
The Export-Import Bank of China
Industrial Bank
China Construction Bank
Hang Seng Bank
Hongkong and Shanghai Banking Corporation Limited

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SHARE REGISTRAR

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Wanchai, Hong Kong

STOCK CODE

00656

WEBSITE

http://www.fosun.com

GLOSSARY

FORMULA

EBITDA	=	profit for the year + tax + net interest expenditures + depreciation and amortisation
Total debt	=	current and non-current interest-bearing borrowings + convertible bonds + loans from related parties
Total capitalization	=	equity attributable to owners of the parent + non-controlling interests + total debt
Interest coverage	=	EBITDA/net interest expenditures
Capital employed	=	equity attributable to owners of the parent + total debt

ABBREVIATIONS

Articles of Association	the current articles of association of the Company with the latest amendments made on 17 June 2008
ASX	ASX Limited ABN 98 008 624 691
AUD	Australian dollar, the lawful currency of Australia
BHF-BANK	BHF-BANK AG, a wholly-owned subsidiary of RHJI
Billion Infinity	Billion Infinity Investment Limited
Billion Infinity Share Purchase Agreement	the share purchase agreement dated 23 March 2015 entered into among Billion Infinity and the Billion Infinity sellers in relation to the Billion Infinity acquisition
the Board	the board of Directors
Bona	Bona Film Group Limited
Cainiao	Cainiao Network Technology Co., Ltd.
Cares	Cares-Companhia de Seguros, S.A.
Carlye-Fosun	Fosun-Carlye (Shanghai) Equity Investment Fund L.P.
Caruso	Raffaele Caruso S.p.A
CG Code	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules
Chindex	Chindex International, Inc.
Chuangfu Finance Leasing	Chuangfu Finance Leasing Shanghai Co., Ltd.
Club Med	Club Méditerranée SA
CNFC Fishery	CNFC Overseas Fishery Co., Ltd., a company whose A shares are listed on the Shenzhen Stock Exchange with stock code 000798
the Company	Fosun International Limited
the Director(s)	the director(s) of the Company
ESS	ESPÍRITO SANTO SAÚDE - SGPS, SA (ES SAÚDE), a company listed on the Euronext Lisbon with stock code: ESS
EU	European Union
Euro	Euro, the official currency of the Eurozone
Fidelidade	Fidelidade-Companhia de Seguros, S.A.
Fidelidade Share Purchase Agreement	the share purchase agreement dated 23 March 2015 entered into among Fidelidade and the Fidelidade sellers in relation to the Fidelidade acquisition
Focus Media	Focus Media Holding Limited
Folli Follie	Folli Follie Group
Forte	Shanghai Forte Land Co., Ltd.
Fosun Capital	Shanghai Fosun Capital Equity Investment Fund Partnership (L.P.)
Fosun Chuanghong	Shanghai Fosun Chuanghong Equity Investment Fund Partnership (L.P.)
Fosun Finance Company	Shanghai Fosun High Technology Group Finance Co., Ltd.
Fosun Group	Shanghai Fosun High Technology (Group) Co., Ltd
Fosun Holdings	Fosun Holdings Limited
Fosun International Holdings	Fosun International Holdings Ltd.
Fosun Insurance Portugal	Fidelidade-Companhia de Seguros, S.A., Multicare-Seguros de Saúde, S.A. and Cares-Companhia de Seguros, S.A.

Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
GBP	Pound Sterling, the official currency of United Kingdom
GFA	gross floor area
the Group or Fosun	the Company and its subsidiaries
Hainan Mining	Hainan Mining Co., Ltd.
HKD	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of China
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IDERA	IDERA Capital Management Ltd.
Ironshore	Ironshore Inc.
Huaxia Mining	Beijing Huaxia Jianlong Mining Technology Co., Ltd.
Jianlong Group	Tianjin Jianlong Iron & Steel Industrial Co., Ltd.
Jin'an Mining	Anhui Jin'an Mining Co., Ltd.
JPY	Japanese yen, the lawful currency of Japan
Kleinwort Benson	Kleinwort Benson Bank Limited
Linekong Interactive	Linekong Interactive Co., Ltd., whose H shares are listed on the Hong Kong Stock Exchange with stock code 08267
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
MIG	Meadowbrook Insurance Group, Inc., a corporation incorporated in Michigan, the United States and its shares are listed on the New York Stock Exchange with stock code MIG
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Multicare	Multicare-Seguros de Saúde, S.A.
Nanjing Iron & Steel	Nanjing Iron & Steel Co., Ltd.
Nanjing Nangang	Nanjing Nangang Iron & Steel United Co., Ltd.
New China Life Insurance	New China Life Insurance Company Ltd., whose A shares are listed on the Shanghai Stock Exchange with stock code 601336 and whose H shares are listed on the Hong Kong Stock Exchange with stock code 01336
Peak Reinsurance	Peak Reinsurance Company Limited
Perfect World	Perfect World Co., Ltd.
Pramerica - Fosun China Opporunity Fund	Pramerica – Fosun China Opportunity Fund, L.P.
Pramerica Fosun Life Insurance	Pramerica Fosun Life Insurance Co., Ltd.
PRC	the People's Republic of China
REN	Redes Energéticas Nacionais, SGPS, S.A.
Reporting Period	the year ended 31 December 2014
Resource Property	Shanghai Resource Property Consultancy Co., Ltd.
RHJI	RHJ International SA, whose shares are listed on the Euronext Brussels with stock code RHJI. It has been renamed as BHF Kleinwort Benson Group SA in March 2015.
Restricted Depositary Shares	has the meaning given to it under the the Restricted Deposit Agreement, dated as of 31 March 2005, among RHJI, the Bank of New York Mellon (formerly known as The Bank of New York), as Depositary thereunder, and Owners and Beneficial Owners (as such terms are defined therein)
Rights Issue	the issuance of the rights shares at the subscription price on the basis of 39 rights shares for every 500 shares held on the record date, payable in full on acceptance
RMB	Renminbi, the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Charter 571) of the laws of Hong Kong
ROC	Roc Oil Company Limited, a company formerly listed on the Australian Securities Exchange with stock code ROC
Sanyuan Foods	Beijing Sanyuan Foods Co., Ltd., a company whose A shares are listed on the Shanghai Stock Exchange with stock code 600429

Shanjiaowulin	Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd.
Shares	the shares of the Company
Share Option Scheme	the share option scheme of the Company adopted on 19 June 2007
Sinopharm	Sinopharm Group Co. Ltd., whose H shares are listed on the Hong Kong Stock Exchange with stock code 01099
Star Capital	Shanghai Star Equity Investment L.P.
Starcastle Senior Living	Starcastle Senior Living Corporation
St. John	St. John Knits International, Incorporated
Studio 8	Studio 8, LLC
USD	United States dollars, the lawful currency of the United States
Weishi Fund	Shanghai Fosun Weishi Phase I Equity Investment Fund Partnership (L.P.)
Xinghong Fund	Shanghai Xinghong Phase I Equity Investment Fund Partnership L.P.
Yong'an P&C Insurance	Yong'an Property Insurance Company Limited
Yuyuan	Shanghai Yuyuan Tourist Mart Co., Ltd., whose A shares are listed on the Shanghai Stock Exchange with stock code 600655
Zhaojin Mining	Zhaojin Mining Industry Co., Ltd., whose H shares are listed on the Hong Kong Stock Exchange with stock code 01818
Zhongshan Public Utilities	Zhongshan Public Utilities Group Co., Ltd., a company whose A shares are listed on the Shenzhen Stock Exchange with stock code 000685

China

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